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## **BANKRUPTCY COURT APPROVES REORGANIZATION PLAN FOR NATIONAL ENERGY & GAS TRANSMISSION, INC.**

### *Approval is Significant Step Towards Emergence From Chapter 11*

BETHESDA, Md. – National Energy & Gas Transmission, Inc. (NEGT) today announced that the U.S. Bankruptcy Court for the District of Maryland, Greenbelt Division, confirmed the company's Plan of Reorganization, paving the way for NEGТ to emerge from bankruptcy. The company expects the plan to become effective by the end of May or early June.

Under the plan, NEGТ will issue to its unsecured creditors 100 percent of the equity of the reorganized company, \$1 billion in notes, and cash. In addition, NEGТ will become unaffiliated with PG&E Corporation, which will no longer have any equity interest in the company. NEGТ's creditors, a diversified group of banks and bondholders, will become the new equity holders.

"With today's court approval, National Energy & Gas Transmission is on track to emerge expeditiously from bankruptcy," said Joseph Bondi, NEGТ chief executive officer and chief restructuring officer. "Our restructuring efforts focused on maximizing the value of the company's strong-performing assets while facilitating an orderly negotiation among creditors. The consensus among NEGТ's creditors is demonstrated by their overwhelming support for the Plan of Reorganization."

Conditions that must be satisfied in order for the Plan of Reorganization to become effective include obtaining certain regulatory approvals and other consents needed from third parties.

Upon emergence from bankruptcy, NEGТ will have a new board of directors comprised of Bondi and Sanford L. Hartman, NEGТ's vice president and general counsel, as well as William E. Redmond, Jr., Steven P. Chwiecko, James G. Ivey, Barry P. Simon and Randolph I. Thornton. These individuals were selected by the creditors.

NEGТ voluntarily filed for protection under Chapter 11 on July 8, 2003, along with its energy trading subsidiaries and USGen New England, Inc. NEGТ's subsidiaries own more than 4,700 megawatts of electric generating facilities across the country and a 5.2 percent ownership in the Iroquois Gas Transmission System. The company announced on Thursday that it had accepted a \$1.703 billion bid from TransCanada Corporation to buy NEGТ's Gas Transmission Northwest Corporation, subject to bankruptcy court approval.

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