

SO ORDERED

Dated July 10, 2003



Paul Mannes

PAUL MANNES
U. S. BANKRUPTCY JUDGE

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

In re:

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

Debtors.

*
* Case No.: 03-30459 (PM) and 03-30461 (PM)
through 03-30461 (PM)
* Chapter 11
(Jointly Administered under
* Case No.: 03-30459 (PM))

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**INTERIM ORDER ENFORCING THE
AUTOMATIC STAY AND ESTABLISHING
NOTIFICATION AND HEARING PROCEDURES FOR TRANSFERS OF
CLAIMS AGAINST THE DEBTOR AND/OR ITS SUBSIDIARIES**

Upon the motion (the “Motion”) of the above-captioned debtors and debtors-in-possession (collectively, the “Debtors”)¹ to enforce the automatic stay and to establish notification and hearing procedures for trading claims against PG&E National Energy Group, Inc. (“NEG”) and/or its Subsidiaries; and it appearing that good and

¹ The Debtors are PG&E National Energy Group, Inc. (“NEG”), PG&E Energy Trading Holdings Corporation (“ET Holdings”), PG&E Energy Trading - Gas Corporation (“ET Gas”), PG&E ET Investments Corporation (“ET Inv.”), and PG&E Energy Trading - Power, L.P. (“ET Power,” together with ET Holdings, ET Gas and ET Inv., the “ET Debtors”).

sufficient notice of the Motion having been given and that no other or further notice of the Motion or of the entry of this Order need be provided; and upon due deliberation and sufficient cause appearing therefor; by the United States Bankruptcy Court for the District of Maryland:

IT IS HEREBY ORDERED, ADJUDGED AND DECREED THAT:

1. The Motion is GRANTED on an interim basis.

2. Capitalized terms not defined herein shall have the meanings ascribed to them in the Motion.

3. Any purchase, sale or other transfer of claims against NEG (including any guarantee claims) and/or its Subsidiaries in violation of the procedures set forth herein shall be null and void ab initio as an act in violation of the automatic stay under U.S.C. §§ 362 and 105(a) of the Bankruptcy Code.

4. The following procedures shall apply to transferring claims against NEG and/or its Subsidiaries:

(a) Except as provided in paragraphs (c) and (d) below, any person or entity (within the meaning of Section 382 of the I.R.C. and the regulations thereunder) who does not Own (as defined below) any claims against NEG and/or its Subsidiaries, including, without limitation, guarantee claims against NEG (“NEG Claims”), or who Owns less than \$183 million in the aggregate face amount of NEG Claims, is stayed, prohibited, and enjoined, pursuant to sections 362 and 105(a) of the Bankruptcy Code, from purchasing, acquiring, or otherwise obtaining Ownership of an amount which, when added to such person’s or entity’s total Ownership, if any, equals or exceeds \$183 million in the aggregate face amount of such claims. Any attempted purchase, acquisition, or other obtaining of Ownership of any NEG Claims in violation of this paragraph is void ab initio.

(b) Except as provided in paragraphs (c) and (d) below, any person or entity (within the meaning of Section 382 of the I.R.C. and the regulations thereunder) who Owns NEG Claims equal to or exceeding \$183 million in the aggregate face amount is stayed, prohibited, and enjoined, pursuant to sections 362 and 105(a) of the Bankruptcy

Code, from purchasing, acquiring, or otherwise obtaining Ownership of any additional NEG Claims; provided, however, that any such person or entity may purchase, acquire, or otherwise obtain Ownership of additional NEG Claims to the extent they (i) are acquired from a person or entity (“Transferor”) who Owns NEG Claims equal to or exceeding \$203 million in the aggregate face amount, (ii) were purchased, acquired, or otherwise obtained by the Transferor less than eighteen month before July 8, 2003 and (iii) are not NEG Claims that (x) arose in the ordinary course of the trade or business of NEG and (y) at all times have been held by the Transferor. Any attempted purchase, acquisition, or other obtaining of Ownership of any NEG Claims in violation of this paragraph is void ab initio.

(c) Any person or entity (within the meaning of Section 382 of the I.R.C. and the regulations thereunder) who proposes or intends to consummate a purchase or acquisition described in paragraph (a) or (b) (and not subject to the proviso in paragraph (b)) must file with this Court and serve on (1) the Debtors; (2) counsel to the Debtors; and (3) counsel to any official creditors’ committee appointed in these cases, a notice (the “Claims Trading Notice”) in the form annexed hereto as Exhibit C at least fifteen (15) days prior to such transaction. Any attempted purchase or other acquisition of Ownership of any NEG Claims by any person or entity who thereafter would Own NEG Claims equal to or exceeding \$183 million in the aggregate face amount with respect to which a Claims Trading Notice is not filed, including any involuntary purchase or acquisition, is void ab initio.

(d) Upon receipt of the Claims Trading Notice, the Debtors will have fifteen (15) days (the “Waiting Period”) to object to such transaction. If the Debtors file an objection, then the transaction will not be authorized unless approved by a final order that is not subject to stay. If the Debtors do not object during the Waiting Period, then such transaction may proceed solely as set forth in the Claims Trading Notice. Any transaction for which a Claims Trading Notice is filed is void ab initio unless either (i) express written permission for such transaction is granted by the Debtors; (ii) the fifteen-day period herein set forth expires without objection from the Debtors; or (iii) it is approved by a final order that is not subject to stay. Any additional transactions within the scope of these procedures must be the subject of additional notices as set forth herein with an additional Waiting Period. The Debtors shall not object to a proposed transaction if it is reasonably certain, taking into account all relevant facts and circumstances existing at the time, as well as anticipating reasonably possible future circumstances, that the proposed transaction would not render Section 382(l)(5) of the I.R.C. unavailable in connection with the formulation and implementation of the Debtors’ plan of reorganization, and the foregoing shall be the Court’s standard of review of any such proposed transaction.

(e) For purposes of this Order, (i) “Ownership” of a claim against NEG and/or its Subsidiaries shall be determined in accordance with applicable rules under Section 382 of the IRC and, thus, shall include, but not be limited to, direct and indirect ownership, ownership by members of such person’s family and persons acting in concert, and in certain cases, the creation or issuance of an option (in any form), and shall be determined assuming that NEG has full knowledge of such ownership and of any

person or entity's relationship with other holders of Claims, and (ii) any variation of the term "Ownership" (e.g., Own) shall have the same meaning.

(f) Any person or entity that Owns at least \$183 million (including principal and accrued interest as of the Petition Date) of NEG Claims must, within 15 days of this Court's entry of this Order approving these procedures, file with this Court and serve on Debtors and their attorneys a notice containing the ownership information substantially in the form annexed as Exhibit D to the Motion.

5. The Debtors shall serve a copy of this Order setting forth the procedures authorized herein substantially in the form of this Order and the attached exhibits to: (i) The Office of The United States Trustee for the District of Maryland (Greenbelt Division); (ii) any official committee appointed in these cases under section 1102 of the Bankruptcy Code, (iii) counsel for each of the agents of NEG's pre-petition lending groups; (iv) all known holders of claims against NEG and/or its Subsidiaries in an amount in excess of \$183 million; (v) the Securities and Exchange Commission; (vi) the Indenture Trustee for the Senior Notes; and (vii) PG&E Corp., via first class mail, postage prepaid. No further service or notice of entry of this Order need be served by the Debtors.

6. The Debtors are hereby authorized to pay the reasonable fees and expenses of preparing and mailing any notices, forms or orders to be distributed under this Order.

7. The requirements set forth in this 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.

8. The Court shall conduct a hearing on entry of an order granting approval of the relief requested in the Motion on a final basis (the "Final Order") on August 5, 2003 at 2:00 p.m.

9. Any objections to entry of the Final Order shall be filed and served on counsel to the Debtors so as to be received by August 1, 2003.

END OF ORDER

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