

NATIONAL ENERGY & GAS TRANSMISSION, INC.
19805 Executive Park Circle
Germantown, Maryland 20875

SUMMARY OF ISSUANCES
OF PLAN SECURITIES, NOTE
REDEMPTIONS AND CASH DISTRIBUTIONS

Pursuant to Modified
Third Amended Plan of Reorganization

As of December 15, 2005

In accordance with the confirmed Modified Third Amended Plan of Reorganization for National Energy & Gas Transmission, Inc. (“NEGT”) (Case No. 03-30459), dated April 28, 2004, (the “Plan”),¹ the New Tranche A Notes and New Tranche B Notes (collectively, the “Notes”) were issued on November 30, 2004 in the principal amount of \$500,000,000 each. Of the amounts so issued, approximately \$355 million, or 71% (of the total for each Tranche), was issued to holders of Allowed Class 3 Claims entitled thereto, and the balance of approximately \$145 million, or 29% (of the total for each Tranche), was held in custody for the benefit of holders of Disputed Class 3 Claims. On December 13, 2004, the Notes were redeemed in full, together with accrued interest, by NEGТ (the proceeds from such redemption of the Notes being referred to herein as the “Redemption Proceeds”). Concurrently with the issuance of the Notes, approximately 19,305,000 shares of New Common Stock were issued to holders of Allowed Class 3 Claims entitled thereto, and additional shares (representing approximately 29% of the 27,000,000 shares authorized for issuance pursuant to the Plan) were reserved for the benefit of holders of Disputed Class 3 Claims.

On December 14, 2004, NEGТ gave notice in accordance with the Plan that it would make a Cash Distribution on or about December 30, 2004, in an amount not less than \$20,000,000, to holders of Allowed Class 3 Claims entitled to such Distribution. NEGТ made such Cash Distribution on that date in the amount of \$130,000,000 (the “December Cash”) (inclusive of the \$20,000,000), of which approximately \$92.1 million, or 71%, was distributed to holders of Allowed Class 3 Claims entitled thereto, and the balance of approximately \$37.9 million, or 29%, was held in a reserve account for the benefit of holders of Disputed Class 3 Claims.

On January 26, 2005, NEGТ gave notice in accordance with the Plan that on or about February 17, 2005 it would, principally as a result of the disallowance of certain Disputed Class 3 Claims totaling approximately \$250 million, distribute (i) approximately \$5.8 million in December Cash, previously held in a reserve account, (ii) approximately \$21.8 million (for each Tranche of the Notes) in Cash, previously held in custody accounts, representing Redemption Proceeds and (iii) approximately 1.2 million shares of New Common Stock, in each case to holders of Allowed Class 3 Claims entitled to such distributions in accordance with the

¹ Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Plan.

provisions of the Plan (the “February 2005 Distribution”). After the February 2005 Distribution, an aggregate of approximately 76% of (i) the 27,000,000 authorized shares of New Common Stock, (ii) the Redemption Proceeds and (iii) the December Cash had been distributed to holders of Allowed Class 3 Claims. A balance of approximately 24% of each of the foregoing continued to be held in reserve or custody accounts for the benefit of holders of Disputed Class 3 Claims. After adjustment for the disallowance of certain Disputed Class 3 Claims (as described above), total claims were approximately \$4.6 billion, of which at least \$1.1 billion remained in dispute.

On March 10, 2005, NEGT gave notice in accordance with the Plan that it would, subject to the approval of its Board of Directors, make a Cash Distribution on or about March 29, 2005 to holders of Allowed Class 3 Claims entitled thereto (the “March 2005 Cash Distribution”). On March 23, 2005, the Board of Directors authorized a Cash Distribution in the amount of \$410 million (the “March Cash”). After the March 2005 Cash Distribution, an aggregate of approximately 76% of the March Cash had been distributed to holders of Allowed Class 3 Claims, while a balance of approximately 24% of the March Cash continued to be held in a reserve account for the benefit of holders of Disputed Class 3 Claims.

On or prior to June 28, 2005, NEGT gave notice in accordance with the Plan that on or about June 30, 2005 it would, principally as a result of the disallowance of certain Disputed Class 3 Claims totaling approximately \$385 million, distribute (i) approximately \$9.2 million in December Cash, previously held in a reserve account, (ii) approximately \$28.6 million in March Cash, previously held in a reserve account, (iii) approximately \$35.2 million (for each Tranche of the Notes) in Cash, previously held in custody accounts, representing Redemption Proceeds and (iv) approximately 1.9 million shares of New Common Stock, in each case to holders of Allowed Class 3 Claims entitled to such distributions in accordance with the provisions of the Plan (the “June 2005 Distribution”). After the June 2005 Distribution, an aggregate of approximately 83% of (i) the 27,000,000 authorized shares of New Common Stock, (ii) the Redemption Proceeds and (iii) the December Cash and March Cash had been distributed to holders of Allowed Class 3 Claims. A balance of approximately 17% of each of the foregoing continued to be held in reserve or custody accounts for the benefit of holders of Disputed Class 3 Claims. After adjustment for the disallowance of certain Disputed Class 3 Claims (as described above), total claims were approximately \$4.2 billion, of which at least \$700 million remained in dispute.

On August 29, 2005, the Board of Directors authorized a Cash Distribution in the amount of \$125 million (the “September Cash”). On August 30, 2005, NEGT gave notice in accordance with the Plan that it would make a Cash Distribution on or about September 16, 2005 to holders of Allowed Class 3 Claims entitled thereto (the “September 2005 Cash Distribution”). After the September 2005 Cash Distribution, an aggregate of approximately 83% of the September Cash will have been distributed to holders of Allowed Class 3 Claims, while a balance of approximately 17% of the September Cash will continue to be held in a reserve account for the benefit of holders of Disputed Class 3 Claims.

On November 17, 2005, the Board of Directors authorized a Cash Distribution in the amount of \$110 million. On December 1, 2005, NEGT gave notice in accordance with the Plan that it would make a Cash Distribution on or about December 15, 2005 to holders of Allowed Class 3 Claims entitled thereto (the “December 2005 Cash Distribution”). On

December 12, 2005, the Board of Directors authorized an additional \$50 million for the Cash Distribution (together with the \$110 million, the “December 2005 Cash”). After the December 2005 Cash Distribution, an aggregate of approximately 83% of the December Cash had been distributed to holders of Allowed Class 3 Claims, while a balance of approximately 17% of the December Cash continued to be held in a reserve account for the benefit of holders of Disputed Class 3 Claims.

The following chart summarizes the Cash Distributions and payments of Redemption Proceeds to date:

	December 13, 2004²	December 30, 2004	February 17, 2005³	March 29, 2005	June 30, 2005³	September 16, 2005	December 15, 2005	Total
Holders of Allowed Class 3 Claims	\$721,022,293	\$92,136,041	\$49,510,599	\$310,865,076	\$108,276,756	\$103,257,577	\$132,169,699	\$1,517,238,041
Reserve Accounts	287,533,263	37,863,959	(49,510,599)	99,134,924	(108,276,756)	\$21,742,423	\$27,830,301	\$316,317,515
Total	\$1,008,555,556	\$130,000,000	\$ -	\$410,000,000	\$ -	\$125,000,000	\$160,000,000	\$1,833,555,556

² Amounts represent Redemption Proceeds.

³ Amounts represent both Redemption Proceeds and Cash.