

|                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                              |
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| <b>Form 5500</b><br><br>Department of the Treasury<br>Internal Revenue Service<br><br>Department of Labor<br>Employee Benefits Security<br>Administration<br><br>Pension Benefit Guaranty Corporation | <b>Annual Return/Report of Employee Benefit Plan</b><br><br>This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), and 6058(a) of the Internal Revenue Code (the Code).<br><br><p style="text-align: center;">▶ <b>Complete all entries in accordance with the instructions to the Form 5500.</b></p> | OMB Nos. 1210-0110<br>1210-0089<br><br><div style="text-align: center; font-size: 1.5em; font-weight: bold;">2010</div><br><br><b>This Form is Open to Public Inspection</b> |
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| <b>Part I</b>                                                                                            | <b>Annual Report Identification Information</b>                                                                                                                                                                                           |
| For calendar plan year 2010 or fiscal plan year beginning <u>01/01/2010</u> and ending <u>12/31/2010</u> |                                                                                                                                                                                                                                           |
| <b>A</b> This return/report is for:                                                                      | <input type="checkbox"/> a multiemployer plan; <input type="checkbox"/> a multiple-employer plan; or<br><input checked="" type="checkbox"/> a single-employer plan; <input type="checkbox"/> a DFE (specify) ____                         |
| <b>B</b> This return/report is:                                                                          | <input type="checkbox"/> the first return/report; <input type="checkbox"/> the final return/report;<br><input type="checkbox"/> an amended return/report; <input type="checkbox"/> a short plan year return/report (less than 12 months). |
| <b>C</b> If the plan is a collectively-bargained plan, check here. . . . .                               | <input checked="" type="checkbox"/>                                                                                                                                                                                                       |
| <b>D</b> Check box if filing under:                                                                      | <input type="checkbox"/> Form 5558; <input type="checkbox"/> automatic extension; <input type="checkbox"/> the DFVC program;<br><input type="checkbox"/> special extension (enter description)                                            |

|                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                        |                                                                     |                                                             |                                                             |  |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|-------------------------------------------------------------|-------------------------------------------------------------|--|
| <b>Part II</b>                                                                                                                                                                                                                                          | <b>Basic Plan Information</b> —enter all requested information                                                                                                                                                                                                                                                                         |                                                                     |                                                             |                                                             |  |
| <b>1a</b> Name of plan<br><u>ALLEGHENY ENERGY EMPLOYEE STOCK OWNERSHIP AND SAVINGS PLAN</u>                                                                                                                                                             | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;"><b>1b</b> Three-digit plan number (PN) ▶</td> <td style="width: 20%; text-align: center;"><u>002</u></td> </tr> <tr> <td colspan="2"><b>1c</b> Effective date of plan<br/><u>01/01/1976</u></td> </tr> </table>                        | <b>1b</b> Three-digit plan number (PN) ▶                            | <u>002</u>                                                  | <b>1c</b> Effective date of plan<br><u>01/01/1976</u>       |  |
| <b>1b</b> Three-digit plan number (PN) ▶                                                                                                                                                                                                                | <u>002</u>                                                                                                                                                                                                                                                                                                                             |                                                                     |                                                             |                                                             |  |
| <b>1c</b> Effective date of plan<br><u>01/01/1976</u>                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                        |                                                                     |                                                             |                                                             |  |
| <b>2a</b> Plan sponsor's name and address (employer, if for a single-employer plan)<br>(Address should include room or suite no.)<br><u>ALLEGHENY ENERGY SERVICE CORPORATION</u><br><br><u>800 CABIN HILL DRIVE</u><br><u>GREENSBURG, PA 15601-1689</u> | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td><b>2b</b> Employer Identification Number (EIN)<br/><u>13-1993896</u></td> </tr> <tr> <td><b>2c</b> Sponsor's telephone number<br/><u>724-837-3000</u></td> </tr> <tr> <td><b>2d</b> Business code (see instructions)<br/><u>221100</u></td> </tr> </table> | <b>2b</b> Employer Identification Number (EIN)<br><u>13-1993896</u> | <b>2c</b> Sponsor's telephone number<br><u>724-837-3000</u> | <b>2d</b> Business code (see instructions)<br><u>221100</u> |  |
| <b>2b</b> Employer Identification Number (EIN)<br><u>13-1993896</u>                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                        |                                                                     |                                                             |                                                             |  |
| <b>2c</b> Sponsor's telephone number<br><u>724-837-3000</u>                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                        |                                                                     |                                                             |                                                             |  |
| <b>2d</b> Business code (see instructions)<br><u>221100</u>                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                        |                                                                     |                                                             |                                                             |  |

**Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.**

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

|                  |                                                   |            |                                                              |
|------------------|---------------------------------------------------|------------|--------------------------------------------------------------|
| <b>SIGN HERE</b> | Filed with authorized/valid electronic signature. | 07/26/2011 | DAVID LUTZ                                                   |
|                  | Signature of plan administrator                   | Date       | Enter name of individual signing as plan administrator       |
| <b>SIGN HERE</b> |                                                   |            |                                                              |
|                  | Signature of employer/plan sponsor                | Date       | Enter name of individual signing as employer or plan sponsor |
| <b>SIGN HERE</b> |                                                   |            |                                                              |
|                  | Signature of DFE                                  | Date       | Enter name of individual signing as DFE                      |

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Form 5500 (2010)  
v.092307.1

|                                                                                                                                                                                                             |                                                                                                               |
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| <b>3a</b> Plan administrator's name and address (if same as plan sponsor, enter "Same")<br>EMPLOYEE BENEFITS COMMITTEE, C/O ALLEGHENY ENERGY, INC.<br><br>800 CABIN HILL DRIVE<br>GREENSBURG, PA 15601-1689 | <b>3b</b> Administrator's EIN<br>13-2863068<br><br><b>3c</b> Administrator's telephone number<br>724-837-3000 |
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| <b>4</b> If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report:<br><br><b>a</b> Sponsor's name | <b>4b</b> EIN<br><br><b>4c</b> PN |
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|                                                                         |          |      |
|-------------------------------------------------------------------------|----------|------|
| <b>5</b> Total number of participants at the beginning of the plan year | <b>5</b> | 6884 |
|-------------------------------------------------------------------------|----------|------|

  

|                                                                                                                                                        |           |      |
|--------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|------|
| <b>6</b> Number of participants as of the end of the plan year (welfare plans complete only lines <b>6a</b> , <b>6b</b> , <b>6c</b> , and <b>6d</b> ). |           |      |
| <b>a</b> Active participants.....                                                                                                                      | <b>6a</b> | 4316 |
| <b>b</b> Retired or separated participants receiving benefits.....                                                                                     | <b>6b</b> | 0    |
| <b>c</b> Other retired or separated participants entitled to future benefits.....                                                                      | <b>6c</b> | 994  |
| <b>d</b> Subtotal. Add lines <b>6a</b> , <b>6b</b> , and <b>6c</b> .....                                                                               | <b>6d</b> | 5310 |
| <b>e</b> Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....                                              | <b>6e</b> | 64   |
| <b>f</b> Total. Add lines <b>6d</b> and <b>6e</b> .....                                                                                                | <b>6f</b> | 5374 |
| <b>g</b> Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....         | <b>6g</b> | 5098 |
| <b>h</b> Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....             | <b>6h</b> | 34   |

  

|                                                                                                                                      |          |  |
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| <b>7</b> Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item) ..... | <b>7</b> |  |
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**8a** If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:  
 2E 2F 2G 2J 2K 2O 2S 2T

**b** If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

|                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                               |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>9a</b> Plan funding arrangement (check all that apply)<br>(1) <input type="checkbox"/> Insurance<br>(2) <input type="checkbox"/> Code section 412(e)(3) insurance contracts<br>(3) <input checked="" type="checkbox"/> Trust<br>(4) <input type="checkbox"/> General assets of the sponsor | <b>9b</b> Plan benefit arrangement (check all that apply)<br>(1) <input type="checkbox"/> Insurance<br>(2) <input type="checkbox"/> Code section 412(e)(3) insurance contracts<br>(3) <input checked="" type="checkbox"/> Trust<br>(4) <input type="checkbox"/> General assets of the sponsor |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

  

**10** Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

|                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>a Pension Schedules</b><br>(1) <input checked="" type="checkbox"/> <b>R</b> (Retirement Plan Information)<br>(2) <input type="checkbox"/> <b>MB</b> (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary<br><br>(3) <input type="checkbox"/> <b>SB</b> (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary | <b>b General Schedules</b><br>(1) <input checked="" type="checkbox"/> <b>H</b> (Financial Information)<br>(2) <input type="checkbox"/> <b>I</b> (Financial Information – Small Plan)<br>(3) <input type="checkbox"/> <b>A</b> (Insurance Information)<br>(4) <input checked="" type="checkbox"/> <b>C</b> (Service Provider Information)<br>(5) <input checked="" type="checkbox"/> <b>D</b> (DFE/Participating Plan Information)<br>(6) <input type="checkbox"/> <b>G</b> (Financial Transaction Schedules) |
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|                                                                                                                                                                                                                     |                                                                                                                                                                                                                        |                                                |
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| <b>SCHEDULE C<br/>(Form 5500)</b><br><br>Department of the Treasury<br>Internal Revenue Service<br><br>Department of Labor<br>Employee Benefits Security Administration<br><br>Pension Benefit Guaranty Corporation | <b>Service Provider Information</b><br><br>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).<br><br>▶ <b>File as an attachment to Form 5500.</b> | OMB No. 1210-0110                              |
|                                                                                                                                                                                                                     |                                                                                                                                                                                                                        | <b>2010</b>                                    |
|                                                                                                                                                                                                                     |                                                                                                                                                                                                                        | <b>This Form is Open to Public Inspection.</b> |

|                                                                                                       |                                                             |
|-------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|
| For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010            |                                                             |
| <b>A</b> Name of plan<br>ALLEGHENY ENERGY EMPLOYEE STOCK OWNERSHIP AND SAVINGS PLAN                   | <b>B</b> Three-digit plan number (PN) ▶ 002                 |
|                                                                                                       |                                                             |
| <b>C</b> Plan sponsor's name as shown on line 2a of Form 5500<br>ALLEGHENY ENERGY SERVICE CORPORATION | <b>D</b> Employer Identification Number (EIN)<br>13-1993896 |

|               |                                                        |
|---------------|--------------------------------------------------------|
| <b>Part I</b> | <b>Service Provider Information (see instructions)</b> |
|---------------|--------------------------------------------------------|

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

|                                                                               |
|-------------------------------------------------------------------------------|
| <b>1 Information on Persons Receiving Only Eligible Indirect Compensation</b> |
|-------------------------------------------------------------------------------|

|                                                                                                                                                                                                                                                                                   |                                                                     |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|
| <b>a</b> Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|

|                                                                                                                                                                                                                                                                |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>b</b> If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions). |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

|                                                                                                                   |                                                   |
|-------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|
| <b>(b)</b> Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation |                                                   |
| ALLIANZ GLOBAL INVESTORS DISTRIBUTO                                                                               | 1345 AVENUE OF THE AMERICAS<br>NEW YORK, NY 10105 |

|                                                                                                                  |                                                    |
|------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|
| <b>(b)</b> Enter name and EIN or address of person who provided you disclosure on eligible indirect compensation |                                                    |
| DREYFUS FAMILY OF FUNDS                                                                                          | 144 GLENN CURTISS BOULEVARD<br>UNIONDALE, NY 11556 |

|                                                                                                                   |                                          |
|-------------------------------------------------------------------------------------------------------------------|------------------------------------------|
| <b>(b)</b> Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation |                                          |
| FIDELITY INVESTMENTS                                                                                              | 82 DEVONSHIRE STREET<br>BOSTON, MA 02109 |

|                                                                                                                   |                                     |
|-------------------------------------------------------------------------------------------------------------------|-------------------------------------|
| <b>(b)</b> Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation |                                     |
| GOLDMAN SACHS FUNDS                                                                                               | P.O. BOX 06050<br>CHICAGO, IL 60606 |

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**(b)** Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

---

PIMCO FUNDS

840 NEWPORT CENTER DRIVE  
NEWPORT BEACH, CA 92660

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**(b)** Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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PRINCIPAL FUNDS

P.O. BOX 55904  
BOSTON, MA 02266

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**(b)** Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

---

SENTINEL FUNDS

ONE NATIONAL LIFE DRIVE  
MONTPELIER, VT 05604

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**(b)** Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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THE VANGUARD GROUP, INC.

P.O. BOX 2600  
VALLEY FORGE, PA 19482

23-1945930

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**(b)** Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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**(b)** Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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**(b)** Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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**(b)** Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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**2. Information on Other Service Providers Receiving Direct or Indirect Compensation.** Except for those persons for whom you answered "yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

**(a)** Enter name and EIN or address (see instructions)

DELOITTE & TOUCHE LLP

13-3891517

| <b>(b)</b><br>Service Code(s) | <b>(c)</b><br>Relationship to employer, employee organization, or person known to be a party-in-interest | <b>(d)</b><br>Enter direct compensation paid by the plan. If none, enter -0-. | <b>(e)</b><br>Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | <b>(f)</b><br>Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | <b>(g)</b><br>Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | <b>(h)</b><br>Did the service provider give you a formula instead of an amount or estimated amount? |
|-------------------------------|----------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|
| 10                            | NONE                                                                                                     | 50000                                                                         | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>                                         | Yes <input type="checkbox"/> No <input type="checkbox"/>                                                                              |                                                                                                                                                                                        | Yes <input type="checkbox"/> No <input type="checkbox"/>                                            |

**(a)** Enter name and EIN or address (see instructions)

T. ROWE PRICE RPS, INC

51-1714114

| <b>(b)</b><br>Service Code(s)    | <b>(c)</b><br>Relationship to employer, employee organization, or person known to be a party-in-interest | <b>(d)</b><br>Enter direct compensation paid by the plan. If none, enter -0-. | <b>(e)</b><br>Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | <b>(f)</b><br>Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | <b>(g)</b><br>Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | <b>(h)</b><br>Did the service provider give you a formula instead of an amount or estimated amount? |
|----------------------------------|----------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|
| 13 15 21 25<br>28 37 57 62<br>64 | NONE                                                                                                     | 39392                                                                         | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>                                         | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>                                                                   | 0                                                                                                                                                                                      | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>                                 |

**(a)** Enter name and EIN or address (see instructions)

NATIONAL RETIREMENT PARTNERS

33-0394862

| <b>(b)</b><br>Service Code(s) | <b>(c)</b><br>Relationship to employer, employee organization, or person known to be a party-in-interest | <b>(d)</b><br>Enter direct compensation paid by the plan. If none, enter -0-. | <b>(e)</b><br>Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | <b>(f)</b><br>Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | <b>(g)</b><br>Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | <b>(h)</b><br>Did the service provider give you a formula instead of an amount or estimated amount? |
|-------------------------------|----------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|
| 27                            | NONE                                                                                                     | 60000                                                                         | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>                                         | Yes <input type="checkbox"/> No <input type="checkbox"/>                                                                              |                                                                                                                                                                                        | Yes <input type="checkbox"/> No <input type="checkbox"/>                                            |

**(a)** Enter name and EIN or address (see instructions)

| <b>(b)</b><br>Service<br>Code(s) | <b>(c)</b><br>Relationship to<br>employer, employee<br>organization, or<br>person known to be<br>a party-in-interest | <b>(d)</b><br>Enter direct<br>compensation paid<br>by the plan. If none,<br>enter -0-. | <b>(e)</b><br>Did service provider<br>receive indirect<br>compensation? (sources<br>other than plan or plan<br>sponsor) | <b>(f)</b><br>Did indirect compensation<br>include eligible indirect<br>compensation, for which the<br>plan received the required<br>disclosures? | <b>(g)</b><br>Enter total indirect<br>compensation received by<br>service provider excluding<br>eligible indirect<br>compensation for which you<br>answered "Yes" to element<br>(f). If none, enter -0-. | <b>(h)</b><br>Did the service<br>provider give you a<br>formula instead of<br>an amount or<br>estimated amount? |
|----------------------------------|----------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|
|                                  |                                                                                                                      |                                                                                        | Yes <input type="checkbox"/> No <input type="checkbox"/>                                                                | Yes <input type="checkbox"/> No <input type="checkbox"/>                                                                                          |                                                                                                                                                                                                          | Yes <input type="checkbox"/> No <input type="checkbox"/>                                                        |

**(a)** Enter name and EIN or address (see instructions)

| <b>(b)</b><br>Service<br>Code(s) | <b>(c)</b><br>Relationship to<br>employer, employee<br>organization, or<br>person known to be<br>a party-in-interest | <b>(d)</b><br>Enter direct<br>compensation paid<br>by the plan. If none,<br>enter -0-. | <b>(e)</b><br>Did service provider<br>receive indirect<br>compensation? (sources<br>other than plan or plan<br>sponsor) | <b>(f)</b><br>Did indirect compensation<br>include eligible indirect<br>compensation, for which the<br>plan received the required<br>disclosures? | <b>(g)</b><br>Enter total indirect<br>compensation received by<br>service provider excluding<br>eligible indirect<br>compensation for which you<br>answered "Yes" to element<br>(f). If none, enter -0-. | <b>(h)</b><br>Did the service<br>provider give you a<br>formula instead of<br>an amount or<br>estimated amount? |
|----------------------------------|----------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|
|                                  |                                                                                                                      |                                                                                        | Yes <input type="checkbox"/> No <input type="checkbox"/>                                                                | Yes <input type="checkbox"/> No <input type="checkbox"/>                                                                                          |                                                                                                                                                                                                          | Yes <input type="checkbox"/> No <input type="checkbox"/>                                                        |

**(a)** Enter name and EIN or address (see instructions)

| <b>(b)</b><br>Service<br>Code(s) | <b>(c)</b><br>Relationship to<br>employer, employee<br>organization, or<br>person known to be<br>a party-in-interest | <b>(d)</b><br>Enter direct<br>compensation paid<br>by the plan. If none,<br>enter -0-. | <b>(e)</b><br>Did service provider<br>receive indirect<br>compensation? (sources<br>other than plan or plan<br>sponsor) | <b>(f)</b><br>Did indirect compensation<br>include eligible indirect<br>compensation, for which the<br>plan received the required<br>disclosures? | <b>(g)</b><br>Enter total indirect<br>compensation received by<br>service provider excluding<br>eligible indirect<br>compensation for which you<br>answered "Yes" to element<br>(f). If none, enter -0-. | <b>(h)</b><br>Did the service<br>provider give you a<br>formula instead of<br>an amount or<br>estimated amount? |
|----------------------------------|----------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|
|                                  |                                                                                                                      |                                                                                        | Yes <input type="checkbox"/> No <input type="checkbox"/>                                                                | Yes <input type="checkbox"/> No <input type="checkbox"/>                                                                                          |                                                                                                                                                                                                          | Yes <input type="checkbox"/> No <input type="checkbox"/>                                                        |

**Part I Service Provider Information (continued)**

**3** If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

| (a) Enter service provider name as it appears on line 2             | (b) Service Codes<br>(see instructions)                                                                                                                            | (c) Enter amount of indirect compensation |
|---------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|
|                                                                     |                                                                                                                                                                    |                                           |
| (d) Enter name and EIN (address) of source of indirect compensation | (e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. |                                           |
|                                                                     |                                                                                                                                                                    |                                           |

  

| (a) Enter service provider name as it appears on line 2             | (b) Service Codes<br>(see instructions)                                                                                                                            | (c) Enter amount of indirect compensation |
|---------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|
|                                                                     |                                                                                                                                                                    |                                           |
| (d) Enter name and EIN (address) of source of indirect compensation | (e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. |                                           |
|                                                                     |                                                                                                                                                                    |                                           |

  

| (a) Enter service provider name as it appears on line 2             | (b) Service Codes<br>(see instructions)                                                                                                                            | (c) Enter amount of indirect compensation |
|---------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|
|                                                                     |                                                                                                                                                                    |                                           |
| (d) Enter name and EIN (address) of source of indirect compensation | (e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. |                                           |
|                                                                     |                                                                                                                                                                    |                                           |

**Part II Service Providers Who Fail or Refuse to Provide Information**

**4** Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

| <b>(a)</b> Enter name and EIN or address of service provider (see instructions) | <b>(b)</b> Nature of Service Code(s) | <b>(c)</b> Describe the information that the service provider failed or refused to provide |
|---------------------------------------------------------------------------------|--------------------------------------|--------------------------------------------------------------------------------------------|
|                                                                                 |                                      |                                                                                            |
| <b>(a)</b> Enter name and EIN or address of service provider (see instructions) | <b>(b)</b> Nature of Service Code(s) | <b>(c)</b> Describe the information that the service provider failed or refused to provide |
|                                                                                 |                                      |                                                                                            |
| <b>(a)</b> Enter name and EIN or address of service provider (see instructions) | <b>(b)</b> Nature of Service Code(s) | <b>(c)</b> Describe the information that the service provider failed or refused to provide |
|                                                                                 |                                      |                                                                                            |
| <b>(a)</b> Enter name and EIN or address of service provider (see instructions) | <b>(b)</b> Nature of Service Code(s) | <b>(c)</b> Describe the information that the service provider failed or refused to provide |
|                                                                                 |                                      |                                                                                            |
| <b>(a)</b> Enter name and EIN or address of service provider (see instructions) | <b>(b)</b> Nature of Service Code(s) | <b>(c)</b> Describe the information that the service provider failed or refused to provide |
|                                                                                 |                                      |                                                                                            |
| <b>(a)</b> Enter name and EIN or address of service provider (see instructions) | <b>(b)</b> Nature of Service Code(s) | <b>(c)</b> Describe the information that the service provider failed or refused to provide |
|                                                                                 |                                      |                                                                                            |

**Part III** **Termination Information on Accountants and Enrolled Actuaries (see instructions)**  
(complete as many entries as needed)

|                    |                     |
|--------------------|---------------------|
| <b>a</b> Name:     | <b>b</b> EIN:       |
| <b>c</b> Position: |                     |
| <b>d</b> Address:  | <b>e</b> Telephone: |
|                    |                     |

Explanation:

|                    |                     |
|--------------------|---------------------|
| <b>a</b> Name:     | <b>b</b> EIN:       |
| <b>c</b> Position: |                     |
| <b>d</b> Address:  | <b>e</b> Telephone: |
|                    |                     |

Explanation:

|                    |                     |
|--------------------|---------------------|
| <b>a</b> Name:     | <b>b</b> EIN:       |
| <b>c</b> Position: |                     |
| <b>d</b> Address:  | <b>e</b> Telephone: |
|                    |                     |

Explanation:

|                    |                     |
|--------------------|---------------------|
| <b>a</b> Name:     | <b>b</b> EIN;       |
| <b>c</b> Position: |                     |
| <b>d</b> Address:  | <b>e</b> Telephone: |
|                    |                     |

Explanation:

|                    |                     |
|--------------------|---------------------|
| <b>a</b> Name:     | <b>b</b> EIN;       |
| <b>c</b> Position: |                     |
| <b>d</b> Address:  | <b>e</b> Telephone: |
|                    |                     |

Explanation:



**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity  
code**e** Dollar value of interest in MTIA, CCT, PSA, or  
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity  
code**e** Dollar value of interest in MTIA, CCT, PSA, or  
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity  
code**e** Dollar value of interest in MTIA, CCT, PSA, or  
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity  
code**e** Dollar value of interest in MTIA, CCT, PSA, or  
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity  
code**e** Dollar value of interest in MTIA, CCT, PSA, or  
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity  
code**e** Dollar value of interest in MTIA, CCT, PSA, or  
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity  
code**e** Dollar value of interest in MTIA, CCT, PSA, or  
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity  
code**e** Dollar value of interest in MTIA, CCT, PSA, or  
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity  
code**e** Dollar value of interest in MTIA, CCT, PSA, or  
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity  
code**e** Dollar value of interest in MTIA, CCT, PSA, or  
103-12 IE at end of year (see instructions)

**Part II Information on Participating Plans (to be completed by DFEs)**

(Complete as many entries as needed to report all participating plans)

**a** Plan name**b** Name of  
plan sponsor**c** EIN-PN**a** Plan name**b** Name of  
plan sponsor**c** EIN-PN**a** Plan name**b** Name of  
plan sponsor**c** EIN-PN**a** Plan name**b** Name of  
plan sponsor**c** EIN-PN**a** Plan name**b** Name of  
plan sponsor**c** EIN-PN**a** Plan name**b** Name of  
plan sponsor**c** EIN-PN**a** Plan name**b** Name of  
plan sponsor**c** EIN-PN**a** Plan name**b** Name of  
plan sponsor**c** EIN-PN**a** Plan name**b** Name of  
plan sponsor**c** EIN-PN**a** Plan name**b** Name of  
plan sponsor**c** EIN-PN**a** Plan name**b** Name of  
plan sponsor**c** EIN-PN**a** Plan name**b** Name of  
plan sponsor**c** EIN-PN

|                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                              |                                               |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|
| <b>SCHEDULE H</b><br><b>(Form 5500)</b><br><br>Department of the Treasury<br>Internal Revenue Service<br><br>Department of Labor<br>Employee Benefits Security Administration<br><br>Pension Benefit Guaranty Corporation | <b>Financial Information</b><br><br>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code).<br><br><b>► File as an attachment to Form 5500.</b> | OMB No. 1210-0110                             |
|                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                              | <b>2010</b>                                   |
|                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                              | <b>This Form is Open to Public Inspection</b> |

|                                                                                                              |                                                                        |            |
|--------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|------------|
| For calendar plan year 2010 or fiscal plan year beginning <b>01/01/2010</b> and ending <b>12/31/2010</b>     |                                                                        |            |
| <b>A</b> Name of plan<br><b>ALLEGHENY ENERGY EMPLOYEE STOCK OWNERSHIP AND SAVINGS PLAN</b>                   | <b>B</b> Three-digit plan number (PN) ►                                | <b>002</b> |
|                                                                                                              |                                                                        |            |
| <b>C</b> Plan sponsor's name as shown on line 2a of Form 5500<br><b>ALLEGHENY ENERGY SERVICE CORPORATION</b> | <b>D</b> Employer Identification Number (EIN)<br><br><b>13-1993896</b> |            |

|               |                                      |
|---------------|--------------------------------------|
| <b>Part I</b> | <b>Asset and Liability Statement</b> |
|---------------|--------------------------------------|

**1** Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

| Assets                                                                                             |                 | (a) Beginning of Year | (b) End of Year |
|----------------------------------------------------------------------------------------------------|-----------------|-----------------------|-----------------|
| <b>a</b> Total noninterest-bearing cash .....                                                      | <b>1a</b>       | 34823                 | 0               |
| <b>b</b> Receivables (less allowance for doubtful accounts):                                       |                 |                       |                 |
| <b>(1)</b> Employer contributions .....                                                            | <b>1b(1)</b>    |                       |                 |
| <b>(2)</b> Participant contributions .....                                                         | <b>1b(2)</b>    | 1068207               | 860594          |
| <b>(3)</b> Other .....                                                                             | <b>1b(3)</b>    | 30000                 | 30000           |
| <b>c</b> General investments:                                                                      |                 |                       |                 |
| <b>(1)</b> Interest-bearing cash (include money market accounts & certificates of deposit) .....   | <b>1c(1)</b>    |                       |                 |
| <b>(2)</b> U.S. Government securities .....                                                        | <b>1c(2)</b>    |                       |                 |
| <b>(3)</b> Corporate debt instruments (other than employer securities):                            |                 |                       |                 |
| <b>(A)</b> Preferred .....                                                                         | <b>1c(3)(A)</b> |                       |                 |
| <b>(B)</b> All other .....                                                                         | <b>1c(3)(B)</b> |                       |                 |
| <b>(4)</b> Corporate stocks (other than employer securities):                                      |                 |                       |                 |
| <b>(A)</b> Preferred .....                                                                         | <b>1c(4)(A)</b> |                       |                 |
| <b>(B)</b> Common .....                                                                            | <b>1c(4)(B)</b> |                       |                 |
| <b>(5)</b> Partnership/joint venture interests .....                                               | <b>1c(5)</b>    |                       |                 |
| <b>(6)</b> Real estate (other than employer real property) .....                                   | <b>1c(6)</b>    |                       |                 |
| <b>(7)</b> Loans (other than to participants) .....                                                | <b>1c(7)</b>    |                       |                 |
| <b>(8)</b> Participant loans .....                                                                 | <b>1c(8)</b>    | 14032395              | 14126061        |
| <b>(9)</b> Value of interest in common/collective trusts .....                                     | <b>1c(9)</b>    | 121327201             | 131385427       |
| <b>(10)</b> Value of interest in pooled separate accounts .....                                    | <b>1c(10)</b>   |                       |                 |
| <b>(11)</b> Value of interest in master trust investment accounts .....                            | <b>1c(11)</b>   |                       |                 |
| <b>(12)</b> Value of interest in 103-12 investment entities .....                                  | <b>1c(12)</b>   |                       |                 |
| <b>(13)</b> Value of interest in registered investment companies (e.g., mutual funds) .....        | <b>1c(13)</b>   | 405360093             | 466830285       |
| <b>(14)</b> Value of funds held in insurance company general account (unallocated contracts) ..... | <b>1c(14)</b>   |                       |                 |
| <b>(15)</b> Other .....                                                                            | <b>1c(15)</b>   |                       |                 |

**1d** Employer-related investments:

|                                                                      |              | (a) Beginning of Year | (b) End of Year |
|----------------------------------------------------------------------|--------------|-----------------------|-----------------|
| (1) Employer securities .....                                        | <b>1d(1)</b> | 103594950             | 108154509       |
| (2) Employer real property .....                                     | <b>1d(2)</b> |                       |                 |
| <b>e</b> Buildings and other property used in plan operation .....   | <b>1e</b>    |                       |                 |
| <b>f</b> Total assets (add all amounts in lines 1a through 1e) ..... | <b>1f</b>    | 645447669             | 721386876       |

**Liabilities**

|                                                                           |           |     |       |
|---------------------------------------------------------------------------|-----------|-----|-------|
| <b>g</b> Benefit claims payable .....                                     | <b>1g</b> |     |       |
| <b>h</b> Operating payables .....                                         | <b>1h</b> | 184 | 21250 |
| <b>i</b> Acquisition indebtedness .....                                   | <b>1i</b> |     |       |
| <b>j</b> Other liabilities .....                                          | <b>1j</b> |     |       |
| <b>k</b> Total liabilities (add all amounts in lines 1g through 1j) ..... | <b>1k</b> | 184 | 21250 |

**Net Assets**

|                                                           |           |           |           |
|-----------------------------------------------------------|-----------|-----------|-----------|
| <b>l</b> Net assets (subtract line 1k from line 1f) ..... | <b>1l</b> | 645447485 | 721365626 |
|-----------------------------------------------------------|-----------|-----------|-----------|

**Part II Income and Expense Statement**

**2** Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

**Income****a Contributions:**

|                                                                                                            |                 | (a) Amount | (b) Total |
|------------------------------------------------------------------------------------------------------------|-----------------|------------|-----------|
| (1) Received or receivable in cash from: <b>(A)</b> Employers .....                                        | <b>2a(1)(A)</b> | 8980490    |           |
| <b>(B)</b> Participants .....                                                                              | <b>2a(1)(B)</b> | 29143960   |           |
| <b>(C)</b> Others (including rollovers) .....                                                              | <b>2a(1)(C)</b> | 417457     |           |
| (2) Noncash contributions .....                                                                            | <b>2a(2)</b>    |            |           |
| (3) Total contributions. Add lines <b>2a(1)(A)</b> , <b>(B)</b> , <b>(C)</b> , and line <b>2a(2)</b> ..... | <b>2a(3)</b>    |            | 38541907  |

**b Earnings on investments:****(1) Interest:**

|                                                                                                      |                 |        |        |
|------------------------------------------------------------------------------------------------------|-----------------|--------|--------|
| <b>(A)</b> Interest-bearing cash (including money market accounts and certificates of deposit) ..... | <b>2b(1)(A)</b> |        |        |
| <b>(B)</b> U.S. Government securities .....                                                          | <b>2b(1)(B)</b> |        |        |
| <b>(C)</b> Corporate debt instruments .....                                                          | <b>2b(1)(C)</b> |        |        |
| <b>(D)</b> Loans (other than to participants) .....                                                  | <b>2b(1)(D)</b> |        |        |
| <b>(E)</b> Participant loans .....                                                                   | <b>2b(1)(E)</b> | 825910 |        |
| <b>(F)</b> Other .....                                                                               | <b>2b(1)(F)</b> |        |        |
| <b>(G)</b> Total interest. Add lines <b>2b(1)(A)</b> through <b>(F)</b> .....                        | <b>2b(1)(G)</b> |        | 825910 |

|                                                                                           |                 |          |          |
|-------------------------------------------------------------------------------------------|-----------------|----------|----------|
| (2) Dividends: <b>(A)</b> Preferred stock .....                                           | <b>2b(2)(A)</b> |          |          |
| <b>(B)</b> Common stock .....                                                             | <b>2b(2)(B)</b> | 2475283  |          |
| <b>(C)</b> Registered investment company shares (e.g. mutual funds) .....                 | <b>2b(2)(C)</b> | 12787964 |          |
| <b>(D)</b> Total dividends. Add lines <b>2b(2)(A)</b> , <b>(B)</b> , and <b>(C)</b> ..... | <b>2b(2)(D)</b> |          | 15263247 |

|                 |              |  |  |
|-----------------|--------------|--|--|
| (3) Rents ..... | <b>2b(3)</b> |  |  |
|-----------------|--------------|--|--|

|                                                                                           |                 |         |         |
|-------------------------------------------------------------------------------------------|-----------------|---------|---------|
| (4) Net gain (loss) on sale of assets: <b>(A)</b> Aggregate proceeds .....                | <b>2b(4)(A)</b> | 8727135 |         |
| <b>(B)</b> Aggregate carrying amount (see instructions) .....                             | <b>2b(4)(B)</b> | 9098574 |         |
| <b>(C)</b> Subtract line <b>2b(4)(B)</b> from line <b>2b(4)(A)</b> and enter result ..... | <b>2b(4)(C)</b> |         | -371439 |

|                                                                                                          |                 | (a) Amount | (b) Total |
|----------------------------------------------------------------------------------------------------------|-----------------|------------|-----------|
| <b>2b</b> (5) Unrealized appreciation (depreciation) of assets: <b>(A)</b> Real estate.....              | <b>2b(5)(A)</b> |            |           |
| <b>(B)</b> Other .....                                                                                   | <b>2b(5)(B)</b> | 3597060    |           |
| <b>(C)</b> Total unrealized appreciation of assets.<br>Add lines <b>2b(5)(A)</b> and <b>(B)</b> .....    | <b>2b(5)(C)</b> |            | 3597060   |
| <b>(6)</b> Net investment gain (loss) from common/collective trusts .....                                | <b>2b(6)</b>    |            | 7770343   |
| <b>(7)</b> Net investment gain (loss) from pooled separate accounts .....                                | <b>2b(7)</b>    |            |           |
| <b>(8)</b> Net investment gain (loss) from master trust investment accounts .....                        | <b>2b(8)</b>    |            |           |
| <b>(9)</b> Net investment gain (loss) from 103-12 investment entities .....                              | <b>2b(9)</b>    |            |           |
| <b>(10)</b> Net investment gain (loss) from registered investment<br>companies (e.g., mutual funds)..... | <b>2b(10)</b>   |            | 50017862  |
| <b>c</b> Other income.....                                                                               | <b>2c</b>       |            | 120000    |
| <b>d</b> Total income. Add all <b>income</b> amounts in column (b) and enter total.....                  | <b>2d</b>       |            | 115764890 |

**Expenses**

|                                                                                            |              |          |          |
|--------------------------------------------------------------------------------------------|--------------|----------|----------|
| <b>e</b> Benefit payment and payments to provide benefits:                                 |              |          |          |
| <b>(1)</b> Directly to participants or beneficiaries, including direct rollovers .....     | <b>2e(1)</b> | 39671204 |          |
| <b>(2)</b> To insurance carriers for the provision of benefits .....                       | <b>2e(2)</b> |          |          |
| <b>(3)</b> Other .....                                                                     | <b>2e(3)</b> |          |          |
| <b>(4)</b> Total benefit payments. Add lines <b>2e(1)</b> through <b>(3)</b> .....         | <b>2e(4)</b> |          | 39671204 |
| <b>f</b> Corrective distributions (see instructions) .....                                 | <b>2f</b>    |          |          |
| <b>g</b> Certain deemed distributions of participant loans (see instructions).....         | <b>2g</b>    |          | 23497    |
| <b>h</b> Interest expense.....                                                             | <b>2h</b>    |          |          |
| <b>i</b> Administrative expenses: <b>(1)</b> Professional fees .....                       | <b>2i(1)</b> | 52656    |          |
| <b>(2)</b> Contract administrator fees .....                                               | <b>2i(2)</b> | 30231    |          |
| <b>(3)</b> Investment advisory and management fees .....                                   | <b>2i(3)</b> | 60000    |          |
| <b>(4)</b> Other .....                                                                     | <b>2i(4)</b> | 9161     |          |
| <b>(5)</b> Total administrative expenses. Add lines <b>2i(1)</b> through <b>(4)</b> .....  | <b>2i(5)</b> |          | 152048   |
| <b>j</b> Total expenses. Add all <b>expense</b> amounts in column (b) and enter total..... | <b>2j</b>    |          | 39846749 |

**Net Income and Reconciliation**

|                                                                               |              |  |          |
|-------------------------------------------------------------------------------|--------------|--|----------|
| <b>k</b> Net income (loss). Subtract line <b>2j</b> from line <b>2d</b> ..... | <b>2k</b>    |  | 75918141 |
| <b>l</b> Transfers of assets:                                                 |              |  |          |
| <b>(1)</b> To this plan.....                                                  | <b>2l(1)</b> |  |          |
| <b>(2)</b> From this plan .....                                               | <b>2l(2)</b> |  |          |

**Part III Accountant's Opinion**

**3** Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

**a** The attached opinion of an independent qualified public accountant for this plan is (see instructions):

**(1)** ☒ Unqualified **(2)** ☐ Qualified **(3)** ☐ Disclaimer **(4)** ☐ Adverse

**b** Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☐ Yes ☒ No

**c** Enter the name and EIN of the accountant (or accounting firm) below:

**(1)** Name: DELOITTE & TOUCHE LLP

**(2)** EIN: 13-3891517

**d** The opinion of an independent qualified public accountant is **not attached** because:

**(1)** ☐ This form is filed for a CCT, PSA, or MTIA. **(2)** ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

**Part IV Compliance Questions**

- 4** CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

|                                                                                                                                                                                                                                                                                                                 | Yes | No | Amount   |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|----|----------|
| <b>a</b> Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....                 |     | X  |          |
| <b>b</b> Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)..... |     | X  |          |
| <b>c</b> Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.) .....                                                                                                                            |     | X  |          |
| <b>d</b> Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....                                                                                                                  |     | X  |          |
| <b>e</b> Was this plan covered by a fidelity bond?.....                                                                                                                                                                                                                                                         | X   |    | 15000000 |
| <b>f</b> Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty? .....                                                                                                                                                                         |     | X  |          |
| <b>g</b> Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser? .....                                                                                                                                      |     | X  |          |
| <b>h</b> Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser? .....                                                                                                                            |     | X  |          |
| <b>i</b> Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....                                                                                                                                                   | X   |    |          |
| <b>j</b> Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.).....                                                                                    |     | X  |          |
| <b>k</b> Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....                                                                                                                                              |     | X  |          |
| <b>l</b> Has the plan failed to provide any benefit when due under the plan? .....                                                                                                                                                                                                                              |     | X  |          |
| <b>m</b> If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....                                                                                                                                                                                     |     | X  |          |
| <b>n</b> If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3. ....                                                                                                                        |     |    |          |

- 5a** Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?  
If yes, enter the amount of any plan assets that reverted to the employer this year ..... ☐ Yes ☒ No Amount:

- 5b** If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

**5b(1)** Name of plan(s)

| 5b(2) EIN(s) | 5b(3) PN(s) |
|--------------|-------------|
|              |             |
|              |             |
|              |             |
|              |             |

|                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                            |                                                |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|
| <b>SCHEDULE R</b><br><b>(Form 5500)</b><br><br>Department of the Treasury<br>Internal Revenue Service<br><br>Department of Labor<br>Employee Benefits Security Administration<br><br>Pension Benefit Guaranty Corporation | <b>Retirement Plan Information</b><br><br>This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).<br><br>▶ <b>File as an attachment to Form 5500.</b> | OMB No. 1210-0110                              |
|                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                            | <b>2010</b>                                    |
|                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                            | <b>This Form is Open to Public Inspection.</b> |

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

|                                                                                                              |                                                                    |
|--------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------|
| <b>A</b> Name of plan<br><u>ALLEGHENY ENERGY EMPLOYEE STOCK OWNERSHIP AND SAVINGS PLAN</u>                   | <b>B</b> Three-digit plan number (PN) ▶<br><u>002</u>              |
| <b>C</b> Plan sponsor's name as shown on line 2a of Form 5500<br><u>ALLEGHENY ENERGY SERVICE CORPORATION</u> | <b>D</b> Employer Identification Number (EIN)<br><u>13-1993896</u> |

|               |                      |
|---------------|----------------------|
| <b>Part I</b> | <b>Distributions</b> |
|---------------|----------------------|

All references to distributions relate only to payments of benefits during the plan year.

|                                                                                                                                                                                                                                                                    |          |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|
| <b>1</b> Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....                                                                                                                              | <b>1</b> |
| <b>2</b> Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits):<br><br>EIN(s): <u>51-1714114</u> |          |
| <b>Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.</b>                                                                                                                                                                                            |          |
| <b>3</b> Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....                                                                                                                                    | <b>3</b> |

|                |                                                                                                                                                                              |
|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Part II</b> | <b>Funding Information</b> (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part) |
|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

|                                                                                                                                                                                                                                                         |                              |                             |                              |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|-----------------------------|------------------------------|
| <b>4</b> Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?.....                                                                                                                                     | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> N/A |
| <b>If the plan is a defined benefit plan, go to line 8.</b>                                                                                                                                                                                             |                              |                             |                              |
| <b>5</b> If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. <b>Date:</b> Month _____ Day _____ Year _____                 |                              |                             |                              |
| <b>If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.</b>                                                                                                                          |                              |                             |                              |
| <b>6 a</b> Enter the minimum required contribution for this plan year .....                                                                                                                                                                             | <b>6a</b>                    |                             |                              |
| <b>b</b> Enter the amount contributed by the employer to the plan for this plan year .....                                                                                                                                                              | <b>6b</b>                    |                             |                              |
| <b>c</b> Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....                                                                                                         | <b>6c</b>                    |                             |                              |
| <b>If you completed line 6c, skip lines 8 and 9.</b>                                                                                                                                                                                                    |                              |                             |                              |
| <b>7</b> Will the minimum funding amount reported on line 6c be met by the funding deadline? .....                                                                                                                                                      | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> N/A |
| <b>8</b> If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?..... | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> N/A |

|                 |                   |
|-----------------|-------------------|
| <b>Part III</b> | <b>Amendments</b> |
|-----------------|-------------------|

|                                                                                                                                                                                                                                |                                   |                                   |                               |                             |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|-----------------------------------|-------------------------------|-----------------------------|
| <b>9</b> If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box(es). If no, check the "No" box..... | <input type="checkbox"/> Increase | <input type="checkbox"/> Decrease | <input type="checkbox"/> Both | <input type="checkbox"/> No |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|-----------------------------------|-------------------------------|-----------------------------|

|                |                                                                                                                                                   |
|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Part IV</b> | <b>ESOPs</b> (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part. |
|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------|

|                                                                                                                                                                                              |                              |                             |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|-----------------------------|
| <b>10</b> Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?.....                                                       | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| <b>11 a</b> Does the ESOP hold any preferred stock? .....                                                                                                                                    | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| <b>b</b> If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.) ..... | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| <b>12</b> Does the ESOP hold any stock that is not readily tradable on an established securities market? .....                                                                               | <input type="checkbox"/> Yes | <input type="checkbox"/> No |

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Schedule R (Form 5500) 2010  
v.092308.1

**Part V Additional Information for Multiemployer Defined Benefit Pension Plans**

**13** Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

**a** Name of contributing employer

**b** EIN

**c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month  Day  Year

**e** Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

**a** Name of contributing employer

**b** EIN

**c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month  Day  Year

**e** Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

**a** Name of contributing employer

**b** EIN

**c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month  Day  Year

**e** Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

**a** Name of contributing employer

**b** EIN

**c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month  Day  Year

**e** Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

**a** Name of contributing employer

**b** EIN

**c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month  Day  Year

**e** Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

**a** Name of contributing employer

**b** EIN

**c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month  Day  Year

**e** Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

|                                                                          |            |  |
|--------------------------------------------------------------------------|------------|--|
| <b>a</b> The current year .....                                          | <b>14a</b> |  |
| <b>b</b> The plan year immediately preceding the current plan year ..... | <b>14b</b> |  |
| <b>c</b> The second preceding plan year .....                            | <b>14c</b> |  |

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

|                                                                                                       |            |  |
|-------------------------------------------------------------------------------------------------------|------------|--|
| <b>a</b> The corresponding number for the plan year immediately preceding the current plan year ..... | <b>15a</b> |  |
| <b>b</b> The corresponding number for the second preceding plan year .....                            | <b>15b</b> |  |

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

|                                                                                                                                                                        |            |  |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|--|
| <b>a</b> Enter the number of employers who withdrew during the preceding plan year .....                                                                               | <b>16a</b> |  |
| <b>b</b> If item 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers ..... | <b>16b</b> |  |

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. .... ☐

**Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans**

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment. .... ☐

- 19** If the total number of participants is 1,000 or more, complete items (a) through (c)

- a** Enter the percentage of plan assets held as:

Stock: \_\_\_\_\_% Investment-Grade Debt: \_\_\_\_\_% High-Yield Debt: \_\_\_\_\_% Real Estate: \_\_\_\_\_% Other: \_\_\_\_\_%

- b** Provide the average duration of the combined investment-grade and high-yield debt:

☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

- c** What duration measure was used to calculate item 19(b)?

☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):

## INDEPENDENT AUDITORS' REPORT

Deloitte & Touche LLP  
2500 One PPG Place  
Pittsburgh, PA 15222-5401  
USA

Tel: +1 412 338 7200  
[www.deloitte.com](http://www.deloitte.com)

To the Trustees and Participants of  
The Allegheny Energy Employee Stock  
Ownership and Savings Plan

We have audited the accompanying statements of net assets available for benefits of Allegheny Energy Employee Stock Ownership and Savings Plan (the "Plan") as of December 31, 2010 and 2009, and the related statement of changes in net assets available for benefits for the year ended December 31, 2010. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the net assets available for benefits of the Plan at December 31, 2010 and 2009, and the changes in net assets available for benefits for the year ended December 31, 2010 in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) as of December 31, 2010 is presented for the purpose of additional analysis and are not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This schedule is the responsibility of the Plan's management. Such schedule has been subjected to the auditing procedures applied in our audit of the 2010 basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

*Deloitte & Touche LLP*

July 5, 2011

**Allegheny Energy Employee Stock Ownership and Savings Plan**

Plan Number: 002  
Employer Identification Number: 13-1993896  
Form 5500, Schedule H, Part IV, Line 4(i): Schedule of Assets (Held At End of Year)  
as of December 31, 2010

| (a)                                                                                                  | (b)                                                                                            | (c) | (d)                  |
|------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|-----|----------------------|
| Identity of Issue, Borrower,<br>Lessor or Similar Party                                              | Description of Investment, Including Maturity Date,<br>Rate of Interest, Par or Maturity Value |     | Current<br>Value     |
| <b>Common stock:</b>                                                                                 |                                                                                                |     |                      |
| * Allegheny Energy, Inc.                                                                             | Common Stock                                                                                   |     | \$108,154,509        |
| <b>Common trust funds:</b>                                                                           |                                                                                                |     |                      |
| * T. Rowe Price                                                                                      | Stable Value Fund                                                                              |     | 77,181,467           |
| * T. Rowe Price                                                                                      | Equity Index Trust                                                                             |     | 54,203,960           |
| <b>Mutual funds:</b>                                                                                 |                                                                                                |     |                      |
| Equity funds:                                                                                        |                                                                                                |     |                      |
| * T. Rowe Price                                                                                      | Blue Chip Growth Fund                                                                          |     | 126,554,662          |
| * T. Rowe Price                                                                                      | Spectrum Growth Fund                                                                           |     | 40,020,683           |
| Fidelity Investments                                                                                 | Fidelity Spartan International Index Fund                                                      |     | 27,623,719           |
| Mellon Institutional Funds                                                                           | Dreyfus/Boston Company Small Cap Value Fund                                                    |     | 27,229,270           |
| Allianz Global Investors                                                                             | Allianz NFJ Dividend Value Fund                                                                |     | 19,668,620           |
| * T. Rowe Price                                                                                      | Mid Cap Growth Fund                                                                            |     | 12,853,112           |
| Goldman Sachs                                                                                        | Goldman Sachs Mid Cap Value Fund                                                               |     | 9,285,879            |
| * T. Rowe Price                                                                                      | Small Cap Value Fund                                                                           |     | 5,974,356            |
| Sentinel                                                                                             | Sentinel Small Company Fund                                                                    |     | 3,809,741            |
| Principal                                                                                            | Principal Small Cap S&P 600 Index Fund                                                         |     | 2,501,229            |
| Principal                                                                                            | Principal Mid Cap S&P 400 Institutional Fund                                                   |     | 1,065,750            |
| Subtotal Equity funds                                                                                |                                                                                                |     | <u>276,587,021</u>   |
| Target date retirement funds:                                                                        |                                                                                                |     |                      |
| * T. Rowe Price                                                                                      | Retirement 2020 Fund                                                                           |     | 31,305,670           |
| * T. Rowe Price                                                                                      | Retirement 2015 Fund                                                                           |     | 21,440,018           |
| * T. Rowe Price                                                                                      | Retirement 2025 Fund                                                                           |     | 17,804,310           |
| * T. Rowe Price                                                                                      | Retirement 2030 Fund                                                                           |     | 15,535,119           |
| * T. Rowe Price                                                                                      | Retirement 2010 Fund                                                                           |     | 8,978,196            |
| * T. Rowe Price                                                                                      | Retirement 2035 Fund                                                                           |     | 7,806,700            |
| * T. Rowe Price                                                                                      | Retirement 2040 Fund                                                                           |     | 4,264,895            |
| * T. Rowe Price                                                                                      | Retirement Income Fund                                                                         |     | 3,708,877            |
| * T. Rowe Price                                                                                      | Retirement 2045 Fund                                                                           |     | 2,662,296            |
| * T. Rowe Price                                                                                      | Retirement 2050 Fund                                                                           |     | 1,443,723            |
| * T. Rowe Price                                                                                      | Retirement 2005 Fund                                                                           |     | 768,060              |
| * T. Rowe Price                                                                                      | Retirement 2055 Fund                                                                           |     | 253,002              |
| Subtotal Target date funds                                                                           |                                                                                                |     | <u>115,970,866</u>   |
| Fixed income funds:                                                                                  |                                                                                                |     |                      |
| PIMCO                                                                                                | PIMCO Total Return Fund                                                                        |     | 44,630,962           |
| Fidelity Investments                                                                                 | Fidelity Advisor Strategic Income Fund                                                         |     | 26,348,710           |
| Vanguard                                                                                             | Vanguard Inflation Protected Securities Fund                                                   |     | 3,292,726            |
| Subtotal Fixed income funds                                                                          |                                                                                                |     | <u>74,272,398</u>    |
| Total investments at fair value                                                                      |                                                                                                |     | 706,370,221          |
| * Participant Loans - range of interest rates from 4.25% to 11.5%, with maturities from 2011 to 2035 |                                                                                                |     | 14,388,781           |
| Total investments at fair value and participant loans                                                |                                                                                                |     | <u>\$720,759,002</u> |

\* Represents a party-in-interest for which a statutory exemption exists.

**ALLEGHENY ENERGY EMPLOYEE STOCK  
OWNERSHIP AND SAVINGS PLAN**

**Financial Statements  
and Supplemental Schedule**

**As of December 31, 2010 and 2009 and  
For the Year Ended December 31, 2010**

## **Allegheny Energy Employee Stock Ownership and Savings Plan**

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| <b>Supplemental Schedule:</b>                                                                                                                                                                                                                                               |                    |
| Form 5500, Schedule H, Part IV, Line 4(i): - Schedule of Assets (Held at End of Year)<br>as of December 31, 2010                                                                                                                                                            | 13                 |
| <br>Note: All other schedules required by Section 2520.103-10 of the Department of Labor's<br>Rules and Regulations for Reporting and Disclosure under the Employee<br>Retirement Income Security Act (ERISA) of 1974 have been omitted because<br>they are not applicable. |                    |

## INDEPENDENT AUDITORS' REPORT

To the Trustees and Participants of  
The Allegheny Energy Employee Stock  
Ownership and Savings Plan

We have audited the accompanying statements of net assets available for benefits of Allegheny Energy Employee Stock Ownership and Savings Plan (the "Plan") as of December 31, 2010 and 2009, and the related statement of changes in net assets available for benefits for the year ended December 31, 2010. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the net assets available for benefits of the Plan at December 31, 2010 and 2009, and the changes in net assets available for benefits for the year ended December 31, 2010 in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) as of December 31, 2010 is presented for the purpose of additional analysis and are not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This schedule is the responsibility of the Plan's management. Such schedule has been subjected to the auditing procedures applied in our audit of the 2010 basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

*Deloitte & Touche LLP*

July 5, 2011

**Allegheny Energy Employee Stock Ownership and Savings Plan**

**Statements of Net Assets Available for Benefits**

|                                                                                                | <b>As of December 31,</b> |                       |
|------------------------------------------------------------------------------------------------|---------------------------|-----------------------|
|                                                                                                | <b>2010</b>               | <b>2009</b>           |
| <b><u>Assets</u></b>                                                                           |                           |                       |
| Investments at fair value                                                                      | \$ 706,370,221            | \$ 630,282,244        |
| Cash and cash equivalents                                                                      | -                         | 34,823                |
| Receivables:                                                                                   |                           |                       |
| Notes receivable from participants                                                             | 14,388,781                | 14,271,618            |
| Contributions receivable from participants                                                     | 860,594                   | 1,068,207             |
| Other                                                                                          | 30,000                    | 30,000                |
| Total receivables                                                                              | 15,279,375                | 15,369,825            |
| Total assets                                                                                   | 721,649,596               | 645,686,892           |
| <b><u>Liabilities</u></b>                                                                      |                           |                       |
| Accrued expenses                                                                               | 21,250                    | 184                   |
| Net assets available for benefits at fair value                                                | 721,628,346               | 645,686,708           |
| Adjustment from fair value to contract value for<br>fully benefit-responsive stable value fund | (2,789,662)               | (2,155,870)           |
| Net assets available for benefits                                                              | <u>\$ 718,838,684</u>     | <u>\$ 643,530,838</u> |

See accompanying Notes to Financial Statements.

## Allegheny Energy Employee Stock Ownership and Savings Plan

### Statement of Changes in Net Assets Available for Benefits

|                                                | For the Year Ended<br>December 31,<br>2010 |
|------------------------------------------------|--------------------------------------------|
| <b>Additions:</b>                              |                                            |
| Contributions:                                 |                                            |
| Participant                                    | \$ 29,143,960                              |
| Employer                                       | 8,980,490                                  |
| Rollovers                                      | 417,457                                    |
| Income:                                        |                                            |
| Net appreciation in fair value of investments  | 60,380,033                                 |
| Investment income from dividends and interest  | 15,263,246                                 |
| Interest income from participant loans         | 825,910                                    |
| Other                                          | 120,000                                    |
| Total additions                                | <u>115,131,096</u>                         |
| <b>Deductions:</b>                             |                                            |
| Benefits paid to participants or beneficiaries | 39,671,204                                 |
| Administrative expenses                        | 131,816                                    |
| Loan administration fees                       | 20,230                                     |
| Total deductions                               | <u>39,823,250</u>                          |
| Increase in net assets available for benefits  | 75,307,846                                 |
| Net assets available for benefits:             |                                            |
| Beginning of year                              | 643,530,838                                |
| End of year                                    | <u><u>\$ 718,838,684</u></u>               |

See accompanying Notes to Financial Statements.

## **Allegheny Energy Employee Stock Ownership and Savings Plan**

### **Notes to Financial Statements December 31, 2010 and 2009**

#### **NOTE 1 - DESCRIPTION OF PLAN**

The following brief description of the Allegheny Energy Employee Stock Ownership and Savings Plan (Plan) is provided for general information purposes only. Participants should refer to the Plan document for more complete information. See also Note 10 - Subsequent Event.

##### **General**

The Plan is a defined contribution plan and is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA) and the Internal Revenue Code of 1986, as amended (IRS Code). The Plan has two segments: a savings segment and a stock ownership segment. The savings segment entitles participants to make pre-tax and after-tax contributions from their eligible earnings with additional matching contributions provided by Allegheny Energy Service Corporation (AESC), the Plan sponsor and a wholly owned subsidiary of Allegheny Energy, Inc. (Allegheny or Employer). Employer contributions to the employee stock ownership segment of the Plan ceased with the Plan year 1986.

##### **Administration**

The Plan is administered by the Allegheny Employee Benefits Committee. Plan assets are held in trust under an arrangement with T. Rowe Price Trust Company (Trustee and Custodian) and the record keeping with respect to individual participant accounts is maintained by T. Rowe Price Retirement Plan Services, Inc., (both wholly-owned subsidiaries of T. Rowe Price Associates, Inc. which is wholly owned by T. Rowe Price Group, Inc.) based on information furnished by AESC and the participants.

##### **Administrative Expenses and Loan Administration Fees**

Administrative expenses of the Plan are paid from a nonparticipant-directed account established under the Plan and funded by T. Rowe Price and by the Plan's sponsor. Loan administration fees are charged to the participant account of the borrower.

##### **Participation**

All full-time employees of AESC not represented by a collective bargaining unit are eligible to participate in the Plan. Part-time and temporary employees are eligible to participate if they are scheduled to work at least 1,000 hours in a year.

Employees represented by a collective bargaining unit that has entered into a written agreement with AESC that provides for participation in the Plan are also eligible to participate.

New employees who do not make an affirmative election to make (or not make) pre-tax contributions to the Plan shall be deemed to have made an election to contribute 3% for each payroll period the employee is eligible to participate in the Plan. A new employee who has automatically enrolled in the Plan and who has not made an affirmative election as to the investment of his or her account shall have his or her account invested in the age appropriate "Target Fund" made available to employees under the Plan. The Target Fund is an investment alternative that provides a mixture of fixed income and equity investments that are matched to an individual's age and an assumed retirement age of 65.

##### **Contributions**

Subject to IRS Code limitations, the Plan allows each participating employee to contribute through payroll deductions from 2% to 25% of their earnings to any investment option within the Plan. These contributions may be made on a pre-tax or Roth 401(k) contribution basis. Under federal law, the maximum contribution from pre-tax or Roth after-tax earnings was \$16,500 for 2010 and 2009 as long as that amount does not exceed 25% of the employee's compensation. Participants who have attained age 50 before the close of the plan year are eligible to make additional catch-up contributions. An individual's total catch-up contributions during 2010 could not exceed \$5,500 on a pre-tax or a Roth 401(k) contribution basis. AESC makes a matching contribution of 50% of the first 6% of participants' pre-tax earnings deferrals and Roth 401(k) contribution deferrals into the Plan. Participants can also elect after-tax contributions up to 6% of their compensation in 1% increments. AESC does not match after-tax contributions. The Plan also permits employee rollover contributions.

Participant pre-tax and post-tax contributions are paid directly to the Trustee two to three business days after payroll is paid. AESC's matching contribution is made to the trustee on a quarterly basis. AESC's contributions were made in cash in 2010 and 2009. AESC's contributions are invested in accordance with each participant's investment election.

##### **Participant Accounts and Investments**

Individual accounts are maintained for each plan participant. Each participant account is credited with participant

## **Allegheny Energy Employee Stock Ownership and Savings Plan**

### **Notes to Financial Statements (continued) December 31, 2010 and 2009**

and Employer contributions and allocations of plan earnings. Participants direct the investment of all contributions and account balances among a number of investment alternatives including Allegheny common stock, mutual funds and common trust funds with varying investment objectives and risk profiles.

#### **Vesting**

A participant is always fully vested in all participant contributions and earnings attributable to such contributions. A participant becomes fully vested in employer matching contributions and applicable investment earnings after completing 12 months of service.

#### **Forfeitures**

Any participant who terminates employment with AESC will forfeit the nonvested portion of his/her account. A forfeiture will occur at the earlier of the date the participant has received a distribution from the Plan or after five consecutive one-year breaks in service. Such forfeitures will be applied to reduce contributions made by AESC to the Plan or to offset reasonable expenses of the Plan. AESC's employer match for 2010 was reduced by \$10,272 and for 2009 was reduced by \$11,123 from participant forfeitures.

#### **Participant Loans**

An employee who has participated in the savings segment for at least one year may borrow against his or her account balance. The aggregate principal amount of an employee's loans may not exceed the lesser of 50% of the employee's pre-tax earnings deferrals, Roth 401(k) contributions and rollover account balance or \$50,000, including loans outstanding and the highest unpaid loan balance over the previous 12 months.

A loan is secured by the balance in the participant's account. The interest rate for each loan is set at a fixed rate 1% above the prime rate published in The Wall Street Journal. The interest rates on outstanding loans at December 31, 2010 ranged from 4.25% to 11.5%. Repayments of principal and interest are credited to the participant's account when made, generally through payroll deductions.

#### **Payment of Benefits**

A participant's account in the savings and/or employee stock ownership segment of the Plan will be distributed to the participant or the participant's designated beneficiary in a lump-sum payment either upon election to receive distribution of a deferred account or, unless deferral has been elected, upon termination of employment, retirement, or death. The participant may elect to make a withdrawal of post-tax contributions and earnings at any time. A withdrawal of an active participant's pre-tax contribution can be made, provided that (1) the participant first withdraws all amounts in the post-tax account and (2) the withdrawal is based on an immediate financial need created by hardship as defined by the IRS Code.

A participant who retires or terminates employment (excluding death) and whose total account balance is \$1,000 or more (excluding rollover contributions), may elect to defer receipt of his/her distribution to a date no later than April 1 of the calendar year after the calendar year in which the participant attains age 70½ (at which time such participant's deferred account will be automatically distributed in the absence of his/her distribution election). Upon death, a deferred account is distributed in a lump sum to the participant's beneficiary.

A participant who defers retirement and who has attained age 70½ may elect to defer commencement of benefits to a date no later than April 1 of the calendar year following the calendar year in which his/her employment terminates.

#### **Exempt Party-in-Interest Transactions**

The Plan invests in certain funds managed by T. Rowe Price Trust Company, the trustee and custodian for the Plan's assets. The Plan also invests in Allegheny common stock. These transactions are exempt party-in-interest transactions that are allowable under ERISA.

## **NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES**

#### **Basis of Presentation**

The Plan's financial statements are presented on the accrual basis of accounting and in accordance with U.S. generally accepted accounting principles (GAAP). Management has evaluated subsequent events through July 5, 2011, the date on which the financial statements were issued. See Note 10 - Subsequent Event.

#### **Investments**

The Plan's investments are stated at fair value. Fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

## **Allegheny Energy Employee Stock Ownership and Savings Plan**

### **Notes to Financial Statements (continued) December 31, 2010 and 2009**

Allegheny common stock is valued at the closing price reported on the New York Stock Exchange on the valuation date. Investments in mutual funds (open-end management investment companies) and common trust funds are valued at the net asset value per share or per unit as calculated by the fund sponsor based on the fair values of the underlying assets and liabilities of the fund on the valuation date. In accordance with GAAP, an additional line item is presented on the statement of net assets available for benefits representing an adjustment from fair value to contract value (amount invested plus earnings, less withdrawals and administrative charges) for the stable value fund. The statement of changes in net assets available for benefits reflects changes relating to the stable value fund on a contract value basis.

Purchases and sales of securities are recorded on a trade-date basis. Dividend income is recorded on the ex-dividend date and interest income is recorded on an accrual basis. Net appreciation in fair value of investments includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Management fees and operating expenses charged to the Plan for investments in the mutual funds and common trust funds are deducted from income earned on a daily basis and are reflected as a reduction of the investment return on such investments.

#### **Notes Receivable from Participants**

Notes receivable from participants represent participant loans and are measured at the unpaid principal balance plus accrued but unpaid interest.

#### **Use of Estimates**

The preparation of the Plan's financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, and the disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

#### **Risks and Uncertainties**

Participant accounts are invested in various investment instruments. These investments are exposed to a number of risks, such as interest rate risk, credit risk and overall market volatility. It is reasonably possible that changes in the fair values of investments could materially affect the amounts reported in the financial statements.

#### **Contributions Receivable**

Contributions receivable are the amounts due, as of the date of the financial statements, to the Plan from employers or participants.

#### **Payment of Benefits**

Benefits are recorded when paid.

### **NOTE 3 – RECENT ACCOUNTING PRONOUNCEMENTS**

In January 2010 the Plan adopted new accounting guidance that requires enhanced disclosures about fair value measurements in the financial statements. Adoption of this guidance had no impact on the Plan's net assets available for benefits or changes in net assets available for plan benefits.

In September 2010, the Financial Accounting Standards Board issued guidance clarifying the classification and measurement of participant loans. That guidance requires that participant loans be classified as notes receivable from participants and measured at their unpaid principal balance, plus any accrued but unpaid interest. The Plan adopted this new guidance in its December 31, 2010 financial statements and reclassified participant loans at December 31, 2009 from investments to notes receivable from participants.

### **NOTE 4 – FAIR VALUE MEASUREMENTS**

Under GAAP, the fair value of assets and liabilities is the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. The Plan uses a fair value hierarchy that prioritizes the inputs used to measure fair values. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurements).

# Allegheny Energy Employee Stock Ownership and Savings Plan

## Notes to Financial Statements (continued) December 31, 2010 and 2009

The three levels of the fair value hierarchy are as follows:

Level 1 – Quoted prices for identical instruments in active markets.

Level 2 – Quoted prices for similar instruments in active markets;  
– quoted prices for identical or similar instruments in markets that are not active; and  
– model-derived valuations for which all significant inputs are observable market data.

Level 3 – Valuation inputs are unobservable and significant to the fair value measurement.

An investment's fair value measurement level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

The following tables set forth, by level within the fair value hierarchy, the fair value of the Plan's investments by asset class as of December 31, 2010 and 2009, respectively:

| December 31, 2010                      |                       |                       |             |                       |
|----------------------------------------|-----------------------|-----------------------|-------------|-----------------------|
|                                        | Level 1               | Level 2               | Level 3     | Total                 |
| <b>Mutual funds:</b>                   |                       |                       |             |                       |
| Equity funds:                          |                       |                       |             |                       |
| Domestic equity funds                  | \$ 208,942,619        | \$ -                  | \$ -        | \$ 208,942,619        |
| Balanced fund                          | 40,020,683            | -                     | -           | 40,020,683            |
| International equity fund              | 27,623,719            | -                     | -           | 27,623,719            |
| Target date retirement funds           | 115,970,866           | -                     | -           | 115,970,866           |
| Fixed income funds                     | 74,272,398            | -                     | -           | 74,272,398            |
| <b>Common trust funds:</b>             |                       |                       |             |                       |
| Stable value fund                      | -                     | 77,181,467            | -           | 77,181,467            |
| Domestic equity fund                   | -                     | 54,203,960            | -           | 54,203,960            |
| <b>Allegheny common stock</b>          | 108,154,509           | -                     | -           | 108,154,509           |
| <b>Total investments at fair value</b> | <b>\$ 574,984,794</b> | <b>\$ 131,385,427</b> | <b>\$ -</b> | <b>\$ 706,370,221</b> |

| December 31, 2009                      |                       |                       |             |                       |
|----------------------------------------|-----------------------|-----------------------|-------------|-----------------------|
|                                        | Level 1               | Level 2               | Level 3     | Total                 |
| <b>Mutual funds:</b>                   |                       |                       |             |                       |
| Equity funds:                          |                       |                       |             |                       |
| Domestic equity funds                  | \$ 182,642,208        | \$ -                  | \$ -        | \$ 182,642,208        |
| Balanced fund                          | 36,190,473            | -                     | -           | 36,190,473            |
| International equity fund              | 28,188,205            | -                     | -           | 28,188,205            |
| Target date retirement funds           | 95,439,379            | -                     | -           | 95,439,379            |
| Fixed income funds                     | 62,899,828            | -                     | -           | 62,899,828            |
| <b>Common trust funds:</b>             |                       |                       |             |                       |
| Stable value fund                      | -                     | 71,791,180            | -           | 71,791,180            |
| Domestic equity fund                   | -                     | 49,536,021            | -           | 49,536,021            |
| <b>Allegheny common stock</b>          | 103,594,950           | -                     | -           | 103,594,950           |
| <b>Total investments at fair value</b> | <b>\$ 508,955,043</b> | <b>\$ 121,327,201</b> | <b>\$ -</b> | <b>\$ 630,282,244</b> |

# Allegheny Energy Employee Stock Ownership and Savings Plan

## Notes to Financial Statements (continued) December 31, 2010 and 2009

### NOTE 5 – INVESTMENTS

The Plan's investments that represented 5% or more of the Plan's net assets available for benefits at December 31, 2010 and 2009 were as follows:

|                                                                                                | 2010           | 2009           |
|------------------------------------------------------------------------------------------------|----------------|----------------|
| Allegheny Energy, Inc. common stock, 4,461,819<br>and 4,412,051 shares, respectively           | \$ 108,154,509 | \$ 103,594,950 |
| Mutual funds:                                                                                  |                |                |
| T. Rowe Price Blue Chip Growth Fund, 3,319,031<br>and 3,452,311 shares, respectively           | 126,554,662    | 113,132,241    |
| Pimco Total Return Institutional Fund, 4,113,452<br>and 3,477,414 shares, respectively         | 44,630,962     | 37,556,069     |
| Spectrum Growth Fund, 2,261,055<br>and 2,366,937 shares, respectively                          | 40,020,683     | 36,190,473     |
| Fidelity Spartan International Fund, 842,697 shares                                            | (a)            | 28,188,205     |
| Common Trust Funds:                                                                            |                |                |
| T. Rowe Price Stable Value Common Trust Fund, 74,391,805<br>and 69,635,310 units, respectively | 77,181,467     | 71,791,180     |
| T. Rowe Price Equity Index Trust Fund, 4,100,148<br>and 4,311,229 units, respectively          | 54,203,960     | 49,536,021     |

(a) Represents less than 5% of net assets available for benefits as of this date.

The Plan's investments appreciated in value, including gains and losses on investments bought, sold and held during the year as follows:

|                                               | Year Ended<br>December 31,<br>2010 |
|-----------------------------------------------|------------------------------------|
| Mutual funds:                                 |                                    |
| Equity funds:                                 |                                    |
| Domestic equity funds                         | \$ 30,282,841                      |
| Balanced fund                                 | 5,499,001                          |
| International equity fund                     | 1,243,761                          |
| Target date retirement funds                  | 12,380,094                         |
| Fixed income funds                            | 612,164                            |
| Subtotal mutual funds                         | 50,017,861                         |
| Allegheny common stock                        | 3,225,621                          |
| Common trust fund - domestic equity           | 7,136,551                          |
| Net appreciation in fair value of investments | <u>\$ 60,380,033</u>               |

## Allegheny Energy Employee Stock Ownership and Savings Plan

### Notes to Financial Statements (continued) December 31, 2010 and 2009

#### NOTE 6 – INVESTMENT IN STABLE VALUE FUND

The Plan held units in the T. Rowe Price Stable Value Fund (Trust) with a fair value of \$77,181,467 and \$71,791,180 at December 31, 2010 and 2009, respectively.

The Trust is a common trust fund available for investment only to qualified trusts such as Allegheny's Plan and is subject to the provisions of ERISA. The Trust is operated by its trustee, T. Rowe Price Trust Company, and invests principally in guaranteed investment contracts issued by insurance companies, investment contracts issued by banks, synthetic investment contracts issued by banks and insurance companies, and other similar instruments that are intended to maintain a constant net asset value while permitting participant-initiated, benefit-responsive withdrawals for certain events. Unit purchases and redemptions are recorded by the Trust at the per unit contract value of its investments because such investments are fully benefit-responsive investment contracts.

Trust units may be redeemed at contract value on a daily basis to meet benefit payments and other participant-initiated withdrawals permitted by qualified plans invested in the Trust. The Plan is required to provide advance written notice at least twelve months prior to redemption of Trust units for other purposes; the notice period may be shortened or waived at the discretion of T. Rowe Price Trust Company.

#### NOTE 7 – RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500:

|                                                                                                                              | December 31,          |                       |
|------------------------------------------------------------------------------------------------------------------------------|-----------------------|-----------------------|
|                                                                                                                              | 2010                  | 2009                  |
| Net assets available for benefits per the financial statements                                                               | \$ 718,838,684        | \$ 643,530,838        |
| Adjustment from contract value to fair value for<br>fully benefit-responsive T. Rowe Price Stable Value<br>Common Trust Fund | 2,789,662             | 2,155,870             |
| Loans that have been deemed distributed                                                                                      | (262,720)             | (239,223)             |
| Net assets available for benefits per the Form 5500                                                                          | <u>\$ 721,365,626</u> | <u>\$ 645,447,485</u> |

The following is a reconciliation of the increase in net assets available for benefits per the financial statements to the Form 5500 for the year ended December 31, 2010:

|                                                                                                                           |                      |
|---------------------------------------------------------------------------------------------------------------------------|----------------------|
| Increase in net assets available for benefits per the financial statements                                                | \$ 75,307,846        |
| Adjustment from contract value to fair value for fully benefit-responsive<br>T. Rowe Price Stable Value Common Trust Fund | 633,792              |
| Loans that have been deemed distributed                                                                                   | (23,497)             |
| Net income per Form 5500                                                                                                  | <u>\$ 75,918,141</u> |

#### NOTE 8 - PLAN TERMINATION PROVISIONS

Although it has not expressed any intent to do so, the Plan sponsor has the right to amend or terminate the Plan, subject to the provisions of ERISA, without the consent of any employee, participant, beneficiary, or other person, provided that no such amendment or other modification to the Plan shall make it possible for any part of the Plan's funds to be used for, or diverted to, purposes other than for the exclusive benefit of participants and beneficiaries under the Plan (other than such part as is required to pay administrative expenses). In the event of plan termination, all participants will become fully vested in their account balances.

#### NOTE 9 – FEDERAL INCOME TAX STATUS

The Employer received a favorable determination letter from the Internal Revenue Service (IRS) dated January 14, 2008, stating that the Plan and the related trust were designed in accordance with applicable sections of the IRS Code and remained exempt from federal income tax. Management and the Plan administrator believe that the Plan

## **Allegheny Energy Employee Stock Ownership and Savings Plan**

### **Notes to Financial Statements (continued) December 31, 2010 and 2009**

continues to qualify and operate in accordance with applicable provisions of the IRS Code and accordingly no provision for income taxes has been included in the Plan's financial statements.

#### **NOTE 10 – SUBSEQUENT EVENT**

On February 25, 2011, the merger between FirstEnergy Corp. (FirstEnergy) and Allegheny closed. In connection with the merger, Allegheny shareholders received 0.667 of a share of FirstEnergy common stock for each share of Allegheny common stock outstanding. Allegheny shares held in plan participant accounts were automatically converted into shares of FirstEnergy common stock. Plan participants may no longer direct contributions or exchange other investments into Employer common stock. Subsequent to the merger date, FirstEnergy became the sponsor and plan administrator. It is anticipated that the Plan will be merged with the FirstEnergy Corp. Savings Plan during the first half of 2012.

# Allegheny Energy Employee Stock Ownership and Savings Plan

Plan Number: 002  
Employer Identification Number: 13-1993896  
Form 5500, Schedule H, Part IV, Line 4(i): Schedule of Assets (Held At End of Year)  
as of December 31, 2010

| (a) | (b)                                                                                                | (c )                                                                                           | (d)                  |
|-----|----------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|----------------------|
|     | Identity of Issue, Borrower,<br>Lessor or Similar Party                                            | Description of Investment, Including Maturity Date,<br>Rate of Interest, Par or Maturity Value | Current<br>Value     |
|     | <b>Common stock:</b>                                                                               |                                                                                                |                      |
| *   | Allegheny Energy, Inc.                                                                             | Common Stock                                                                                   | \$108,154,509        |
|     | <b>Common trust funds:</b>                                                                         |                                                                                                |                      |
| *   | T. Rowe Price                                                                                      | Stable Value Fund                                                                              | 77,181,467           |
| *   | T. Rowe Price                                                                                      | Equity Index Trust                                                                             | 54,203,960           |
|     | <b>Mutual funds:</b>                                                                               |                                                                                                |                      |
|     | Equity funds:                                                                                      |                                                                                                |                      |
| *   | T. Rowe Price                                                                                      | Blue Chip Growth Fund                                                                          | 126,554,662          |
| *   | T. Rowe Price                                                                                      | Spectrum Growth Fund                                                                           | 40,020,683           |
|     | Fidelity Investments                                                                               | Fidelity Spartan International Index Fund                                                      | 27,623,719           |
|     | Mellon Institutional Funds                                                                         | Dreyfus/Boston Company Small Cap Value Fund                                                    | 27,229,270           |
|     | Allianz Global Investors                                                                           | Allianz NFJ Dividend Value Fund                                                                | 19,668,620           |
| *   | T. Rowe Price                                                                                      | Mid Cap Growth Fund                                                                            | 12,853,112           |
|     | Goldman Sachs                                                                                      | Goldman Sachs Mid Cap Value Fund                                                               | 9,285,879            |
| *   | T. Rowe Price                                                                                      | Small Cap Value Fund                                                                           | 5,974,356            |
|     | Sentinel                                                                                           | Sentinel Small Company Fund                                                                    | 3,809,741            |
|     | Principal                                                                                          | Principal Small Cap S&P 600 Index Fund                                                         | 2,501,229            |
|     | Principal                                                                                          | Principal Mid Cap S&P 400 Institutional Fund                                                   | 1,065,750            |
|     | Subtotal Equity funds                                                                              |                                                                                                | <u>276,587,021</u>   |
|     | Target date retirement funds:                                                                      |                                                                                                |                      |
| *   | T. Rowe Price                                                                                      | Retirement 2020 Fund                                                                           | 31,305,670           |
| *   | T. Rowe Price                                                                                      | Retirement 2015 Fund                                                                           | 21,440,018           |
| *   | T. Rowe Price                                                                                      | Retirement 2025 Fund                                                                           | 17,804,310           |
| *   | T. Rowe Price                                                                                      | Retirement 2030 Fund                                                                           | 15,535,119           |
| *   | T. Rowe Price                                                                                      | Retirement 2010 Fund                                                                           | 8,978,196            |
| *   | T. Rowe Price                                                                                      | Retirement 2035 Fund                                                                           | 7,806,700            |
| *   | T. Rowe Price                                                                                      | Retirement 2040 Fund                                                                           | 4,264,895            |
| *   | T. Rowe Price                                                                                      | Retirement Income Fund                                                                         | 3,708,877            |
| *   | T. Rowe Price                                                                                      | Retirement 2045 Fund                                                                           | 2,662,296            |
| *   | T. Rowe Price                                                                                      | Retirement 2050 Fund                                                                           | 1,443,723            |
| *   | T. Rowe Price                                                                                      | Retirement 2005 Fund                                                                           | 768,060              |
| *   | T. Rowe Price                                                                                      | Retirement 2055 Fund                                                                           | 253,002              |
|     | Subtotal Target date funds                                                                         |                                                                                                | <u>115,970,866</u>   |
|     | Fixed income funds:                                                                                |                                                                                                |                      |
|     | PIMCO                                                                                              | PIMCO Total Return Fund                                                                        | 44,630,962           |
|     | Fidelity Investments                                                                               | Fidelity Advisor Strategic Income Fund                                                         | 26,348,710           |
|     | Vanguard                                                                                           | Vanguard Inflation Protected Securities Fund                                                   | 3,292,726            |
|     | Subtotal Fixed income funds                                                                        |                                                                                                | <u>74,272,398</u>    |
|     | Total investments at fair value                                                                    |                                                                                                | 706,370,221          |
| *   | Participant Loans - range of interest rates from 4.25% to 11.5%, with maturities from 2011 to 2035 |                                                                                                | 14,388,781           |
|     | Total investments at fair value and participant loans                                              |                                                                                                | <u>\$720,759,002</u> |

\* Represents a party-in-interest for which a statutory exemption exists.