



NEWS RELEASE

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FOR IMMEDIATE RELEASE

Allegheny Energy Announces Sale of Interest in Conemaugh Generating Station for \$51.25 Million

Hagerstown, Md., February 26, 2003 – Allegheny Energy, Inc. (NYSE: AYE) today announced that its subsidiary, Allegheny Energy Supply Company, LLC, has signed a definitive agreement to sell its 83-megawatt (MW) share of the coal-fired Conemaugh Generating Station, located near Johnstown, Pa., to UGI Development Company, an indirect, wholly owned subsidiary of UGI Corp. (NYSE: UGI), for approximately \$51.25 million, subject to a \$3-million credit in favor of UGI Development Company. The sale is part of Allegheny Energy's ongoing efforts to repay debt, increase financial flexibility, and refocus its business on fundamental strengths and core assets.

“The sale of Allegheny Energy Supply's interest in the Conemaugh Generating Station is an important step in our plan to increase financial flexibility and get back to the basics of our business and will allow us to focus our capital resources on areas consistent with our long-term strategic plan,” said Alan J. Noia, Chairman, President, and Chief Executive Officer, Allegheny Energy.

Allegheny Energy Supply acquired the 4.86-percent interest in the 1,711-MW Conemaugh Generating Station in January 2001.

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The sale has been approved by the Board of Directors of each company and is subject to customary closing conditions and regulatory approvals. The companies anticipate closing the transaction as soon as all regulatory approvals are received.

Allegheny has also taken steps to reduce its cost structure and strengthen its balance sheet. Beginning in 2002, the Company took actions that included scaling back and relocating its wholesale energy trading business; reducing operating expenses in the long term; canceling the development of generating facilities, saving \$700 million in capital expenditures over the next several years; reducing its workforce by approximately 10 percent; and suspending the dividend on its common stock.

As part of this ongoing effort to repay debt and improve liquidity, Allegheny Energy is exploring the sale of a number of other assets. In early January, the Company announced the sale of Fellon-McCord & Associates, Inc., its natural gas and electricity consulting and management services firm, and Alliance Energy Services, LLC, a provider of natural gas supply and transportation services, to Constellation Energy Group.

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. 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 current and future plans and business strategies. Such factors include, among others, the following: changes in general, economic, and business conditions; changes in our ability to effect our business plans and strategies; 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.