



## NEWS RELEASE

### Media:

Janice Lantz  
Manager, Communications (Supply)  
724-853-3762  
jlantz@alleghenyenergy.com

### Investors:

Gregory L. Fries  
Manager, Investor Relations  
301-665-2713  
gfries@alleghenyenergy.com

### FOR IMMEDIATE RELEASE

#### **Allegheny Energy Completes Acquisition of Global Energy Markets *Transforms Company into Leading National Energy Merchant***

**Hagerstown, Md., March 16, 2001** – Allegheny Energy, Inc. (NYSE: AYE) announced today that its generation subsidiary, Allegheny Energy Supply Company, LLC, has completed its acquisition of Global Energy Markets (G.E.M.), formerly Merrill Lynch's energy commodity marketing and trading unit. This acquisition solidifies Allegheny Energy's position as a national energy merchant.

Alan J. Noia, Chairman, President, and Chief Executive Officer of Allegheny Energy, said, "The Global Energy Markets acquisition brings significant value to our shareholders and positions our Company among the top players in the national energy marketplace. The combination of our powerful generating fleet with Global Energy Markets' experience in trading and marketing will help unlock the full value of our generating assets and support our strategy of growing earnings per share by more than 10 percent a year."

With the close of the transaction, G.E.M. becomes a subsidiary of Allegheny Energy Supply and will operate in New York City under the name Allegheny Energy Global Markets. The new company has responsibility for all commodity risk management activities within Allegheny Energy Supply. Daniel L. Gordon, the former head of G.E.M., has been named President of Allegheny Energy Global Markets.

With Allegheny Energy Global Markets, Allegheny Energy Supply is a world-class trading and marketing operation and has a national platform from which to sell its generation. After only two years of operations, G.E.M. is ranked in the top 20 in the nation in electric volumes traded. With this acquisition, Allegheny Energy Supply expects to be in the top 10 of all power marketers in the nation, based on volume of trades.

Additionally, Allegheny Energy Supply expects to see growth opportunities from a referral agreement with Merrill Lynch, under which it will refer its clients with energy trading needs to Allegheny Energy Global Markets.

As announced on January 8, 2001, the purchase price for the transaction is \$490 million, plus a two-percent equity interest in Allegheny Energy Supply. The transaction is accounted for as a purchase and is expected to be accretive to Allegheny Energy's earnings per share in the first year.

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### **About Allegheny Energy Supply**

Allegheny Energy Supply operates and markets competitive retail and wholesale generation in markets throughout the United States and operates regulated generation for its affiliates. With its recently announced acquisitions and expansion plans, Allegheny Energy Supply will have ownership or control of generating capacity of more than 14,000 megawatts, with assets strategically located throughout the United States.

### **About Allegheny Energy**

An S&P 500 company, Allegheny Energy, Inc. is a diversified energy company headquartered in Hagerstown, Md. The Allegheny Energy family includes *Allegheny Power*, which delivers electric energy and natural gas to about three million people in parts of Maryland, Ohio, Pennsylvania, Virginia, and West Virginia; *Allegheny Energy Supply Company, LLC*, which operates and markets competitive retail and wholesale electric generation and operates regulated electric generation for its affiliates; and *Allegheny Ventures*, which actively invests in and develops telecommunications and energy-related projects. For more information, visit our web site at [www.alleghenyenergy.com](http://www.alleghenyenergy.com).

### **Private Securities Litigation Reform Act Safe Harbor Statement**

Certain statements above constitute forward-looking statements with respect to Allegheny Energy, Inc. Such forward-looking statements involve known and unknown risks, uncertainties, and other factors that may cause the actual results, performance, or achievements of Allegheny Energy to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements. Such factors may affect Allegheny Energy's operations, markets, products, services, and prices. Such factors include, among others, the following: general and economic and business conditions; changes in the price of electricity; industry capacity; changes in technology; changes in political, social, and economic conditions; regulatory matters; integration of the operations of Allegheny Energy; regulatory conditions applicable to the transaction; the loss of any significant customers; and changes in business strategy or business plans.