



NEWS RELEASE

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FOR IMMEDIATE RELEASE

Allegheny Energy Suspends Quarterly Cash Dividend

Hagerstown, Md., December 5, 2002 – At its meeting today, Allegheny Energy’s Board of Directors suspended the Company’s quarterly cash dividend on its common stock. The Company announced on October 9, 2002, its intention to reduce or suspend its current dividend through at least the fourth quarter of 2003. This step and other actions taken throughout the year are part of Allegheny Energy’s previously announced strategic and financial repositioning aimed at increasing its financial flexibility and improving cash flow.

Allegheny Energy believes that suspending the dividend is the prudent course of action at this time to support its efforts to enhance cash flow, reduce debt, and improve its credit ratings.

Commenting on the change, Allegheny Energy Chairman, President, and Chief Executive Officer Alan J. Noia said, “While our Board of Directors recognizes the importance of rewarding our shareholders with a consistent cash dividend, we believe this action is prudent and necessary. Our core businesses remain fundamentally sound, and we expect to work through our short-term liquidity needs in a timely manner.”

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Allegheny Energy has already taken steps to reduce its cost structure, preserve cash, and strengthen its balance sheet, including reducing the Company's reliance on its wholesale energy trading business; reducing pre-tax operating expenses in 2002; cancelling the development of several generating facilities, saving \$700 million in capital expenditures over the next several years; and reducing the workforce by approximately 10 percent through a voluntary early retirement option, normal attrition, and selected staff reductions.

Additionally, as announced on October 21, 2002, the Company has received authority from the U.S. Securities and Exchange Commission to borrow up to \$2 billion on a secured basis. Allegheny Energy is continuing to work with its bank lenders to ensure the long-term financial health of the Company and is pleased with the support that its lenders have provided.

With headquarters in Hagerstown, Md., Allegheny Energy is an integrated *Fortune* 500 energy company with a balanced portfolio of businesses, including Allegheny Energy Supply, which owns and operates electric generating facilities and supplies energy and energy-related commodities in selected domestic retail and wholesale markets; Allegheny Power, which delivers low-cost, reliable electric and natural gas service to about three million people in Maryland, Ohio, Pennsylvania, Virginia, and West Virginia; and a business offering fiber-optic and data services, energy procurement and management, and energy services. More information about the Company is available at www.alleghenyenergy.com.

Certain statements contained herein 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, prices, capital expenditures, development activities, and future plans. Such factors include, among others, the following: changes in general, economic, and business conditions; changes in the price of electricity and natural gas; changes in industry capacity; changes in technology; changes in financial and capital market conditions; changes in political and social conditions, deregulation activities and the movement toward competition in the states served by our operations; the effect of regulatory and legislative decisions; regulatory approvals and conditions; the loss of any significant customers; litigation; and changes in business strategy or business plans.