



7600 Wisconsin Avenue
Bethesda, MD 20814

FOR IMMEDIATE RELEASE

MARCH 10, 2004

NEWS MEDIA CONTACT:
Natalie Wymer, 301/280-5654

**NEGT ANNOUNCES RESTATEMENT
OF OPERATING REVENUES AND EXPENSES**
Net Income Not Affected

BETHESDA, Md. - National Energy & Gas Transmission, Inc. (NEGT) today announced a restatement of its 2002, 2001 and 2000 operating revenues and operating expenses. This restatement did not affect the company's consolidated operating income or net income, consolidated balance sheets or consolidated statement of cash flows.

NEGT has determined that its historical financial reporting of hedging transactions has not been consistent. Certain types of hedging transactions have been reported on a net basis (whereby revenues have been offset by the related expense item), while other types of similar transactions have been reported on a gross basis. In order to correct the inconsistency and provide a more meaningful presentation of its trading and hedging transactions, NEGТ has adopted a net presentation approach for all such transactions. NEGТ believes that this method of presentation is preferable under the circumstances. Adopting this change reduced previously reported revenues and expenses from continuing operations by \$843 million for the year ended December 31, 2002.

In addition, NEGТ has determined that its historical financial reporting contained errors related to certain Independent System Operator (ISO) transactions and the mechanical consolidation process that resulted primarily from the adoption of EITF 02-03 (which requires the net presentation of trading revenues and expenses). These corrections decreased previously reported revenues and expenses from continuing operations by \$222 million, \$1,081 million and \$837 million for the years ended December 31, 2002, 2001 and 2000, respectively, and from discontinued operations by \$448 million for the year ended December 31, 2002.

The combined effects of the restatements described above on amounts included in previously issued statements of operations are summarized below (\$000s):

<u>Continuing Operations:</u>	2002	2001	2000
Operating Revenues:	<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>
Generation, transportation and trading			
As Reported	\$2,027	\$1,841	\$3,266
As Restated	<u>\$ 962</u>	<u>\$ 760</u>	<u>\$2,429</u>
Total Adjustments	<u>\$1,065</u>	<u>\$1,081</u>	<u>\$ 837</u>

- MORE -

NEGT ANNOUNCES RESTATEMENT OF OPERATING REVENUES AND EXPENSES
Net Income Not Affected
Add One

Operating Expenses:

Cost of commodity sales and fuel

As Reported	\$1,417	\$1,220	\$2,437
As Restated	<u>\$ 352</u>	<u>\$ 139</u>	<u>\$1,600</u>
Total Adjustments	<u>\$1,065</u>	<u>\$1,081</u>	<u>\$ 837</u>

Discontinued Operations:

	2002	2001	2000
	<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>
Operating Revenues:			
Generation, transportation and trading			
As Reported	\$1,289	\$ 943	\$ 905
As Restated	<u>\$ 841</u>	<u>\$ 943</u>	<u>\$ 905</u>
Total Adjustments	<u>\$ 448</u>	<u>\$ 0</u>	<u>\$ 0</u>

Operating Expenses:

Cost of commodity sales and fuel

As Reported	\$ 993	\$ 486	\$ 483
As Restated	<u>\$ 545</u>	<u>\$ 486</u>	<u>\$ 483</u>
Total Adjustments	<u>\$ 448</u>	<u>\$ 0</u>	<u>\$ 0</u>

On July 8, 2003, NEGT and certain of its subsidiaries filed voluntary petitions for relief under the provisions of Chapter 11 of the Bankruptcy Code in the U.S. Bankruptcy Court for the District of Maryland, Greenbelt Division. NEGT and those subsidiaries retain control of their assets and are authorized to operate their businesses as debtors-in-possession while they are subject to the jurisdiction of the Bankruptcy Court.

On September 24, 2003, NEGT filed a Form 15 with the Securities and Exchange Commission (SEC) which terminated its duty to file reports under Sections 13 and 15(d) of the Securities Exchange Act of 1934. Accordingly, to the extent of the restatements cited above, NEGT's previous filings with the SEC should not be relied upon. As a result of these restatements, NEGT has been informed by its auditors, Deloitte & Touche LLP, that its independent auditors' report on NEGT's 2000, 2001 and 2002 consolidated financial statements included in NEGT's 2002 Form 10-K should no longer be relied upon.

####