



Summary of 2009

Allegheny Energy Benefits Program

Overview of Benefits Program

Allegheny Energy has a comprehensive benefits package designed to meet many of the needs of its employees and their families. The Allegheny Energy Benefits Program provides employees with the flexibility to select the types and levels of benefits that are right for them from a wide array of meaningful choices.

The following is a brief description of the components of the Allegheny Energy Benefits Program. Additional information can be found in the official documents (i.e., plan documents, summary plan descriptions, insurance contracts, etc.) for the plans and programs. Although every effort was made to ensure the following information is accurate, if there is any conflict or inconsistency between the information contained in this document and the official documents for the plans and programs, the official documents will govern.

Employees who are members of a unit covered by a collective bargaining agreement should refer to their unit's agreement for details regarding their benefits.

Retirement Program. The Retirement Program provides opportunities for employees to accumulate sources of income for retirement, in addition to those provided by Social Security. The following employee classifications are eligible to participate:

- Regular full-time, probationary full-time, temporary full-time, regular or probationary part-time, or temporary part-time employees scheduled to work at least 1,000 hours within a 12-month period beginning with the date of employment or within a plan year.
- Employees who are members of a unit covered by a collective bargaining agreement are not eligible to participate in the Retirement Program unless the unit's collective bargaining agreement provides for their participation.

The Retirement Program consists of two plans:

Retirement Plan. The Retirement Plan provides employees who retire from the company a steady monthly income. Because the plan is a defined benefit pension plan, the employee's benefit is calculated (or 'defined by') his or her years of service, final average earnings, and age at commencement of benefits.

Eligible employees participate in the Retirement Program upon completion of 1,000 hours of employment in a 12-month period beginning with the date of employment, or within a plan year:

401(k) Savings Plan. The 401(k) Savings Plan enables employees to set aside a portion of their compensation from the company into a retirement account where investment earnings compound on a tax deferred basis. Employees can elect to contribute money to their accounts either before taxes are withheld, after taxes are withheld, or both. The company will match \$.50 of every \$1 contributed on a pre-tax or Roth post-tax basis (up to the first 6% deferred).

Eligible employees can participate in the Plan immediately upon employment. Employees who do not take action within 30 days of receiving enrollment information from T. Rowe Price will have 3% of their pre-tax pay contributed to the Plan and invested in a T. Rowe Price Retirement Fund based on the year the employee will turn age 65. Employees can always elect to not participate in the Plan by following instructions provided by T. Rowe Price.

Flexible Benefits Program. The Flexible Benefits Program gives employees several different options of health benefits. The Flexible Benefits Program consists of the following plans:

Medical Plan. The Medical Plan provides financial assistance to employees and their families in meeting the expenses associated with receiving quality medical care and treatment. Employees have the ability to select the medical option with the cost and features that best suit their needs. There are three medical options from which to choose:

- Consumer Driven Health Plan (CDHP) PPO Option
- Basic Preferred Provider Organization (PPO) Option
- Preferred Provider Organization (PPO) Plus Option

This CDHP option offers lower monthly premiums and a plan design that meets federal guidelines to allow participants the option of establishing a Health Savings Account (HSA) if they choose. Employees who elect the CDHP will have their prescription drug coverage administered through Highmark as part of the combined medical and drug benefit design. Prescription drug coverage for participants of the Basic PPO and PPO Plus Option is administered through Caremark.

Dental Plan. The Dental Plan provides financial assistance to employees and their families in meeting the expenses associated with receiving quality dental care. Employees can choose the dental option with the cost and features that best suit their needs. There are two dental options for employees:

- Basic Option
- Dental Preferred Provider Organization (DPPO) Option

Vision Insurance. Employees have the opportunity to purchase vision insurance for products and services (e.g. exams, frames, and lenses). Employees can enroll for employee only, employee plus one dependent or employee and family coverage.

Long-term Disability (LTD) Plan. The LTD Plan provides income replacement to employees who are unable to work due to a qualifying injury or illness. Employees have the ability to select the LTD option with the cost and features that best suit their needs. There are two LTD options for employees:

- Basic Option
- Plus Option

LTD coverage generally begins the first day employees or probationary employees are actively at work.

Flexible Spending Accounts (FSAs). The FSAs allow employees to set aside a portion of their compensation on a pre-tax basis to cover certain health care and dependent care expenses. Employees can participate in the following FSAs:

- Traditional Health Care FSA
 - An FSA offered to employees who are enrolled in the Basic PPO or PPO Plus Option, and members of *U.W.U.A. Local 102*. A traditional health care FSA enables eligible employees to set aside money before taxes are withheld to pay certain health-related expenses that are not covered by another plan (i.e., deductibles, coinsurance, co-payments, etc.).
- Limited Health Care FSA
 - The Limited Health Care FSA offered to employees who enroll in the CDHP PPO Medical Option enables eligible employees to set aside money before taxes are withheld to pay dental and vision expenses that are not covered by another plan (i.e., deductibles, coinsurance, co-payments, etc.).

- Dependent Care FSA
 - The Dependent Care FSA enables eligible employees to set aside money before taxes are withheld to pay certain dependent day care expenses (i.e., licensed day care center, nursery school, babysitter, elder care, etc.). The company matches \$.50 for every \$1 an employee contributes to the Dependent Care FSA (only).

The following chart reflects the monthly employee contribution rates (for regular, full-time employees) for the Flexible Benefits Program options under the 2009 Flexible Benefits Program:

Program Option	Employee Only	Employee & one Dependent	Employee & Child(ren)	Employee & Spouse	Employee & Family
CDHP PPO Option	\$6.00	N/A	\$9.05	\$14.89	\$18.35
Basic PPO Option	\$46.65	N/A	\$70.99	\$115.72	\$144.75
PPO Plus Option	\$72.75	N/A	\$108.89	\$180.57	\$219.34
U.W.U.A. Local 102 Medical Plan Rates effective through 4/30/08	\$133.69	N/A	\$308.02	\$348.16	\$400.42
Basic Option – Dental	\$1.41	N/A	\$1.80	\$2.47	\$3.82
Dental Preferred Provider Organization (DPPO) – Dental	\$8.34	N/A	\$12.12	\$14.56	\$24.04
Vision	\$7.21	\$14.42	N/A	N/A	\$21.64
LTD Plus	\$0.133/\$100 of monthly base pay	N/A	N/A	N/A	N/A

The following are the general eligibility requirements for the Medical and Dental plan options:

Employees – The following classifications of employees are eligible to participate in the Medical and Dental plans upon employment:

- Regular full-time or probationary full-time, or
- Regular or probationary part-time employees scheduled to work at least 1,000 hours within a 12-month period beginning with the date of employment or within a Plan Year.

Dependents – The following classifications of dependents are eligible to participate in the Medical and Dental plans upon employment.

- Legally married spouse
- Domestic partner providing the domestic partnership meets the following criteria. You:
 - Are at least 18 years of age
 - Have lived together for at least 12 consecutive months
 - Have an exclusive, committed relationship mutually responsible for each other's welfare demonstrated by at least three of the following:
 - Common ownership of real property
 - Common ownership of a motor vehicle
 - Driver's license listing a common address
 - Proof of joint bank accounts or credit accounts
 - Proof of designation as the primary beneficiary for life insurance or retirement benefits, or primary beneficiary designation under a partner's will
 - Assignment of durable property, power of attorney, or health care power of attorney
 - Are not legally married to anyone else
 - Are not related to each other

- Unmarried children under 19 years of age, and
- Unmarried children between 19 and 23 who are full-time students and primarily dependent upon the Employee for support.
 - Benefits for covered children continue through the end of the month of the child's 19th birthday or, if they are a full-time student through the end of the month of the child's 23rd birthday.
 - Benefits for unmarried children who are mentally or physically incapable of earning their own living may be continued beyond the age limit shown, if within 30 days after the date benefits would otherwise stop, proof of the child's incapacity is submitted.

Life Insurance Program. The Life Insurance Program provides employees' families with financial protection in the event of the employee's death. The Life Insurance Program consists of the following plans:

Basic Life Insurance. The Basic Life Insurance Plan provides coverage in the amount of one times an employee's base earnings, rounded to the nearest \$2,000 increment, at no cost to the employee.

Accidental Death and Dismemberment (AD&D). AD&D coverage is provided to employees in the amount of up to one times an employee's base earnings, rounded to the nearest \$2,000 increment, at no cost to the employee.

Supplemental Life Insurance. The Supplemental Life insurance Program allows employees to purchase additional (optional) term life insurance coverage for themselves, their spouse and/or dependent children.

Voluntary Benefits. The Voluntary Benefits Program provides participants with the opportunity to receive discounts on a variety of products and services based on the purchasing power of Allegheny Energy. Participation in any of the program components is completely optional. The Voluntary Benefits Program consists of the following:

Group Property and Casualty Coverage. Eligible employees can obtain a variety of individual insurance products at competitive group rates through the convenience of payroll deduction.

The following are the eligibility requirements for LTD, FSAs, Life Insurance, and Voluntary Benefits Programs:

Regular full-time or probationary full-time employees, who are not members of a unit covered by a collective bargaining agreement or are members of such a unit with an agreement providing for their participation, are eligible for voluntary benefits.

An Employee who becomes a participant of the Plan and subsequently becomes a member of a unit covered by a collective bargaining agreement will no longer be permitted to be a participant while included in such unit, unless the unit's collective bargaining agreement provides otherwise.

Employees represented by a collective bargaining agreement should refer to their contract for their specific provisions for paid time off.

Paid Time Off. Allegheny Energy recognizes that employees require time away from work to provide a better balance between the needs of their families and their work lives. The following is a summary of the paid time off programs provided by the company:

Holidays. The company observes nine paid holidays during each calendar year. Two of these days may be used as floating holidays for non-union employees.

Vacation. Non-union, nonstep-rated employees' annual vacation entitlements are determined by the employee's full years of continuous service as of December 31, of the prior year. Employees will accrue 1/12th of their annual vacation entitlement (see table on next page) each month. As an example, an employee entitled to 120 hours or 3 weeks would accrue 1/12th or 10 hours of vacation for each month worked. Step-rated and Schedule 2184 employees should contact the Human Resources Service Center for details regarding vacation time. Employees will be allowed to use un-accrued vacation during the year, but employees who terminate service with the company will be required to pay back any vacation that has been used in excess of the accrued vacation amount.

Full Years of Continuous Service As Of December 31 Of Preceding Year	Annual Maximum Hours of Vacation Entitlement	
	Less than 1 year	Employees will accrue 1/12 th of 80 hours of vacation entitlement per month.
	2080-Hour Schedule	2184-Hour Schedule
1 - 6 years	80	96
7 - 13 years	120	144
14 - 18 years	160	192
19 or more years	200	240

Personal Convenience Time. Employees may use up to three days (24 hours) for personal use every calendar year.

Sick Pay. Allegheny Energy provides income replacement for a specified period of time for employees who are unable to work due to illness or injury. Employees accrue sick time based on their years of service with the company.

Years of Credited Service	Sick Pay Allowance					
	Full Time			Half Time		
	Months	Equivalent to: Hours 40 hr. wk.	Equivalent to: Hours 42 hr. wk.	Months	Equivalent to: Hours 40 hr. wk.	Equivalent to: Hours 42 hr. wk.
1/2 – 1	1/2	87	91	0	0	0
1 - 2	1/2	87	91	1/2	87	91
2 - 3	3/4	130	137	3/4	130	137
3 - 4	1	173	182	1	173	182
4 - 5	1 1/4	217	228	1 1/4	217	228
5 - 6	1 1/2	260	273	1 1/2	260	273
6 - 7	1 3/4	303	319	1 3/4	303	319
7 - 8	2	347	364	2	347	364
8 - 9	2 1/4	390	410	2 1/4	390	410
9 - 10	2 1/2	433	455	2 1/2	433	455
10 - 11	2 3/4	477	501	2 3/4	477	501
11 - 12	3	520	546	3	520	546
12 - 13	3 1/4	563	592	3 1/4	563	592
13 - 14	3 1/2	607	637	3 1/2	607	637
14 - 15	3 3/4	650	683	3 3/4	650	683
Over 15	4	693	728	4	693	728

The following are the eligibility requirements for Paid Time Off:

Employees are eligible to participate in the Vacation and Personal Convenience Time Program after completion of three months of continuous service with the company. The employee's full years of continuous service are used to determine vacation. Partial years of continuous service will not be included.

Regular full-time or probationary full-time employees, who are not members of a unit covered by a collective bargaining agreement or are members of such a unit with an agreement providing for their participation are eligible for voluntary benefits, paid holidays, vacation, and personal convenience time, as described above. An employee must attain regular full-time status (usually around 6 months of employment) before he or she is eligible for sick pay.

Temporary employees are eligible for paid holidays.

An Employee who becomes a participant of the Plan and subsequently becomes a member of a unit covered by a collective bargaining agreement will no longer be permitted to be a participant while included in such unit, unless the unit's collective bargaining agreement provides otherwise.

Employees represented by a collective bargaining agreement should refer to their contract for their specific provisions for paid time off.

Other Benefits. Allegheny Energy provides many other benefits to employees. The following is a summary of some other programs offered to employees and their families:

Death Benefit. The Death Benefit Plan was designed to help ease the immediate financial worries for a family after the death of an employee. The Plan provides continuation of an employee's compensation for two weeks after his or her death.

Travel Accident. The Travel Accident Plan provides accidental death and dismemberment insurance coverage to eligible employees who die or are injured while traveling on company business.

Educational Death Benefit. The Educational Death Benefit Plan provides financial assistance for secondary education for the dependents of an employee who dies as a result of a work-related accident.

Educational Reimbursement Program. The company contributes toward the cost of a college credit educational course taken when it improves job knowledge and skills in the employee's present position, leads to a degree/certificate determined to be "of value" to the business area or company, and/or advances employee career goals within the company. The maximum annual reimbursement of \$5,250 is based on the grade received.

Discount Vision Plan. Employees and their families are automatically covered under a Discount Vision Plan where they can save on eye examinations and their eye care needs. Employees are eligible for this Plan immediately upon employment.

Separation Allowance. The Separation Allowance Plan provides supplemental income to employees who are laid off due to lack of work. The level of benefits provided increases with the employee's years of service with the company.

Relocation Assistance. Employees may be offered financial assistance if they are requested to relocate their primary living residences as a result of a new job assignment. Eligibility for the Relocation Program is determined by the appropriate business.

Scholarship Program. Allegheny Energy awards scholarships for eligible high school seniors who are children of qualifying active and deceased employees and who are enrolling in a four-year college degree program in the upcoming fall semester or quarter. The one time lump sum scholarships are awarded based on the dependent child's SAT scores and class ranking. Employees with at least six months of service as of January 1 of the Program year are eligible to participate.