



## NEWS RELEASE

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### **FOR IMMEDIATE RELEASE**

#### **Allegheny Energy Subsidiaries Receive Extensions on Waivers From Bank Lenders**

**Hagerstown, Md., December 31, 2002** – Allegheny Energy, Inc. (NYSE: AYE) announced today that its subsidiaries, Allegheny Energy Supply Company, LLC, and Allegheny Generating Company, have received extensions on waivers from bank lenders under their credit agreements. The waivers have been extended through January 14, 2003. Allegheny Energy said that it and its subsidiaries are continuing discussions with bank lenders under these and other facilities, as well as with other lenders and trading counterparties, regarding outstanding defaults, required amendments to existing facilities, and additional secured financing. As the Company noted earlier this month, if it is unable to successfully complete negotiations with these lenders, including arrangements with respect to inter-creditor issues, it would likely be obliged to seek bankruptcy protection.

In November, the Company announced that Allegheny Energy Supply and Allegheny Generating Company had received waivers, which extended through December 31, 2002, from their bank lenders with regard to certain covenants contained in their credit agreements.

With headquarters in Hagerstown, Md., Allegheny Energy is an integrated 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](http://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.*