

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF MARYLAND  
(Greenbelt Division)**

**In re:**

\*

**PG&E NATIONAL ENERGY  
GROUP, INC., et al.**

\* Case No.: 03-30459 (PM) and 03-30461 (PM)  
through Case No.: 03-30464 (PM)

\* Chapter 11

**Debtors.**

(Jointly Administered under

\* Case No.: 03-30459 (PM))

\* \* \* \* \*

**NOTICE OF APPLICABILITY OF AUTOMATIC STAY AND NOTIFICATION  
AND HEARING PROCEDURES RESPECTING TRANSFERS OF CLAIMS  
AGAINST PG&E NATIONAL ENERGY GROUP, INC. AND/OR ITS SUBSIDIARIES**

PLEASE TAKE NOTICE that on July 8, 2003 (the "Petition Date"), PG&E National Energy Group, Inc. ("NEG"), one of the above-captioned debtors and debtors in possession (collectively, the "Debtors"), commenced a case under chapter 11 of title 11 of the United States Code (11 U.S.C. §§ 101 *et seq.*, the "Bankruptcy Code"). Section 362 of the Bankruptcy Code operates as a stay of any act to obtain possession of property of the Debtors' estates or of property from the Debtors' estates or to exercise control over property of the Debtors' estates.

PLEASE TAKE FURTHER NOTICE that on July 10, 2003, the United States Bankruptcy Court for the District of Maryland (Greenbelt Division) (the "Bankruptcy Court") having jurisdiction over these chapter 11 cases entered an interim order approving, on an interim basis, certain notice and hearing procedures (the "Procedures") to preserve the Debtors' net operating losses ("NOLs"), and built in losses (together with NOLs, "Tax Losses") pursuant to sections 362 and 105(a) of the Bankruptcy Code (the "Interim Order"). Any purchase or other acquisition in violation of the Procedures shall be null and void *ab initio* as an act in violation of the automatic stay under sections 362 and 105(a) of the Bankruptcy Code.

PLEASE TAKE FURTHER NOTICE that pursuant to the Interim Order and Procedures certain acquisitions of claims against NEG and/or its subsidiaries are stayed, prohibited, and enjoined, pursuant to sections 362 and 105(a) of the Bankruptcy Code.

PLEASE TAKE FURTHER NOTICE that pursuant to the Interim Order and Procedures any person or entity that owns at least \$183 million (including principal and interest accrued as of the Petition Date) of NEG Claims must, within fifteen (15) days of the Interim Order, file with the Court and serve on the Debtors and their attorneys a notice containing the ownership information in the form established in the Procedures.

PLEASE TAKE FURTHER NOTICE that a copy of the Interim Order and Procedures may be obtained at no cost by request to Debtors' counsel at (212) 728-3211 Attn: LaAsia Banks.

**FAILURE TO FOLLOW THE PROCEDURES SET FORTH IN THE INTERIM ORDER WILL CONSTITUTE A VIOLATION OF THE AUTOMATIC STAY PRESCRIBED BY SECTION 362 OF THE BANKRUPTCY CODE.**

**ANY PROHIBITED PURCHASE OR OTHER ACQUISITION OF A CLAIM AGAINST NEG AND/OR ITS SUBSIDIARIES IN VIOLATION OF THE BANKRUPTCY COURT'S INTERIM ORDER WILL BE NULL AND VOID *AB INITIO* AND MAY BE PUNISHED BY CONTEMPT OR OTHER SANCTION IMPOSED BY THE BANKRUPTCY COURT.**

PLEASE TAKE FURTHER NOTICE that the requirements set forth in this Notice and the Interim Order are in addition to the requirements of Rule 3001(e) of the Federal Rules of Bankruptcy Procedure and applicable securities, corporate, and other laws, and do not excuse compliance therewith.

WILLKIE FARR & GALLAGHER  
Matthew A. Feldman, Esq.  
Shelley C. Chapman, Esq.  
787 Seventh Avenue  
New York, NY 10019-6099  
(212) 728-8000

-and-

WHITEFORD, TAYLOR & PRESTON  
Paul M. Nussbaum, Esq. (No. 04394)  
Martin T. Fletcher (No. 07608)  
Seven Saint Paul Street  
Baltimore, Maryland 21202-1626  
(410) 347-8700

Co-Counsel for Debtors and Debtors in Possession