

NATIONAL ENERGY & GAS TRANSMISSION, INC.
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SUMMARY OF ISSUANCES
OF PLAN SECURITIES, NOTE
REDEMPTIONS AND CASH DISTRIBUTIONS

Pursuant to Modified
Third Amended Plan of Reorganization

As of May 23, 2009

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 2004 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 2004 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

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

case to holders of Allowed Class 3 Claims entitled to such distributions in accordance with the 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 2004 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 2005 Cash”). After the March 2005 Cash Distribution, an aggregate of approximately 76% of the March 2005 Cash had been distributed to holders of Allowed Class 3 Claims, while a balance of approximately 24% of the March 2005 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 2004 Cash, previously held in a reserve account, (ii) approximately \$28.6 million in March 2005 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 2004 Cash and March 2005 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 2005 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 2005 Cash will have been distributed to holders of Allowed Class 3 Claims, while a balance of approximately 17% of the September 2005 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 2005 Cash had been distributed to holders of Allowed Class 3 Claims, while a balance of approximately 17% of the December 2005 Cash continued to be held in a reserve account for the benefit of holders of Disputed Class 3 Claims.

Additional distributions have been made to holders entitled thereto upon the satisfaction of certain requirements pursuant to the Plan. These distributions included the proportionate amount of (i) the cash, previously held in a reserve account, pursuant to all Cash Distributions previously made, (ii) the Redemption Proceeds (for each Tranche of the Notes), previously held in custody accounts, and (iii) the New Common Stock.

In June 2006, the Board of Directors authorized a Cash Distribution in the amount of \$130 million (the "June 2006 Cash"). On June 27, 2006, NEGT gave notice in accordance with the Plan that it would make a Cash Distribution on or about June 29, 2006 to holders of Allowed Class 3 Claims entitled thereto (the "June 2006 Cash Distribution"). After the June 2006 Cash Distribution (and after giving effect to the distribution described in the preceding paragraph), an aggregate of approximately 90% of the June 2006 Cash had been distributed to holders of Allowed Class 3 Claims, while a balance of approximately 10% of the June 2006 Cash continued to be held in a reserve account for the benefit of holders of Disputed Class 3 Claims.

On or prior to April 16, 2007, NEGT gave notice in accordance with the Plan that on or about April 19, 2007 it would, principally as a result of the disallowance of certain Disputed Class 3 Claims totaling approximately \$230 million, distribute (i) approximately \$7.2 million in December 2004 Cash, previously held in a reserve account, (ii) approximately \$22.4 million in March 2005 Cash, previously held in a reserve account, (iii) approximately \$6.8 million in September 2005 Cash, previously held in a reserve account, (iv) approximately \$8.7 million in December 2005 Cash, previously held in a reserve account, (v) approximately \$7.1 million in June 2006 Cash, previously held in a reserve account, (vi) approximately \$27.5 million (for each Tranche of the Notes) in Cash, previously held in custody accounts, representing Redemption Proceeds and (iv) approximately 1.4 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 "April 2007 Distribution"). After the April 2007 Distribution, an aggregate of approximately 99.5% of (i) the 27,000,000 authorized shares of New Common Stock, (ii) the Redemption Proceeds and (iii) the December 2004 Cash, March 2005 Cash, September 2005 Cash, December 2005 Cash and June 2006 Cash, had been distributed to holders of Allowed Class 3 Claims. A balance of approximately 0.5% 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 \$3.95 billion, of which at least \$17.5 million remained in dispute.

Primarily as a result of Cash that has become available in NEGТ's cash management system, in June 2008 the Board of Directors authorized a Cash Distribution in the amount of \$295 million (the "June 2008 Cash"). On June 25, 2008, NEGТ gave notice in accordance with the Plan that it would make a Cash Distribution on or about July 17, 2008 to holders of Allowed Class 3 Claims entitled thereto (the "Distribution of June 2008 Cash"). After the Distribution of June 2008 Cash, an aggregate of approximately 99.7% of the June 2008 Cash will have been distributed to holders of Allowed Class 3 Claims, while a balance of approximately 0.3% of the June 2008 Cash will continue to be held in a reserve account for the benefit of holders of Disputed Class 3 Claims.

On April 2, 2009, NEGТ gave notice in accordance with the Plan that on or about April 16, 2009 it would, principally as a result of the disallowance of certain Disputed Class 3 Claims, distribute approximately \$6.5 million (for each Tranche of the Notes) in Cash, previously held in custody accounts, representing Redemption Proceeds (and interest accumulated thereon) to holders of Allowed Class 3 Claims entitled to such distributions in accordance with the provisions of the Plan (the "April 2009 Distribution"). After the April 2009 Distribution, all Redemption Proceeds have been distributed to holders of Allowed Class 3 Claims. After adjustment for the disallowance of certain Disputed Class 3 Claims (as described above), the total allowed claims against NEGТ were approximately \$3.95 billion. However, the amount of allowed claims used for the purposes of calculating distributions may be reduced periodically due either to NEGТ having satisfied its obligations as guarantor pursuant to settlement terms (and thereby being required to pay only that portion left unpaid by the primary obligor), or from payments made to creditors by other guarantors. For the purposes of calculating the April 2009 distribution, NEGТ utilized a claims denominator of \$3.7 billion after considering the impact of such adjustments. NEGТ may continue to reduce the claims denominator if the allowed claims are satisfied.

PLEASE TAKE NOTICE that, with respect to any future Distributions, NEGТ is unable to predict whether and to the extent any additional Cash will become available in NEGТ's cash management system.

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

	December 13, 2004 ²	December 30, 2004	February 17, 2005 ³	March 29, 2005	June 30, 2005 ³	September 16, 2005	December 15, 2005
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
Reserve Accounts	287,533,263	37,863,959	(49,510,599)	99,134,924	(108,276,756)	21,742,423	27,830,301
Total	\$1,008,555,556	\$130,000,000	\$ -	\$410,000,000	\$ -	\$125,000,000	\$160,000,000

	June 29, 2006	April 19, 2007 ⁴	July 17, 2008	April 16, 2009 ²	Cumulative Catch-Up Distributions ³	Total ⁵
Holders of Allowed Class 3 Claims	116,677,316	107,403,585	294,138,475	13,115,219.	222,984,616	2,271,557,252
Reserve Accounts	13,322,684	(107,403,585)	861,525	(1,669,897)	(219,354,471)	2,073,771
Total	\$130,000,000	\$ -	\$295,000,000	\$11,445,322	\$3,630,145	2,273,631,023

² Amounts represent Redemption Proceeds and interest accumulated thereon.

³ Amounts represent Redemption Proceeds, Cash and interest accumulated thereon.

⁴ Amount represents both Redemption Proceeds and Cash net of distribution amounts to newly allowed claimants.

⁵ Total recovery for NEGT claimants as of April 16, 2009 is 57.5 cents per dollar of claim.