

SemiLEDs Corp
Form 10-Q
July 13, 2016
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended May 31, 2016

or

TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number: 001-34992

SemiLEDs Corporation

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(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	20-2735523 (I.R.S. Employer Identification Number)
3F, No. 11 Ke Jung Rd., Chu-Nan Site, Hsinchu Science Park, Chu-Nan 350, Miao-Li County, Taiwan, R.O.C. (Address of principal executive offices)	350 (Zip Code)

+886-37-586788

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company)	Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes No

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Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 2,940,290 shares of common stock, par value \$0.0000056 per share, outstanding as of July 7, 2016.

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SEMILEDs CORPORATION

FORM 10-Q for the Quarter Ended May 31, 2016

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PART I — FINANCIAL INFORMATION

Item 1. Financial Statements

SEMILEDs CORPORATION AND SUBSIDIARIES

Unaudited Condensed Consolidated Balance Sheets

(In thousands of U.S. dollars and shares, except par value)

	May 31, 2016	August 31, 2015
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 3,530	\$ 4,808
Accounts receivable (including related parties), net of allowance for doubtful accounts of \$569 and \$586 as of May 31, 2016 and August 31, 2015, respectively	1,099	2,049
Inventories	4,398	5,924
Prepaid expenses and other current assets	840	891
Total current assets	9,867	13,672
Property, plant and equipment, net	17,007	20,779
Intangible assets, net	1,246	1,353
Goodwill	54	54
Investments in unconsolidated entities	1,930	2,014
Other assets	601	648
TOTAL ASSETS	\$ 30,705	\$ 38,520
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Current installments of long-term debt	\$ 342	\$ 1,068
Accounts payable	1,701	1,650
Accrued expenses and other current liabilities	2,618	3,597
Total current liabilities	4,661	6,315
Long-term debt, excluding current installments	2,602	2,839
Other liability	3,011	—
Total liabilities	10,274	9,154
Commitments and contingencies (Note5)		
EQUITY:		
SemiLEDs stockholders' equity		
Common stock, \$0.0000056 par value—75,000 shares authorized; 2,940 shares and 2,905 shares issued and outstanding as of May 31, 2016 and August 31, 2015, respectively	—	—
Additional paid-in capital	172,416	172,117

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Accumulated other comprehensive income	2,972	3,083
Accumulated deficit	(155,008)	(145,904)
Total SemiLEDs stockholders' equity	20,380	29,296
Noncontrolling interests	51	70
Total equity	20,431	29,366
TOTAL LIABILITIES AND EQUITY	\$ 30,705	\$ 38,520

See notes to unaudited condensed consolidated financial statements.

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SEMILEDS CORPORATION AND SUBSIDIARIES

Unaudited Condensed Consolidated Statements of Operations

(In thousands of U.S. dollars and shares, except per share data)

	Three Months Ended		Nine Months Ended	
	May 31,		May 31,	
	2016	2015	2016	2015
Revenues, net	\$ 2,378	\$ 3,508	\$ 8,257	\$ 11,002
Cost of revenues	3,828	4,367	11,946	14,055
Gross loss	(1,450)	(859)	(3,689)	(3,053)
Operating expenses:				
Research and development	394	594	1,617	1,954
Selling, general and administrative	1,267	1,621	3,557	5,648
Employee termination benefits	59	—	207	—
Gain on disposals of long-lived assets, net	(29)	—	(27)	(287)
Total operating expenses	1,691	2,215	5,354	7,315
Loss from operations	(3,141)	(3,074)	(9,043)	(10,368)
Other income (expenses):				
Equity in gain (loss) from unconsolidated entities	(79)	40	(79)	(16)
Interest expenses, net	(13)	(26)	(42)	(74)
Other income, net	48	29	101	88
Foreign currency transaction gain (loss), net	(78)	(15)	(60)	49
Total other income (expenses), net	(122)	28	(80)	47
Loss before income taxes	(3,263)	(3,046)	(9,123)	(10,321)
Income tax expense	—	—	—	1
Net loss	(3,263)	(3,046)	(9,123)	(10,322)
Less: Net loss attributable to noncontrolling interests	(10)	(5)	(19)	(48)
Net loss attributable to SemiLEDs stockholders	\$ (3,253)	\$ (3,041)	\$ (9,104)	\$ (10,274)
Net loss per share attributable to SemiLEDs stockholders:				
Basic and diluted	\$ (1.11)	\$ (1.10)	\$ (3.12)	\$ (3.60)
Shares used in computing net loss per share attributable to SemiLEDs stockholders:				
Basic and diluted	2,932	2,856	2,916	2,859

See notes to unaudited condensed consolidated financial statements.

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SEMILEDS CORPORATION AND SUBSIDIARIES

Unaudited Condensed Consolidated Statements of Comprehensive Loss

(In thousands of U.S. dollars)

	Three Months		Nine Months	
	Ended May 31,		Ended May 31,	
	2016	2015	2016	2015
Net loss	\$ (3,263)	\$ (3,046)	\$ (9,123)	\$ (10,322)
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments, net of tax of \$0 for all periods presented	374	642	(111)	(1,003)
Comprehensive loss	\$ (2,889)	\$ (2,404)	\$ (9,234)	\$ (11,325)
Comprehensive loss attributable to noncontrolling interests	\$ (12)	\$ (7)	\$ (19)	\$ (48)
Comprehensive loss attributable to SemiLEDs stockholders	\$ (2,877)	\$ (2,397)	\$ (9,215)	\$ (11,277)

See notes to unaudited condensed consolidated financial statements.

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SEMILEDS CORPORATION AND SUBSIDIARIES

Unaudited Condensed Consolidated Statement of Changes in Equity

(In thousands of U.S. dollars and shares)

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income	Accumulated	Total SemiLEDs Stockholders' Equity	Non- Controlling Interests	Total
	Shares	Amount		(loss)	Deficit	Equity	Equity	
BALANCE—September 1, 2015	2,905	\$ —	\$ 172,117	\$ 3,083	\$ (145,904)	\$ 29,296	\$ 70	\$ 29,366
Issuance of common stock under equity incentive plans	35	—	—	—	—	—	—	—
Stock-based compensation	—	—	299	—	—	299	—	299
Comprehensive loss: Other comprehensive loss	—	—	—	(111)	—	(111)	—	(111)
Net loss	—	—	—	—	(9,104)	(9,104)	(19)	(9,123)
BALANCE—May 31, 2016	2,940	\$ —	\$ 172,416	\$ 2,972	\$ (155,008)	\$ 20,380	\$ 51	\$ 20,431

See notes to unaudited condensed consolidated financial statements.

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SEMILEDS CORPORATION AND SUBSIDIARIES

Unaudited Condensed Consolidated Statements of Cash Flows

(In thousands of U.S. dollars)

	Nine Months Ended May 31,	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (9,123)	\$ (10,322)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	4,049	3,839
Stock-based compensation expense	299	1,092
Provisions for inventory write-downs	1,206	1,161
Equity in losses from unconsolidated entities	79	16
Gain on disposals of long-lived assets, net	(27)	(287)
Changes in :		
Accounts receivable, net	935	(88)
Inventories	281	1,273
Prepaid expenses and other	83	429
Accounts payable	224	(889)
Accrued expenses and other current liabilities	(915)	(152)
Net cash used in operating activities	(2,909)	(3,928)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant and equipment	(667)	(1,299)
Proceeds from sales of property, plant and equipment	355	—
Payments for development of intangible assets	(47)	(37)
Decrease in restricted cash	—	351
Other investing activities	(16)	28
Net cash used in investing activities	(375)	(957)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments of long-term debt	(945)	(1,453)
Other financing activities	3,000	—
Net cash provided by (used in) financing activities	2,055	(1,453)
Effect of exchange rate changes on cash and cash equivalents	(49)	(295)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,278)	(6,633)
CASH AND CASH EQUIVALENTS—Beginning of period	4,808	12,649
CASH AND CASH EQUIVALENTS—End of period	\$ 3,530	\$ 6,016
NONCASH INVESTING AND FINANCING ACTIVITIES:		
Accrual related to property, plant and equipment	\$ 351	\$ 842
Proceeds from sale of property, plant and equipment included in other current liabilities	\$ —	\$ 884

See notes to unaudited condensed consolidated financial statements.

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SEMILEDS CORPORATION AND SUBSIDIARIES

Notes to Unaudited Condensed Consolidated Financial Statements

1. Business

SemiLEDs Corporation (“SemiLEDs” or the “parent company”) was incorporated in Delaware on January 4, 2005 and is a holding company for various wholly and majority owned subsidiaries. SemiLEDs and its subsidiaries (collectively, the “Company”) develop, manufacture and sell high performance light emitting diodes (“LEDs”). The Company’s core products are LED chips and LED components, as well as lighting products. LED components have become the most important part of the Company’s business. A portion of the Company’s business consists of the sale of contract manufactured LED products. The Company’s customers are concentrated in a few select markets, including Taiwan, the United States and China.

As of May 31, 2016, SemiLEDs had six wholly owned subsidiaries and a 93% equity interest in Ning Xiang Technology Co., Ltd. (“Ning Xiang”), a company engaged in the design, manufacture and sale of lighting fixtures and systems. The most significant of these consolidated subsidiaries is SemiLEDs Optoelectronics Co., Ltd. (“Taiwan SemiLEDs”) located in Hsinchu, Taiwan where a substantial portion of research, development, manufacturing, marketing and sales activities currently takes place and where a substantial portion of the assets is held and located. Taiwan SemiLEDs owns a 100% equity interest in Taiwan Bandaoti Zhaoming Co., Ltd., formerly known as Silicon Base Development, Inc., which is engaged in the research, development, manufacture, marketing and sale of LED components.

SemiLEDs’ common stock began trading on the NASDAQ Global Select Market under the symbol “LEDS” on December 8, 2010 and was transferred to the NASDAQ Capital Market effective November 5, 2015 where it continues to trade under the same symbol.

2. Summary of Significant Accounting Policies

Basis of Presentation—The Company’s unaudited interim condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and applicable provisions of the rules and regulations of the U.S. Securities and Exchange Commission (“SEC”) regarding interim financial reporting. Certain information and disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted as permitted by the rules and regulations of the SEC. Accordingly, these unaudited interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto contained in the Company’s Annual Report on Form 10-K filed with the SEC on December 15, 2015. The unaudited condensed consolidated balance sheet as of

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August 31, 2015 included herein was derived from the audited consolidated financial statements as of that date.

The unaudited interim condensed consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements and include all adjustments, consisting only of normal recurring adjustments, necessary for the fair presentation of the Company's consolidated balance sheet as of May 31, 2016, the statements of operations and comprehensive loss for the three and nine months ended May 31, 2016 and 2015, the statement of changes in equity for the nine months ended May 31, 2016, and the statements of cash flows for the nine months ended May 31, 2016 and 2015. The results for the three or nine months ended May 31, 2016 are not necessarily indicative of the results to be expected for the year ending August 31, 2016.

The accompanying unaudited interim condensed consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The realization of assets and the satisfaction of liabilities in the normal course of business are dependent on, among other things, the Company's ability to operate profitably, to generate cash flows from operations, and to pursue financing arrangements to support its working capital requirements.

The Company has suffered losses from operations of \$13.3 million and \$24.8 million, gross losses on product sales of \$4.1 million and \$11.3 million, and net cash used in operating activities of \$4.5 million and \$15.7 million for the

Description ⁽¹⁾	Date	(\$)	(\$)	(\$)	(#) ⁽²⁾	(#) ⁽²⁾	(#) ⁽²⁾	of Stock (#)	(#)	(\$/sh)	Award (\$) ⁽³⁾	L. Patrick Hassey
AIP	2/22/2006	340,000	680,000	1,612,416								KEPP
2/22/2006	850,000	850,000	8,500,000									P/R Stock 2/22/2006
	6,647	13,293	13,293		664,052	TSRP	2/22/2006					
10,081	20,162	60,486		1,622,875								
Total		1,190,000	1,530,000	10,112,416	16,728	33,455	73,779					
2,286,927												Richard J. Harshman AIP 2/22/2006
120,000	240,000	569,088										KEPP 2/22/2006 400,000
400,000	4,000,000											P/R Stock 2/22/2006 1,955
3,910	3,910		195,324	TSRP	2/22/2006						2,965	5,930 17,790
	477,316											Total 520,000
640,000	4,569,088	4,920	9,840	21,700							672,640	
												Douglas A. Kittenbrink AIP 2/22/2006 120,000 240,000 569,088
												KEPP 2/22/2006 400,000 400,000 4,000,000
												P/R Stock 2/22/2006 1,955 3,910 3,910 195,324 TSRP
2/22/2006			2,965	5,930	17,790						477,316	
												Total 520,000 640,000 4,569,088 4,920 9,840 21,700
												Jack W. Shilling AIP
2/22/2006	120,000	240,000	569,088									KEPP 2/22/2006
400,000	400,000	4,000,000										P/R Stock 2/22/2006
1,955	3,910	3,910		195,324	TSRP	2/22/2006					2,965	5,930
17,790		477,316										Total
520,000	640,000	4,569,088	4,920	9,840	21,700						672,640	
												Jon D. Walton AIP 2/22/2006 120,000 240,000 569,088
												KEPP 2/22/2006 400,000 400,000 4,000,000
												P/R Stock 2/22/2006 1,955 3,910 3,910 195,324
TSRP	2/22/2006		2,965	5,930	17,790						477,316	

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	Total	520,000	640,000	4,569,088	4,920	9,840
21,700	672,640					

- (1) Represents the Company's Annual Incentive Plan (AIP), Key Employee Performance Plan (KEPP), Performance/Restricted Stock Program (P/R Stock) and Total Shareholder Return Incentive Compensation Program (TSRP).
- (2) Amounts do not include associated dividends received on performance/restricted stock awarded in the form of additional shares of performance/restricted stock.
- (3) The values set forth in this column are based on the aggregate grant date fair value of awards computed in accordance with FAS 123(R). A discussion of the relevant assumptions made in the valuations may be found in MD&A and in Notes 1 and 7 to the financial statements in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2006.

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Annual Incentive Plan. In considering performance targets for the 2006 AIP, the Committee took into account the Company's business and operations plans. The Committee recognized that opportunities for 2006 should allow for reasonable rewards for meeting, and larger amounts for exceeding, the performance goals that represented substantial challenges to AIP participants. The Company performance goals for 2006 consisted of the following components:

Operating Earnings Achievements	40%
Operating Cash Flow Achievements	30%
Manufacturing Improvements	10%
(Inventory Turns 5%)	
(Yield Improvements 5)%	
Safety and Environmental Improvements	10%
(Lost Time Incidents 5%)	
(Recordable Incidents 5)%	
Customer Responsiveness Improvements	10%
(Delivery Performance 5%)	
(Quality/Complaints 5%)	

Under the 2006 AIP, no payments were to be made if the operating earnings achieved were less than the established minimums for each item, notwithstanding the level of achievement of the other performance goals for the year. In addition, the Committee decided that a prerequisite to any award is compliance with ATI's *Corporate Guidelines for Business Conduct and Ethics*.

The individual AIP opportunities are granted at Threshold, Target and Maximum levels, which are predetermined levels of achievement of the performance goals and are expressed as a percentage of base salary. For Mr. Hassey, the respective percentages of base pay that may be paid under AIP for 2006 based on the relative levels of achievement were 40% at Threshold, 80% at Target and 160% at Maximum. For Messrs. Harshman, Kittenbrink, Shilling and Walton, the Committee determined that the percentages of base salary to be paid under AIP for 2006 at Threshold would each be 30%, at Target would each be 60% and at Maximum would each be 120%.

Under the AIP, the Committee retains negative discretion to reduce actual amounts payable to an individual by up to 20% each if the individual does not achieve goals determined appropriate by the Committee. The Committee also has the discretion to pay up to 20% of an individual's calculated award as annual bonus if, in its discretion, such additional amounts are warranted under the circumstances, including achieving financial performance in excess of the Maximum performance goals set for the year. No discretionary additional amount would be performance-based compensation for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended.

As previously disclosed, the Committee has chosen not to grant stock options to employees as a matter of policy after 2003 and, although permitted to grant stock options under the 2000 Incentive Plan, the Committee did not grant stock options to employees in 2006.

The programs implemented for 2006-2008, and also reflected in preceding tables, were:

Performance/Restricted Stock Program: For the 2006-2008 performance measurement period, one-half of the stock-based awards granted will vest, if at all, only upon the Company's achievement of at least an aggregate of \$300 million in earnings (determined in accordance with U.S. generally accepted accounting principles) for the period of January 1, 2006 through and including December 31, 2008. If the earnings targets are not reached or exceeded on or before December 31, 2008, or if the individual leaves the employ of the Company for a reason other than retirement, death or disability, this one-half of the stock-based award will be forfeited. The other one-half of the

stock-based awards is traditional restricted stock but also has a performance element. This one-half of each award will vest upon the earlier of (i) February 22, 2011 (if, except in the case of retirement, death or disability, the participant is still an employee of the Company on that date) or (ii) attainment of the performance criteria for the January 1, 2006 through December 31, 2008 period. The performance criteria were closely tied to attainment of the Company's business plan for the 2006-2008 period. The amount of the performance/restricted share award is calculated as a percent of base salary, based on the trading value of the stock (without restrictions) on the date of the award. The respective percentage of base salary used to determine the number of shares of performance/restricted stock for the

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named officers is as follows: Mr. Hassey, 80%, and Messrs. Harshman, Kittenbrink, Shilling and Walton, 50%.

Dividends accumulate on shares granted, even if not yet earned, under the Performance/ Restricted Stock Program.

Total Shareholder Return Incentive Compensation Program (TSRP) Under the TSRP, participants receive an opportunity to earn a target number of shares based on a comparison of the Company's total stockholder return (change in stock price plus dividends paid, or TSR) for a three-year performance measurement period compared to the TSR for the performance measurement period of a peer group of companies approved by the Committee. The peer group consists of publicly held companies that engage in metals, metals-handling and aerospace-related or metals-related businesses. The peer group is more fully discussed in the Three-Year Total Stockholder Return portion of the Compensation Discussion and Analysis section of this Proxy Statement.

The Committee determined that there would be a new TSRP performance measurement period starting on January 1, 2006, and ending on December 31, 2008. Under the terms of the TSRP, the Committee selected the eligible participants, established a target number of performance shares for each participant, and constructed the peer group of companies for that performance measurement period. The target number of shares was determined by dividing a predetermined percentage of an individual's base salary by the average closing prices of a share of Company Common Stock for the thirty trading days preceding January 1, 2006. The percentage of base salary used to determine the number of shares to be issued under the program for the named officers at target is as follows: Mr. Hassey, 80%, and Messrs. Harshman, Kittenbrink, Shilling and Walton, 50%.

For the 2006-2008 performance measurement period, participants in the TSRP can earn from 50% (at threshold, which is performance at the 25th percentile) to a maximum of 300% of the targeted number of shares for performance at the 90th percentile or above, depending on the percentile rank of the Company's TSR for the performance measurement period as compared to the TSR of the peer group of companies for the same period. Performance below threshold earns 0%. The earned number of shares of Common Stock, if any, are issued to the participants after the end of the performance measurement period. The design of the TSRP was largely unchanged from 2004 and 2005.

Key Employee Performance Plan (KEPP) The Company's KEPP is a long-term cash bonus plan in which nine key individuals, including the five named officers, participate and will receive cash payments if, but only if, a predetermined level of financial performance is attained or exceeded for the applicable performance measurement period. KEPP was established by the Committee initially in 2004 in order to keep the Company's long-term incentive programs competitive with peer companies. The Committee has established three performance measurement periods under the KEPP: 2004-2006, 2005-2007 and 2006-2008.

Opportunities under KEPP are scaled so that aggregate compensation of participants will be at or below median of a comparable group of companies if performance is less than the threshold level of payment but will result in aggregate compensation to KEPP participants at approximately the 90th percentile of the comparator group if performance is at the highest preset gradient. Threshold and gradients are intended to be substantial challenges to participants and are set with reference to improvements in earnings over the preceding period's actual results. For the initial three-year performance measurement period of KEPP, 2004-2006, the threshold level of performance required a turnaround from the losses experienced by the Company for the base period, and required an improvement in net income of an aggregate of \$192 million over the base period. The first of seven gradients required an additional \$60 million of earnings and the remaining six gradients required an additional \$50 million. Between 2004 and 2006, the Company experienced an over \$1 billion turnaround in net income, having gone from losses in 2003 to accelerating profitability over each of the three years of the performance measurement period. No additional amount would be paid for performance achieving earnings above the highest gradient. Therefore, the KEPP paid out maximum performance levels for the 2004-2006 performance measurement period, which were capped at 7 times the applicable percentage of base salary for the respective participants.

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For the new 2006-2008 performance measurement period, an aggregate of \$900 million in income before taxes is required at threshold, and each of the successive nine gradients requires an additional \$100 million in aggregate income before taxes. Additionally, at level two there are specific goal tasks that are proprietary but have in the past included acquiring assets required to penetrate predetermined niche markets, efficiently increasing the Company's titanium production capacity, specific cost control measures, increase in overseas presence and production and other team oriented tasks key to the Company's long term business plan designed to fundamentally reposition the Company to succeed in evolving markets. KEPP payments may be made if the actual achievement for any one or more years exceeds the average annual targets. The Committee has been informed by its compensation consultant that, in a sixteen year period, only one company in the comparator group has maintained the rate of earnings and income before taxes improvements required to qualify for threshold levels of payments for the three performance measurement periods.

The KEPP program is divided into two levels, one requiring payment of cash bonuses if a designated threshold level of income before taxes for the 2006 through 2008 performance measurement period is reached and the second permitting the Committee to exercise negative discretion on a separate bonus pool formed if the preset financial performance goals are reached. The Committee's negative discretion concerning the second level will be based on the Committee's evaluation of the extent to which designated key operational objectives are achieved and the Committee's evaluation of the performance of the trading price of the Company's common stock. For the 2006-2008 performance measurement period, the payment for threshold performance is approximately 0.4% of the amount of income before taxes for each of level one and level two and the payment opportunities increase to approximately 2% of the designated amount of income before taxes for level one and for level two at the highest gradient. No compensation is paid for performance in excess of the highest gradient.

The percentage of the bonus pools that would or could be paid to individual participants varies slightly at the various gradients. The CEO's percentage of any pool is not greater than 24% at any gradient above threshold and, at some gradients, is less. The other named officers' opportunities average approximately 11% each at the various gradients.

For a discussion of employment agreements that the named officers have entered into with the Company, please see the Employment and Change in Control Agreements section of this Proxy Statement.

Table of Contents**Outstanding Equity Awards at Fiscal Year-End for 2006**

Name	Grant Date	Option Awards				Stock Awards			Equity Incentive Plan Awards: Market or Payout Value of Unearned	
		Number of Securities Underlying Unexercised Options	Number of Securities Underlying Exercised Options	Number of Securities Underlying Option Awards: Number of Securities Underlying Unexercised Options	Exercise Price	Expiration Date	Number of Shares or Units of Stock that Have Not Vested	Market Value of Shares or Units of Stock that Have Not Vested	Equity Incentive Plan Awards: Number of Shares, Units or Other Rights that Have Not Vested	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights that Have Not Vested
		(#) ⁽¹⁾⁽²⁾	(#) ⁽¹⁾	(#)	(\$)	Date	(#) ⁽¹⁾⁽³⁾	(\$) ⁽⁴⁾	(#) ⁽¹⁾	(\$) ⁽⁴⁾
Patrick Massey	07/10/2003	1,000			6.51	07/10/2013				
	10/01/2003	45,000			6.73	10/01/2013				
	02/25/2005						14,851	1,346,689	14,850 ⁽⁵⁾	1,346,598
	02/25/2005								94,380 ⁽⁶⁾	8,558,378
	02/22/2006						6,647	602,750	6,646 ⁽⁵⁾	602,659
	02/22/2006								60,486 ⁽⁶⁾	5,484,870
		46,000					21,498	1,949,439	176,362	15,992,506
Richard J. Marshman	01/24/2003	10,000			5.70	01/24/2013				

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	02/12/2003	5,000	3.63	02/12/2013				
	02/25/2005				4,368	396,090	4,368 ⁽⁵⁾	396,090
	02/25/2005						27,759 ⁽⁶⁾	2,517,186
	02/22/2006				1,995	177,279	1,955 ⁽⁵⁾	177,279
	02/22/2006						17,790 ⁽⁶⁾	1,613,197
		15,000			6,323	573,370	51,872	4,703,753
Douglas A. Littenbrink	01/31/2002				1,113	100,927		
	02/25/2005				4,368	396,090	4,368 ⁽⁵⁾	396,090
	02/25/2005						27,759 ⁽⁶⁾	2,517,186
	02/22/2006				1,995	177,279	1,955 ⁽⁵⁾	177,279
	02/22/2006						17,790 ⁽⁶⁾	1,613,197
					7,436	674,296	51,872	4,703,753
Jack W. Hilling	02/25/2005				4,368	396,090	4,368 ⁽⁵⁾	396,090
	02/25/2005						27,759 ⁽⁶⁾	2,517,186
	02/22/2006				1,995	177,279	1,955 ⁽⁵⁾	177,279
	02/22/2006						17,790 ⁽⁶⁾	1,613,197
					6,323	573,370	51,872	4,703,753
Don D. Walton	01/24/2003	10,000	5.70	01/24/2013				
	02/12/2003	5,000	3.63	02/12/2013				
	02/25/2005				4,368	396,090	4,368 ⁽⁵⁾	396,090
	02/25/2005						27,759 ⁽⁶⁾	2,517,186
	02/22/2006				1,995	177,279	1,955 ⁽⁵⁾	177,279

02/22/2006				17,790 ⁽⁶⁾	1,613,197
	15,000	6,323	573,370	51,872	4,703,753

- (1) This table relates to unexercised options to purchase Company Common Stock as of December 31, 2006, and shares of performance/restricted stock and awards under the TSRP that have not vested for performance measurement periods ending in 2007 and 2008.
- (2) Of Mr. Hassey's 46,000 stock options, 45,000 awarded to him as an employee vested immediately upon grant, and the 1,000 options awarded to him as a director vested upon the one year anniversary of the date of grant. Stock options awarded to all other named officers vested in equal amounts annually over three years from their respective dates of grant.
- (3) Consists of shares of time-based restricted stock. In conjunction with the shares set forth in the Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights that Have Not Vested column of this table, the number of shares reported in this column represent the number of shares that would be awarded if the maximum performance measure under the Performance/Restricted Stock Program for the 2005-2007 and 2006-2008 performance measurement periods are met at the end of the applicable performance measurement period. This assumption was made because 2006 performance exceeded maximum.
- (4) Amounts were calculated using \$90.68 per share, the closing trading price of Company Common Stock at December 31, 2006. When the performance/restricted shares were granted in February 2005, the share price used to determine the number of

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shares awarded was the average of the high and low trading prices on the date of grant, which was \$22.895. When the performance/restricted shares were granted in February 2006, the share price used to determine the number of shares awarded was the average of the high and low trading prices on the date of grant, which was \$51.155. When the TSRP share awards were granted, the stock price used to calculate the number of shares was \$21.165 in 2005 and was \$33.7263 in 2006, which is the average trading price for the thirty trading days prior to the first day of the performance measurement period.

- (5) Consists of shares of performance-based stock. In conjunction with the shares set forth in the Number of Shares or Units of Stock that Have Not Vested column of this table, the number of shares reported in this column represent the number of shares that would be awarded if the maximum performance measure under the Performance/Restricted Stock Program for the 2005-2007 and 2006-2008 performance measurement periods are met at the end of the applicable performance measurement period.
- (6) The number of shares represent the number of shares that would be awarded if the maximum performance measure under the TSRP for the 2005-2007 and 2006-2008 performance measurement periods are met at the end of the performance measurement period. This assumption was made because 2006 performance exceeded maximum.

Option Exercises and Stock Vested for 2006

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#) ⁽¹⁾	Value Realized on Exercise (\$) ⁽⁷⁾	Number of Shares Acquired on Vesting (#) ⁽⁸⁾	Value Realized on Vesting (\$) ⁽⁹⁾
L. Patrick Hassey	75,000 ⁽²⁾	5,097,960	261,607	25,893,903
Richard J. Harshman	66,667 ⁽³⁾	3,801,045	69,248	6,854,188
Douglas A. Kittenbrink	85,000 ⁽⁴⁾	5,129,626	69,248	6,854,188
Jack W. Shilling	32,335 ⁽⁵⁾	2,333,680	76,943	7,615,866
Jon D. Walton	66,667 ⁽⁶⁾	3,801,045	69,248	6,854,188

(1) Options to purchase Company Common Stock were awarded pursuant to the Company's 2000 Incentive Plan.

(2) Mr. Hassey exercised 75,000 stock options on May 16, 2006.

(3) Mr. Harshman exercised 41,667 stock options on March 6, 2006 and 25,000 stock options on May 16, 2006.

(4) Mr. Kittenbrink exercised 45,000 stock options on January 30, 2006 and 40,000 stock options on October 27, 2006.

(5) Dr. Shilling exercised 32,335 stock options on November 17, 2006.

(6) Mr. Walton exercised 41,667 stock options on March 6, 2006 and 25,000 stock options on May 16, 2006.

- (7) Amounts were calculated by multiplying the number of shares acquired upon exercise of the stock options by the difference between the exercise price of the stock options and the value received upon sale of Company Common Stock on the applicable date of exercise.
- (8) Consists of shares of performance/restricted stock awarded on March 11, 2004 pursuant to the Performance/Restricted Stock Program plus dividends paid on such shares during the 2004-2006 performance measurement period in additional shares of performance/restricted stock, and shares awarded at the maximum amount (or three times target) based on performance pursuant to the TSRP at the 90th percentile or above, respectively, in the following amounts for the named officers (excluding dividend amounts): Mr. Hassey, 59,728 and 200,001; Messrs. Harshman, Kittenbrink and Walton, 15,810 and 52,941; Dr. Shilling, 17,567 and 58,824.
- (9) Amounts were calculated using the award price of \$98.98 per share, which was the average of the high and low trading prices of Company Common Stock for January 26, 2007, the business day prior to the award date. The closing price of Company Common Stock on the date that the performance measurement period ended, December 31, 2006, was \$90.68 per share. When the stock awards, as described in note 7 to this table, were made in 2004, the price used to determine the number of shares of performance/restricted stock issued was \$11.385 per share, which was the average of the high and low trading prices of the Company's Common Stock on the NYSE on March 11, 2004. At the time the TSRP award opportunity was set in 2004 for the 2004-2006 performance measurement period, the awards were denominated in shares of Company Common Stock based on a percentage of the participant's base salary at the beginning of the performance measurement period, with the number of shares based on the average closing price for a share of Company Common Stock on the NYSE for the thirty trading days immediately prior to the beginning of the performance measurement period, which was \$10.20 per share.

Table of Contents**Pension Benefits for 2006**

Name	Plan Name	Number of Years Credited Service (#) ⁽¹⁾	Present Value	Payments
			of Accumulated Benefit (\$) ⁽²⁾	During Last Fiscal Year (\$)
L. Patrick Hassey	Supplemental Pension Plan	3	1,000,000	
Richard J. Harshman	ATI Pension Plan	29	700,000	
	ATI Benefit Restoration Plan	21	240,000	
	Supplemental Pension Plan	6	660,000	
Douglas A. Kittenbrink	ATI Pension Plan	15	510,000	
	Supplemental Pension Plan	15	710,000	
Jack W. Shilling	ATI Pension Plan	34	1,810,000	
	ATI Benefit Restoration Plan	34	1,130,000	
	Supplemental Pension Plan	17	1,380,000	
Jon D. Walton	ATI Pension Plan	21	1,510,000	
	Supplemental Pension Plan	21	1,450,000	

(1) Years of credited service reflect the number of years of actual service for each individual during their participation under the respective plans.

(2) The present value of accumulated benefit as of December 31, 2006 is computed using the relevant actuarial assumptions consistent with those used to value the Company's defined benefit pension plans in the Company's 2006 audited financial statements.

The Company maintains a qualified defined benefit pension plan, called the Allegheny Technologies Incorporated Pension Plan (ATI Pension Plan), which has a number of benefit formulas that apply separately to various groups of employees and retirees. In general, the variances among formulas are determined by work location and job classification. A principal determinant is whether an employee was employed by Allegheny Ludlum Corporation (Allegheny Ludlum), as in the case of Messrs. Kittenbrink, Shilling and Walton, or by Teledyne, Inc. (TDY), as in the case of Mr. Harshman, in 1996 when those corporations engaged in a business combination to form the Company. Mr. Hassey does not participate in the ATI Pension Plan under any formula.

Allegheny Ludlum ceased pension accruals under its pension formula in 1988, except for employees who then met certain age and service criteria. Dr. Shilling met those criteria and continues to accrue benefits under the Allegheny Ludlum formula of the ATI Pension Plan as well as under a restoration plan that will pay retirement benefits to Dr. Shilling from general corporate assets in an amount representing the difference between the amount generated under the Allegheny Ludlum formula, without regard to limitations imposed by the Internal Revenue Code, and the amount generated after giving effect to limitations under the Code. Mr. Walton has a modest frozen benefit under the Allegheny Ludlum formula. Mr. Kittenbrink accrued no benefit under the Allegheny Ludlum benefit formula. Neither Mr. Walton nor Mr. Kittenbrink participates in a restoration plan for defined benefits.

Both the Allegheny Ludlum formula and the TDY formula multiply years of service by compensation and then by a factor to produce a benefit which, in turn, is reduced with respect to Social Security amounts payable to determine a monthly amount payable as a straight life annuity. Participants can choose alternate benefit forms, including survivor benefits. The Allegheny Ludlum and TDY definitions of service and compensation differ somewhat, as do the factors used in the respective formulas. However, the differences in the resulting benefits between the two formulas are small for the named officers to which they apply.

Upon becoming a corporate employee, Mr. Harshman ceased receiving credit for service under the TDY formula after having been credited with approximately twenty years of service under that formula. Mr. Harshman participates in a restoration plan for defined benefits that would restore to him from corporate assets the amount not payable under the TDY formula due to limits under the Code.

As an alternative benefit, if greater than the benefit under the applicable Allegheny Ludlum or TDY formula, the named individuals, other than

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Mr. Hassey, participate in the ATI Pension Plan at specified, actuarially determined accrual rates per year that do not exceed annual accrual rates permitted under the Code. The monthly straight life annuity value is determined by multiplying (1) the highest rate of monthly compensation in the five years prior to retirement after giving effect to applicable limitations on compensation imposed by Section 401(a)(17) of the Internal Revenue Code (which was \$220,000 for 2006) by (2) the specified accrual rates (ranging from 2.5% to 3.4%) and then by (3) years of service not in excess of 30. Benefits are not subject to offset for Social Security or other third party benefits. These benefits are subject to further reduction to comply with any applicable limitations under the Code. No restoration plan applies to benefits accrued under the specified, actuarially determined rates.

Normal retirement age under the ATI Pension Plan is age 65. Participants can retire with immediate commencement of an undiscounted accrued benefit after thirty years of service regardless of age. Participants can retire prior to attaining age 65 or 30 years of service with benefit payments discounted for early payment at age 62 with at least 10 years of service or, with a greater discount, at age 55 with at least 10 years of service.

In addition, the Company has established a Supplemental Pension Plan that provides certain key employees of the Company and its subsidiaries, including the named officers (or their beneficiaries in the event of death), with monthly payments in the event of retirement, disability or death, equal to 50% of monthly base salary as of the date of retirement, disability or death. Monthly retirement benefits start following the end of the two-month period after the later of (1) age 62, if actual retirement occurs prior to age 62 but after age 58 with the approval of the Board of Directors, or (2) the date actual retirement occurs, and generally continue for a 118-month period. With respect to Mr. Hassey, one year of payments is accrued for each year of service, to a maximum of 10 years. The plan describes the events that will terminate an employee's participation in the plan.

Nonqualified Deferred Compensation for 2006

Name	Executive	Registrant	Aggregate	Aggregate
	Contributions In Last FY (\$) ⁽¹⁾	Contributions In Last FY (\$) ⁽¹⁾	Earnings In Last FY (\$) ⁽²⁾	Withdrawals/ Distributions (\$)
L. Patrick Hassey		290,700	28,410	652,806
Richard J. Harshman		83,200	13,334	306,396
Douglas A. Kittenbrink		78,200	14,327	329,213
Jack W. Shilling		83,200	21,789	500,667
Jon D. Walton		83,200	21,050	483,689

(1) Reflects contributions made pursuant to the Benefit Restoration Plan. Under the terms of the plan, the participants do not contribute; only the Company contributes to the plan on the executives' behalf. These amounts are included in the All Other Compensation column of the Summary Compensation Table for 2006.

(2) Aggregate earnings are calculated using the fiscal year end balance, including current year contributions, multiplied by the interest rate on the Fixed Income Fund investment option in the Company's (qualified) Defined Contribution Pension Plan. For 2006, this rate was 4.55%.

Under the non-qualified Benefit Restoration Plan, the Company supplements payments received by participants under the ATI Pension Plan and the Retirement Savings Plan by accruing benefits on behalf of participants in amounts that are equivalent to the portion of the formula contributions or benefits that cannot be made or accrued under such plans due to limitations imposed by the Internal Revenue Code. Payouts under the Benefit Restoration Plan are made at the same times and in the same forms as under the ATI Pension Plan and the ATI Retirement Savings Plan.

Table of Contents**Employment and Change in Control Agreements**

In August 2003, the Company entered into an employment agreement with L. Patrick Hassey in connection with his employment as President and Chief Executive Officer, effective October 1, 2003. The agreement has an initial term of three years and renews automatically each month thereafter for a successive three-year term absent notice from one party to another of termination. Under the terms of his employment agreement, Mr. Hassey is paid an annual base salary of at least \$850,000. In the process of recruiting Mr. Hassey in 2003, the Company agreed to accommodate his request that he be able to avoid relocating his family from its Salt Lake City residence. In order to do so, Mr. Hassey periodically uses Company leased aircraft so that he can maintain a full schedule with the Company. Mr. Hassey's use of Company leased aircraft for these purposes is a provision of Mr. Hassey's employment agreement with the Company. In addition, under the terms of the employment agreement, Mr. Hassey is entitled to participate in the Annual Incentive Plan and the Company's other executive compensation programs, including the TSRP, the KEPP and the Supplemental Pension Plan on the terms outlined above. Mr. Hassey is bound by a confidentiality provision, and he is subject to non-competition and non-interference covenants during the term of his employment and for one year thereafter. Also, a non-disparagement provision survives for 24 months following the termination of his employment.

The agreement also provides that if the Company terminates Mr. Hassey's employment for reasons other than cause (defined in the agreement to mean (i) a willful failure to perform substantially his duties after a written demand for substantial performance is given, (ii) willful engagement in illegal conduct or gross misconduct, or (iii) the breach of a fiduciary duty involving personal profit), or if he resigns for good reason (defined in the agreement to mean (i) the assignment of duties inconsistent with position, (ii) failure by the Company to pay compensation and benefits when due other than a failure not occurring in bad faith, (iii) relocation of Company headquarters outside of Pittsburgh, Pennsylvania or requiring substantially more business travel, (iv) purported termination other than as expressly permitted in the agreement, or (v) failure by the Company to cause a successor corporation to adopt and perform under the agreement), Mr. Hassey will receive all payments and obligations accrued through the date of his termination, as well as a cash severance payment equal to (a) three times the sum of his then-current annual base salary plus the amount of Annual Incentive Plan bonus payable for the year of termination at the greater of actual-to-date performance or target, (b) all accrued benefits under all qualified and nonqualified pension, retirement and other plans in which he participates, (c) accelerated vesting of stock options and stock-based rights which shall remain exercisable until the earlier of their expiration or three years from the date of termination, (d) earned but not yet paid TSRP or other equity-based awards, and (e) continued health and life insurance benefits for 36 months following the date of termination, unless such termination or resignation occurs after a change in control. A change in control is defined to include (i) the acquisition by an individual or entity of 20% or more of Company voting stock, (ii) incumbent directors ceasing to constitute a majority of the Board, (iii) approval by Company stockholders of a reorganization, merger or consolidation, (iv) approval by the Company stockholders of a liquidation or sale or disposition of 60% in value of the Company's assets, or (v) the occurrence of any of the preceding events within 90 days prior to the date of termination. If such termination or resignation occurs within one year after a change in control, Mr. Hassey will receive all payments and obligations accrued through the date of his termination, as well as a cash severance payment equal to (a) three times the sum of his then-current annual base salary plus the amount of AIP payable for the year at the greater of actual-to-date performance or target, (b) all accrued benefits under all qualified and nonqualified pension, retirement and other plans in which he participates, (c) accelerated vesting of stock options and stock-based rights which shall remain exercisable until the earlier of their expiration or three years from the date of termination, (d) payments with respect to the TSRP and KEPP for the completed and uncompleted performance measurement periods, (e) vesting of equity-based awards at the target level of performance, (f) continued health and life insurance benefits for 36 months following the

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date of termination, and (g) reimbursement for taxes, including excise taxes, assessed.

The Company entered an employment agreement with Mr. Walton in connection with the combination of Allegheny Ludlum Corporation and Teledyne, Inc. in 1996. The initial term under the agreement was three years, but by its terms, the agreement renews automatically each month absent notice from one party to the other, so that the then remaining term is one year. The agreement provides for the payment of base salary as well as for eligibility to participate in incentive compensation, equity compensation, employee and fringe benefit plans offered to senior executives of the Company. The agreement generally terminates prior to the expiration date without breach by any party in the event of Mr. Walton's death, disability or voluntary resignation. The Company may also terminate the agreement for cause without breach by it. If Mr. Walton resigns for good reason (which is defined to include demotion, reduction in base pay or movement of corporate headquarters), or if the Company terminates his employment for reasons other than cause or disability, then Mr. Walton is entitled to receive continued payment of his base salary through the date of termination, as well as payments equal to (a) his base pay for the remaining term of the agreement, (b) cash bonus, determined based on actual financial results, (c) service credit for the period of the remaining term of the agreement under Company deferred compensation plans and the Benefit Restoration Plan, and full vesting under such plans, (d) reimbursement of certain legal and tax audit fees, and (e) continued participation in certain compensation and employee benefit plans for the remainder of the term, including certain supplemental pension benefits. Mr. Walton is subject to a confidentiality covenant and is bound by a non-competition provision during the term of his employment.

The Company has entered into change in control severance agreements, as amended, with the named officers (other than Mr. Hassey) and other key employees to assure the Company that it will have the continued support of the executive and the availability of the executive's advice and counsel notwithstanding the possibility, threat or occurrence of a change in control. A change in control is defined as (i) the Company's actual knowledge that (x) an individual or entity has acquired beneficial ownership of 20% or more of the voting power of Company stock or (y) persons have agreed to act together for the purpose of acquiring 20% or more of the voting power of Company stock, (ii) the completion of a tender offer entitling the holders to 20% or more of the voting power of Company stock, (iii) the occurrence of a successful solicitation electing or removing 50% of the Board or the Board consisting less than 51% of continuing directors, or (iv) the occurrence of a merger, consolidation, sale or similar transaction. In general, the agreements provide for the payment of severance benefits if a change in control occurs and within 24 months after the change in control either the Company terminates the executive's employment with the Company without cause (defined to mean a felony conviction, breach of fiduciary duty involving personal profit, or intentional failure to perform stated duties after thirty days' notice to cure) or the executive terminates employment with the Company for good reason (defined to mean (i) a material diminution of duties, responsibilities or status or the assignment of duties inconsistent with position, (ii) relocation more than 35 miles from principal job location, (iii) reduction in annual salary or material reduction in other compensation or benefits, (iv) failure by the Company to cause a successor corporation to adopt and perform under the agreement, or (v) purported termination other than as expressly permitted in the agreement). The employee is entitled to all payments and obligations accrued through the date of termination, severance compensation, which includes a multiple of base salary (three for the named officers), certain accrued benefits, and payments with respect to the TSRP and KEPP for the completed and uncompleted performance measurement periods. The agreements with Messrs. Harshman, Kittenbrink, Shilling and Walton and certain other key employees also provide for (a) a prorated payment of an incentive bonus under the AIP equal to that which would have been paid had the Company achieved 120% of target, (b) the continuation of perquisites and welfare benefits for 36 months, (c) reimbursement up to \$15,000 for outplacement services, and (d) years of credited service and full vesting under the Company's supplemental pension plans in which the executive participates. The agreements also provide for the vesting of outstanding stock

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options and the lifting of restrictions on stock awarded under the 2000 Incentive Plan. Also, the Company will pay the employee a gross-up payment for excise taxes, if necessary. The agreements have a term of three years, which three-year term will continue to be extended until either party gives written notice that it no longer wants to continue to extend the term. If a change in control occurs during the term, the agreements will remain in effect for the longer of three years or until all obligations of the Company under the agreements have been fulfilled. In 2006, the Personnel and Compensation Committee reviewed the change in control severance agreements, including the change in control valuation, as well as the purposes and effects of the agreements and determined that it is in the Company's best interests to retain the change in control agreements on their current terms and conditions.

Potential Payments Upon Termination or Change in Control

The tables below reflect estimates of the amount of compensation in addition to the amounts shown in the compensation tables to each of the named officers of the Company in the event of termination of such executive's employment. The amount of enhanced compensation payable to each named officer upon voluntary termination, retirement, involuntary not for cause termination, for cause termination, involuntary or good reason termination within 24 months following a change in control and in the event of disability or death of the executive is shown below. The amounts shown assume that such termination was effective as of December 31, 2006, and are estimates of the amounts which would be paid out to the executives upon their termination. On December 31, 2006, the closing trading value of Company Common Stock on the NYSE was \$90.68. The actual amounts to be paid out can only be determined at the time of such executive's separation from the Company.

Payments Made Upon Termination

Regardless of the manner in which a named officer's employment terminates, he may be entitled to receive amounts earned during his term of employment. Such amounts include:

- non-equity incentive compensation earned during the fiscal year;
- amounts contributed under the savings portion of the Retirement Savings Plan and the Benefit Restoration Plan;
- unused vacation pay; and
- amounts accrued and vested through the ATI Pension Plan and Supplemental Pension Plan.

Payments Made Upon Retirement

In the event of the retirement of a named officer, in addition to the items identified above:

- he will continue to retain any outstanding stock options for the remainder of the outstanding ten-year term;
- he will be entitled to receive a prorated share of each outstanding TSRP award upon the completion of such cycle when, if and to the extent such award is earned during the applicable performance measurement period;
- he will be entitled to receive all outstanding performance/restricted shares when and to the extent the restrictions on such shares lapse upon the passage of time or the achievement of the applicable performance criteria;
- he will be entitled to receive that portion of the outstanding KEPP awards that were earned at the time of his retirement and a prorated share of the remaining portion of each outstanding KEPP award;

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he will be entitled to receive payments under the Supplemental Pension Plan, beginning two months after his retirement subject to Section 409A of the Code;

he will continue to receive health and welfare benefits until he reaches age 65 and will receive health and welfare benefits for his dependants, as applicable, subject to the limitations applicable to all salaried employees; and

he will continue to receive life insurance benefits until his death.

Consent of the Company is required for payments of the TSRP, performance/restricted

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shares and KEPP awards described above upon retirement.

Payments Made Upon Death or Disability

In the event of the death or disability of a named officer, in addition to the benefits listed under the headings **Payments Made Upon Termination** and **Payments Made Upon Retirement** above, the named officer will receive benefits under the Company's disability plan or payments under the Company's life insurance plan, as appropriate, each as generally available to all salaried employees. In addition, all outstanding performance/restricted share awards vest on the death of a named officer.

Payments Made Upon a Change in Control

The Company is a party to a change in control agreement with each of the named officers that provides each named officer with payments in the event his employment is terminated by the Company for reasons other than cause or by the named officer for Good Reason (defined to include diminishment of pay, benefits, title or job responsibilities or transfer from the home office) within twenty four months after a change in control. See the information under the caption **Employment and Change in Control Agreements** for definitions. Each agreement provides for a lump sum payment equal to the sum of (a) three times the sum of his base salary and target bonus as then in effect, (b) for incentive plans denominated in stock, the cash value of any shares that would be earned at maximum performance levels for then uncompleted performance measurement periods, and (c) for incentive plans denominated in cash, a cash payment equal to the amount that would be earned at maximum performance levels for any uncompleted performance measurement periods. In addition, each named officer would be entitled to continuation of health insurance coverage for 36 months. The named officers other than Mr. Hassey are entitled to reimbursement for outplacement services of up to \$15,000 each and additional contributions to non-qualified deferred compensation plans in amounts that would have been accrued or contributed to qualified plans over the 24 months following a change in control. In addition, each named officer can begin receiving non-qualified benefits at any time after the triggering event, which for two named officers represents an acceleration of retirement benefits. There is a tax gross up for the excise tax due under Section 4999 of the Code, if applicable.

As noted, the column **Involuntary or Good Reason Termination w/in 24 Months of a Change in Control** assumes that there was a change in control at the December 31, 2006 closing price of \$90.68 per share and all of the named officers had a triggering event on December 31, 2006 and all cash amounts due, all deferred compensation enhancements and all potential benefit payments were to be paid in a single lump sum. The aggregate of the payment to the named executive officers would be 1.6% of the indicated transaction value of \$9.1 billion, which represents the Company's equity market capitalization value at December 31, 2006.

Table of Contents**L. Patrick Hassey (\$ in thousands):**

Executive Benefit and Payments Upon Separation	Voluntary Termination	Retirement	Involuntary		Change in Control	Involuntary or Good Reason Termination (w/in 24 months of	Disability	Death
			Not for Cause Termination	For Cause Termination				
Severance:	\$ 0	\$ 0	\$ 2,550	\$ 0	\$ 2,550	\$ 0	\$ 0	
Compensation:								
AIP	0	0	0	0	2,040	0	0	
Long-Term Incentive Compensation:								
Performance/Restricted Stock	0	3,899	3,899	0	3,899	3,899	3,899	
TSRP	0	7,533	7,533	0	14,043	7,533	7,533	
KEPP	0	13,333	13,333	0	16,399	13,333	13,333	
Benefits & Perquisites:								
Non-qualified Savings Plan	0	0	0	0	0	0	0	
Non-qualified Retirement Plan	0	0	0	0	0	0	0	
Health & Welfare Benefits	0	0	0	0	18	0	0	
Life Insurance Proceeds	0	0	0	0	0	0	0	
Excise Tax & Gross Up	0	0	0	0	12,463	0	0	
Total	\$ 0	\$ 24,765	\$ 27,315	\$ 0	\$ 51,412	\$ 24,765	\$ 24,765	

For 12 months after termination, Mr. Hassey is obligated to refrain from competing with the Company and soliciting employees or customers of the Company, and for 24 months after termination, Mr. Hassey is obligated to refrain from disparaging the Company.

Richard J. Harshman (\$ in thousands):

Executive Benefit and Payments Upon Separation	Voluntary Termination	Retirement	Involuntary		Change in Control	Involuntary or Good Reason Termination (w/in 24 months of	Disability	Death
			Not for Cause Termination	For Cause Termination				
Severance:	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,400	\$ 0	\$ 0	
Compensation:								
AIP	0	0	0	0	0	0	0	

Long-Term Incentive**Compensation:**

Performance/Restricted Stock	0	1,147	0	0	1,147	1,147	1,147
TSRP	0	2,430	0	0	4,130	2,430	2,430
KEPP	0	3,999	0	0	7,717	3,999	3,999

Benefits & Perquisites:

Non-qualified Savings Plan	0	0	0	0	126	0	0
Non-qualified Retirement Plan	0	0	0	0	733	0	0
Health & Welfare Benefits	0	0	0	0	18	0	0
Life Insurance Proceeds	0	0	0	0	0	0	0
Excise Tax & Gross Up	0	0	0	0	6,045	0	0
Outplacement	0	0	0	0	25	0	0

Supplemental Pension Plan

Supplemental Pension Plan	0	0	0	0	2,000	0	0
Total	\$ 0	\$ 7,576	\$ 0	\$ 0	\$ 24,341	\$ 7,576	\$ 7,576

Table of Contents**Douglas A. Kittenbrink (\$ in thousands):**

Executive Benefit and Payments Upon Separation	Voluntary Termination	Retirement	Involuntary		Change in Control)	Disability	Death
			Not for Cause	For Cause			
Severance:	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,400	\$ 0	\$ 0
Compensation:							
AIP	0	0	0	0	0	0	0
Long-Term Incentive Compensation:							
Performance/Restricted Stock	0	1,147	0	0	1,147	1,147	1,147
TSRP	0	2,430	0	0	4,130	2,430	2,430
KEPP	0	3,999	0	0	7,717	3,999	3,999
Benefits & Perquisites:							
Non-qualified Savings Plan	0	0	0	0	120	0	0
Non-qualified Retirement Plan	0	0	0	0	643	0	0
Health & Welfare Benefits	0	0	0	0	18	0	0
Life Insurance Proceeds	0	0	0	0	0	0	0
Excise Tax & Gross Up	0	0	0	0	5,854	0	0
Outplacement	0	0	0	0	25	0	0
Supplemental Pension Plan	0	0	0	0	2,000	0	0
Total	\$ 0	\$ 7,576	\$ 0	\$ 0	\$ 24,054	\$ 7,576	\$ 7,576

Jack W. Shilling (\$ in thousands):

Executive Benefit and Payments Upon Separation	Voluntary Termination	Retirement	Involuntary		Change in Control)	Disability	Death
			Not for Cause	For Cause			
Severance:	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,400	\$ 0	\$ 0
Compensation:							
AIP	0	0	0	0	0	0	0

Long-Term Incentive**Compensation:**

Performance/Restricted Stock	0	1,147	0	0	1,147	1,147	1,147
TSRP	0	2,430	0	0	4,130	2,430	2,430
KEPP	0	3,999	0	0	7,717	3,999	3,999

Benefits & Perquisites:

Non-qualified Savings Plan	0	0	0	0	126	0	0
Non-qualified Retirement Plan	0	0	0	0	0	0	0
Health & Welfare Benefits	0	0	0	0	18	0	0
Life Insurance Proceeds	0	0	0	0	0	0	0
Excise Tax & Gross Up	0	0	0	0	5,658	0	0
Outplacement	0	0	0	0	25	0	0

Supplemental Pension Plan

Supplemental Pension Plan	0	0	0	0	2,000	0	0
Total	\$ 0	\$ 7,576	\$ 0	\$ 0	\$ 23,221	\$ 7,576	\$ 7,576

Table of Contents**Jon D. Walton (\$ in thousands):**

Executive Benefit and Payments Upon Separation Severance:	Voluntary Termination	Retirement	Involuntary		Change in Control	Disability	Death
			Not for Cause Termination	For Cause Termination			
	\$ 0	\$ 0	\$ 640	\$ 0	\$ 2,400	\$ 0	\$ 0
Compensation:							
AIP	0	0	0	0	0	0	0
Long-Term Incentive Compensation:							
Performance/Restricted Stock	0	1,147	1,147	0	1,147	1,147	1,147
TSRP	0	2,430	3,592	0	4,130	2,430	2,430
KEPP	0	3,999	5,777	0	7,717	3,999	3,999
Benefits & Perquisites:							
Non-qualified Savings Plan	0	0	42	0	126	0	0
Non-qualified Retirement Plan	0	0	77	0	231	0	0
Health & Welfare Benefits	0	0	6	0	18	0	0
Life Insurance Proceeds	0	0	0	0	0	0	0
Excise Tax & Gross Up	0	0	0	0	5,766	0	0
Outplacement	0	0	25	0	25	0	0
Supplemental Pension Plan	0	0	0	0	2,000	0	0
Total	\$ 0	\$ 7,576	\$ 11,306	\$ 0	\$ 23,560	\$ 7,576	\$ 7,576

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

No member of the Personnel and Compensation Committee is an officer or employee of the Company, and no member of the Committee has a current or prior relationship, and no officer who is a statutory insider of the Company, has a relationship to any other company, required to be described under the Securities and Exchange Commission rules relating to disclosure of executive compensation.

CERTAIN TRANSACTIONS

Family Relationship. Terry L. Dunlap, President of ATI Allegheny Ludlum, is a member of the immediate family of Robert P. Bozzone, a member of the Company's Board of Directors. During 2006, Mr. Dunlap (a) received a salary of \$315,000, an award of Company Common Stock under the TSRP for the 2004-2006 award period with a value of \$2,934,361 (based on the average high and low trading prices of Company Common Stock on the NYSE for the day preceding the date the award was paid), vesting of restricted stock with value of \$903,930 (based on the average high and low trading prices of Company Common Stock on the NYSE on the day preceding the date the award was paid), a cash bonus of \$600,000 under the AIP, and a cash payment of \$2,400,000 under the KEPP for the 2004-2006

performance measurement period, (b) realized \$515,875 on the exercise of vested stock options, and (c) participated, on a proportionate basis, based on his base salary and salary grade, in the compensation programs described in this Proxy Statement.

Review Policy. On February 22, 2007, the Board of Directors adopted a written Statement of Policy

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with respect to Related Party Transactions (the Policy). The Policy applies to transactions or arrangements between the Company and a related person (namely directors, executive officers, and their immediate family members, and 5% stockholders) with a direct or indirect material interest in the transaction, including transactions requiring disclosure under Item 404(a) of Regulation S-K. Under the Policy, no related party transaction can occur unless it is approved or ratified by the Audit Committee or approved by the disinterested members of the Board of Directors. The Audit Committee is primarily responsible for approving and ratifying related party transactions, and in doing so, will consider all matters it deems appropriate, including the dollar value of the proposed transaction, the relative benefits to be obtained and obligations to be incurred by the Company, and whether the terms of the transaction are comparable to those available to third parties. The Policy replaces the previous Board policy regarding business transactions with directors.

OTHER INFORMATION

Annual Report on Form 10-K

COPIES OF THE COMPANY S ANNUAL REPORT ON FORM 10-K, WITHOUT EXHIBITS, CAN BE OBTAINED WITHOUT CHARGE BY WRITTEN REQUEST TO THE CORPORATE SECRETARY, ALLEGHENY TECHNOLOGIES INCORPORATED, 1000 SIX PPG PLACE, PITTSBURGH, PENNSYLVANIA 15222-5479 OR (412) 394-2800.

Proxy Solicitation

The Company pays the cost of preparing, assembling and mailing this proxy-soliciting material. We will reimburse banks, brokers and other nominee holders for reasonable expenses they incur in sending these proxy materials to our beneficial stockholders whose stock is registered in the nominee s name.

The Company has engaged Morrow & Company, Inc. to help solicit proxies from brokers, banks and other nominee holders of Common Stock at a cost of \$8,500 plus expenses. Our employees may also solicit proxies for no additional compensation.

On behalf of the Board of Directors:

Jon D. Walton
Corporate Secretary

Dated: March 19, 2007

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Appendix A

STANDARDS OF DIRECTOR INDEPENDENCE

The Board has established the following standards to assist it in determining whether or not directors qualify as independent pursuant to the guidelines and requirements set forth in the New York Stock Exchange's Corporate Governance Rules. The Board will make its determination that a director is independent following a review of all relevant information and shall apply the following standards:

1. Independence Generally

An Independent Director is one who:

(a) is not, and has not been within the past three years:

- (i) an employee of the Company;
- (ii) directly compensated by the Company in an amount in excess of \$100,000 per year, other than director and committee fees and pension or other forms of deferred compensation for prior service that is not contingent on continued service;
- (iii) affiliated with or employed by a present or former internal or external auditor of the Company or any of its affiliates;
- (iv) employed as an executive officer of another company where any of the Company's present executives serves on the compensation committee of the other company;
- (v) an executive officer or employee of another company that makes payments to, or receives payments from, the Company for property or services in an amount that exceeds, in any single fiscal year, the greater of \$1 million or 2% of the other company's consolidated gross revenues;

(b) does not have, and has not had within the past three years, an immediate family member who has been an executive officer of the Company or has received the direct compensation described in clause (a)(ii) above (other than as an employee who is not an executive officer of the Company) or has had a relationship described in clause (a)(iii) above (other than as an employee who is not employed in a professional capacity by the auditor) or (a)(iv) above or has been an executive officer of another company described in clause (a)(v) above; and

(c) has been determined by the Company's Board not to have any material relationship with or to the Company (either directly or as a partner, stockholder or officer of an organization that has a material relationship with or to the Company). Ownership of a significant amount of the Company's stock does not, by itself, preclude a determination of independence.

2. Additional Independence Criteria for Audit Committee Members

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In addition to being an Independent Director, as defined above, each member of ATI's Audit Committee must not, except in his or her capacity as a member of the Audit Committee, the Board or any other Board committee of the Company: (a) accept directly or indirectly any consulting, advisory or other compensatory fee from the Company or any subsidiary thereof; or (b) be an affiliated person of the Company or any subsidiary thereof. For this purpose, the term "affiliated person" means one who, directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the Company or any subsidiary thereof. A person will not be deemed to be in control of the Company or any subsidiary, however, unless the person is: (A) the beneficial owner, directly or indirectly, of more than 10% of any class of voting equity securities of the Company or (B) an executive officer or director of the Company.

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As an amplification of the foregoing:

- (i) Director's fees (including fees for service on committees) must be the sole compensation that an Audit Committee member receives from the Company.
- (ii) Permissible director fees may include equity-based awards and may also include fees that are structured to provide additional compensation for additional duties (such as extra fees for serving on and/or chairing Board committees).
- (iii) A former Company employee who later qualifies as an Independent Director will not be barred from chairing or serving as a voting member of the Audit Committee merely because he or she receives a pension or other form of deferred compensation from the Company for his or her prior service (provided such compensation is not contingent in any way on continued service as a director).
- (iv) Neither an Audit Committee member nor his or her firm may receive any fees from the Company, directly or indirectly, for services as a consultant or a legal or financial adviser. This applies without regard to whether the Audit Committee member is directly involved in rendering any such services to the Company.

3. Materiality Determination Based on Facts and Circumstances

In assessing the materiality of any existing or proposed director's relationship with the Company for the purpose of evaluating the director's independence (other than a relationship described in clause (a) of the definition of an Independent Director, which will always be deemed material), the Board will consider all relevant facts and circumstances. Material relationships can include, but are not limited to, commercial, industrial, banking, consulting, legal, accounting, charitable and familial relationships. The Board should evaluate materiality not only from the perspective of the director, but also from that of persons and organizations with which the director has a relationship. To assist in determining the materiality of specific relationships, the Board has adopted the following non-exclusive standards (the "Materiality Standards"):

The interest of a person or a person's Immediate Family Member in a transaction or series of similar transactions with the Company or its subsidiaries within the past five years will not be deemed to create a material relationship with the Company for the purposes of determining that person's independence if:

- (i) the amount of the transaction or series of transactions does not exceed \$120,000, or
- (ii) the amount of the transaction or series of transactions exceeds \$120,000, but (A) the transaction accounts for less than the greater of 2 percent or \$1 million of the Company's consolidated gross revenues for the last full fiscal year, (B) the transaction is a commercial transaction carried out at arm's length in the ordinary course of business, and (C) the interest of the person or the person's Immediate Family Member arises solely from (1) his or her position as an executive officer or employee of another party to the transaction and the transaction accounts for less than the greater of 2 percent or \$1 million of the consolidated gross revenues of that other party for its last fiscal year or (2) his or her ownership of less than ten percent of the equity ownership of another party to the transaction, or
- (iii) the rate or rates involved in the transaction are determined by competitive bids, or the transaction involves the rendering of services as a common or contract carrier, or public

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utility, at rates or charges fixed in conformity with law or governmental authority, or

- (iv) the transaction involves services as a bank depository of funds, transfer agent, registrar, trustee under a trust indenture, or similar services.

A person's affiliation with a firm, corporation or other entity that engages, or during the fiscal year immediately prior to the date of the determination has engaged, or proposes to engage in a transaction with the Company or its subsidiaries, as a customer or supplier or

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otherwise, whose business accounts for less than the greater of 2 percent or \$1 million of the Company's consolidated gross revenues for its last full fiscal year and less than the greater of 2 percent or \$1 million of the consolidated gross revenues of the other firm, corporation or other entity for its last fiscal year, will not be deemed to create a material relationship with the Company for purposes of determining that person's independence.

A person's affiliation with a firm, corporation or other entity to which the Company or its subsidiaries is indebted at the date of the determination in an aggregate amount that is less than 5 percent of ATI's consolidated gross assets for its last full fiscal year, will not be deemed to create a material relationship with the Company for purposes of determining that person's independence.

For purposes of the Materiality Standards only, the term "Company" refers to the Company and its subsidiaries, unless the context requires otherwise, and a person is affiliated with a firm, corporation or other entity if he or she is an executive officer of, or owns, or during the last full fiscal year has owned, either of record or beneficially in excess of a ten percent equity interest in that firm, corporation or other entity.

The basis for the Board's determination that a relationship is not material will be disclosed in ATI's proxy statement. If the relationship does not satisfy the Materiality Standards, the basis for the Board's determination will be specifically explained.

4. Certain Definitions

- (a) *Immediate Family Members.* Immediate Family Members include a person's spouse, parents, children, stepparents, stepchildren, siblings, mothers- and fathers-in-law, sons- and daughters-in-law, brothers-and sisters-in-law, and anyone (other than tenants and employees) who shares such person's home.
- (b) *Affiliate.* Except as otherwise specified in paragraph 2. above for purposes of certain Audit Committee requirements or as otherwise defined for purposes of the Materiality Standards, "affiliate" of the Company means a subsidiary, sibling company, predecessor or parent company, except that another entity shall no longer be deemed an affiliate of the Company after five years following termination of its relationship with the Company. Thus, a director who is or has been within the past two years an executive officer of another entity that stopped being an affiliate of the Company more than five years ago will qualify as an Independent Director absent any other disqualifying relationship.

ALLEGHENY TECHNOLOGIES INCORPORATED

2007 INCENTIVE PLAN

**FOR SELECTED OFFICERS, KEY EMPLOYEES AND
NON-EMPLOYEE DIRECTORS**

Article I.

Purpose and Adoption of the Plan

1.1. *Purpose.* The purpose of the Allegheny Technologies Incorporated 2007 Incentive Plan (hereinafter referred to as the Plan) is to assist Allegheny Technologies Incorporated and its subsidiaries (the Company) in attracting and retaining highly competent employees and directors, to act as an incentive in motivating selected officers and other key employees and non-employee directors of the Company to achieve long-term corporate objectives and to enable cash incentive awards to qualify as performance-based compensation for purposes of the tax deduction limitations under Section 162(m) of the Code.

1.2. *Adoption and Term.* The Plan has been approved by the Board of Directors of Allegheny Technologies Incorporated (the Board) on February 22, 2007 and shall become effective on May 2, 2007 if approved by the stockholders of the Company at its 2007 Annual Meeting of Stockholders. The Plan shall remain in effect until the tenth anniversary of the date the stockholders of the Company approve the Plan, unless terminated by action of the Board prior to that date, and, if the material terms of the Performance Goals are changed from those set forth in this Plan when initially approved by the stockholders, the provisions of Articles VII, VIII, IX and X with respect to performance-based awards to covered employees under Section 162(m) of the Code shall expire as of the fifth anniversary of the date the stockholders of the Company approved the Plan, unless the changed Performance Goals are approved by the stockholders of the Company.

1.3. *The Prior Plans.* The Company previously adopted the Allegheny Teledyne Incorporated 1996 Incentive Plan, the Allegheny Technologies Incorporated 2000 Incentive Plan and the Allegheny Technologies Incorporated 1996 Non-Employee Director Stock Compensation Plan (collectively, the Prior Plans). Awards granted under the Prior Plans prior to the date the stockholders of the Company approve this Plan shall not be affected by the adoption of this Plan, and the Prior Plans shall remain in effect following the date the stockholders of the Company approve this Plan to the extent necessary to administer such awards, but no new Awards shall be granted under the Prior Plans after the date the stockholders of the Company approve this Plan.

Article II.

Definitions

For the purpose of this Plan, capitalized terms shall have the following meanings:

2.1. *Award* means any one or a combination of Non-Qualified Stock Options or Incentive Stock Options described in Article VI, Stock Appreciation Rights described in Article VI, Restricted Shares described in Article VII, Performance Awards described in Article VIII, Awards of cash or any other Award made under the terms of the Plan.

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2.2. *Award Agreement* means a written agreement between the Company and a Participant or a written acknowledgment from the Company to a Participant specifically setting forth the terms and conditions of an Award granted under the Plan.

2.3. *Award Period* means, with respect to an Award, the period of time set forth in the Award Agreement during which specified target performance goals must be achieved or other conditions set forth in the Award Agreement must be satisfied.

2.4. *Beneficiary* means an individual, trust or estate who or which, by a written designation of the Participant filed with the Company or by operation of law, succeeds to the rights and obligations of the Participant under the Plan and the Award Agreement upon the Participant's death.

2.5. *Board* means the Board of Directors of the Company.

2.6. *Change in Control* means, and shall be deemed to have occurred upon the occurrence of, any one of the following events:

- (a) The acquisition in one or more transactions, other than from the Company, by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of a number of Company Voting Securities in excess of 25% of the Company Voting Securities unless such acquisition has been approved by the Board;
- (b) Any election has occurred of persons to the Board that causes two-thirds of the Board to consist of persons other than (i) persons who were members of the Board on the Effective Date and (ii) persons who were nominated for elections as members of the Board at a time when two-thirds of the Board consisted of persons who were members of the Board on the Effective Date; provided, however, that any person nominated for election by a Board at least two-thirds of whom constituted persons described in clauses (i) and/or (ii) or by persons who were themselves nominated by such Board shall, for this purpose, be deemed to have been nominated by a Board composed of persons described in clause (i);
- (c) Approval by the stockholders of the Company of a reorganization, merger or consolidation, unless, following such reorganization, merger or consolidation, all or substantially all of the individuals and entities who were the respective beneficial owners of the Outstanding Common Stock and Company Voting Securities immediately prior to such reorganization, merger or consolidation, following such reorganization, merger or consolidation beneficially own, directly or indirectly, more than seventy five percent (75%) of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors or trustees, as the case may be, of the entity resulting from such reorganization, merger or consolidation in substantially the same proportion as their ownership of the Outstanding Common Stock and Company Voting Securities immediately prior to such reorganization, merger or consolidation, as the case may be; or
- (d) Approval by the stockholders of the Company of (i) a complete liquidation or dissolution of the Company or (ii) a sale or other disposition of all or substantially all the assets of the Company.

2.7. *Code* means the Internal Revenue Code of 1986, as amended. References to a section of the Code shall include that section and any comparable section or sections of any future legislation that amends, supplements or supersedes said section.

2.8. *Committee* means the Committee defined in Section 3.1.

2.9. *Company* or *Corporation* means Allegheny Technologies Incorporated, a Delaware corporation, and its successors.

2.10. *Common Stock* means Common Stock of the Company, par value \$.10 per share.

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- 2.11. *Company Voting Securities* means the combined voting power of all outstanding voting securities of the Company entitled to vote generally in the election of directors to the Board.
- 2.12. *Date of Grant* means the date designated by the Committee as the date as of which it grants an Award, which shall not be earlier than the date on which the Committee approves the granting of such Award.
- 2.13. *Effective Date* shall have the meaning given to such term in Section 1.2.
- 2.14. *Exchange Act* means the Securities Exchange Act of 1934, as amended.
- 2.15. *Exercise Price* means, with respect to a Stock Appreciation Right, the amount established by the Committee in the Award Agreement which is to be subtracted from the Fair Market Value on the date of exercise in order to determine the amount of the payment to be made to the Participant, as further described in Section 6.2(b).
- 2.16. *Fair Market Value* means, on any date, the average of the high and low quoted sales prices of a share of Common Stock, as reported on the Composite Tape for New York Stock Exchange Listed Companies, on such date or, if there were no sales on such date, on the last date preceding such date on which a sale was reported.
- 2.17. *Incentive Stock Option* means a stock option within the meaning of Section 422 of the Code. Incentive Stock Options cannot be granted to directors notwithstanding any provisions of the Plan to the contrary.
- 2.18. *Merger* means any merger, reorganization, consolidation, exchange, transfer of assets or other transaction having similar effect involving the Company.
- 2.19. *Non-Qualified Stock Option* means a stock option which is not an Incentive Stock Option.
- 2.20. *Options* means all Non-Qualified Stock Options and/or Incentive Stock Options granted at any time under the Plan.
- 2.21. *Outstanding Common Stock* means, at any time, the issued and outstanding shares of Common Stock.
- 2.22. *Participant* means a person designated to receive an Award under the Plan in accordance with Section 5.1.
- 2.23. *Performance Awards* means Awards granted in accordance with Article VIII.
- 2.24. *Performance Goals* means operating income, operating profit, income before taxes, earnings per share, return on investment or working capital, return on stockholders' equity, economic value added (the amount, if any, by which net operating profit after tax exceeds a reference cost of capital), balanced scorecard, cash flow, reductions in inventory, inventory turns and on-time delivery performance, any one of which may be measured with respect to the Company or any one or more of its Subsidiaries or business units and either in absolute terms or as compared to another company or companies, and safety measures and other quantifiable, objective measures of individual performance relevant to the particular individual's job responsibilities.
- 2.25. *Plan* means the Allegheny Technologies Incorporated 2007 Incentive Plan as described herein, as the same may be amended from time to time.
- 2.26. *Prior Plans* shall have the meaning given to such term in Section 1.3.

2.27. *Purchase Price*, with respect to Options, shall have the meaning set forth in Section 6.1(b).

2.28. [Intentionally left blank.]

2.29. *Restricted Shares* means Common Stock subject to restrictions imposed in connection with Awards granted under Article VII.

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2.30. *Retirement* means early or normal retirement under a pension plan or arrangement of the Company or one of its Subsidiaries in which the Participant participates.

2.31. *Rule 16b-3* means Rule 16b-3 promulgated by the Securities and Exchange Commission under Section 16 of the Exchange Act, as the same may be amended from time to time, and any successor rule.

2.32. *Stock Appreciation Rights* means Awards granted in accordance with Article VI.

2.33. *Subsidiary* means a subsidiary of the Company within the meaning of Section 424(f) of the Code.

2.34. *Termination of Employment* means the voluntary or involuntary termination of a Participant's employment with the Company or a Subsidiary for any reason, including death, disability, retirement or as the result of the divestiture of the Participant's employer or any similar transaction in which the Participant's employer ceases to be the Company or one of its Subsidiaries. Whether entering military or other government service shall constitute Termination of Employment, or whether a Termination of Employment shall occur as a result of disability, shall be determined in each case by the Committee in its sole discretion.

**Article III.
Administration**

3.1. *Committee*. The Plan shall be administered by a committee or committees of the Board (*Committee*) comprised solely of independent members of the Board of Directors. The Committee shall have exclusive and final authority in each determination, interpretation or other action affecting the Plan and its Participants. The Committee shall have the sole discretionary authority to interpret the Plan, to establish and modify administrative rules for the Plan, to impose such conditions and restrictions on Awards as it determines appropriate and to cancel Awards (including those made pursuant to other plans of the Company), and to take such steps in connection with the Plan and Awards granted hereunder as it may deem necessary or advisable. The Committee shall not, however, have or exercise any discretion that would disqualify amounts payable under Article X as performance-based compensation for purposes of Section 162(m) of the Code. The Committee may delegate such of its powers and authority under the Plan as it deems appropriate to designated officers or employees of the Company. In addition, the independent members of the full Board may exercise any of the powers and authority of the Committee under the Plan. In the event of such delegation of authority or exercise of authority by the Board, references in the Plan to the Committee shall be deemed to refer, as appropriate, to the delegate of the Committee or the Board. The selection of members of the Committee or any subcommittee thereof, and any delegation by the Committee to designated officers or employees, under this Section 3.1 shall comply with Section 16(b) of the Exchange Act, the performance-based provisions of Section 162(m) of the Code, and the regulations promulgated under each of such statutory provisions, or the respective successors to such statutory provisions or regulations, as in effect from time to time, except to the extent that the Board determines that such compliance is not necessary or desirable.

**Article IV.
Shares**

4.1. *Number of Shares Issuable*. The total number of shares authorized to be issued under the Plan shall equal 2.5 million shares of the Common Stock as of the Effective Date. The number of shares available for issuance under the Plan shall be subject to adjustment in accordance with Section 10.7. The shares to be offered under the Plan shall be authorized and unissued Common Stock, or issued Common Stock which shall have been reacquired by the Company.

4.2. *Shares Subject to Terminated Awards.* Common Stock covered by any unexercised portions of terminated Options (including canceled Options) granted under Article VI, Common Stock forfeited as provided in Section 7.2(a) and Common Stock subject to any Awards which are otherwise surrendered by the Participant may again be subject to new Awards under the Plan. Common Stock subject to

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Options, or portions thereof, which have been surrendered in connection with the exercise of Stock Appreciation Rights shall not be available for subsequent Awards under the Plan, but Common Stock issued in payment of such Stock Appreciation Rights shall not be charged against the number of shares of Common Stock available for the grant of Awards hereunder. Common Stock covered by awards granted under the Prior Plans that after the Effective Date are terminated unexercised, forfeited or otherwise surrendered shall be available for subsequent Awards under this Plan. Notwithstanding anything to the contrary contained herein: (i) shares of Common Stock tendered in payment of an Option shall not be added to the aggregate plan limit described above; (ii) shares of Common Stock withheld by the Company to satisfy any tax withholding obligation shall not be added to the aggregate plan limit described above; (iii) shares of Common Stock that are repurchased by the Company with Option proceeds shall not be added to the aggregate plan limit described above; and (iv) all shares of Common Stock covered by a Stock Appreciation Right, to the extent that it is exercised and settled in shares of Common Stock, and whether or not shares of Common Stock are actually issued to the Participant upon exercise of the Stock Appreciation Right, shall be considered issued or transferred pursuant to the Plan.

**Article V.
Participation**

5.1. *Eligible Participants.* Participants in the Plan shall be such officers and other key employees of the Company and/or any one or more of its Subsidiaries as the Committee, in its sole discretion, may designate from time to time, and directors who are non-employee members of the Company's Board of Directors. The Committee's designation of a Participant in any year shall not require the Committee to designate such person to receive Awards or grants in any other year. The designation of a Participant to receive awards or grants under one portion of the Plan does not require the Committee to include such Participant under other portions of the Plan. The Committee shall consider such factors as it deems pertinent in selecting Participants and in determining the type and amount of their respective Awards. Notwithstanding any provision herein to the contrary, the Committee may grant Awards under the Plan, other than Incentive Stock Options, to non-employees who, in the judgment of the Committee, render significant services to the Company or any of its Subsidiaries, on such terms and conditions as the Committee deems appropriate and consistent with the intent of the Plan. Subject to adjustment in accordance with Section 10.7, in any calendar year, no Participant shall be granted Awards in respect of more than 1 million shares of Common Stock (whether through grants of Options or Stock Appreciation Rights or other grants of Common Stock or rights with respect thereto) and \$15 million in cash; provided, however, that any Award payable over a period of more than one year shall be pro-rated over the applicable period in determining the amount of the Award granted in any calendar year.

**Article VI.
Stock Options and Stock Appreciation Rights**

6.1. *Option Awards.*

- (a) *Grant of Options.* The Committee may grant, to such Participants as the Committee may select, Options entitling the Participant to purchase shares of Common Stock from the Company in such number, at such price, and on such terms and subject to such conditions, not inconsistent with the terms of this Plan, as may be established by the Committee. The terms of any Option granted under this Plan shall be set forth in an Award Agreement.
- (b) *Purchase Price of Options.* The Purchase Price of each share of Common Stock which may be purchased upon exercise of any Option granted under the Plan shall be determined by the Committee; provided, however, that the Purchase Price of the Common Stock purchased pursuant to Options shall be equal to or greater than the Fair Market Value on the Date of Grant. The Committee shall not have the authority to decrease such price after the date of the Stock Option's grant, except for adjustments appropriate to reflect a change in stock or a

change in capitalization pursuant to Section 10.7.

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- (c) *Designation of Options.* Except as otherwise expressly provided in the Plan, the Committee may designate, at the time of the grant of each Option, the Option as an Incentive Stock Option or a Non-Qualified Stock Option.
- (d) *Incentive Stock Option Share Limitation.* No Participant may be granted Incentive Stock Options under the Plan (or any other plans of the Company and its Subsidiaries) which would result in shares with an aggregate Fair Market Value (measured on the Date of Grant) of more than \$100,000 first becoming exercisable in any one calendar year.
- (e) *Rights as a Stockholder.* A Participant or a transferee of an Option pursuant to Section 10.4 shall have no rights as a stockholder with respect to Common Stock covered by an Option until the Participant or transferee shall have become the holder of record of any such shares, and no adjustment shall be made for dividends in cash or other property or distributions or other rights with respect to any such Common Stock for which the record date is prior to the date on which the Participant or a transferee of the Option shall have become the holder of record of any such shares covered by the Option; provided, however, that Participants are entitled to share adjustments to reflect capital changes under Section 10.7.

6.2. *Stock Appreciation Rights.*

- (a) *Stock Appreciation Right Awards.* The Committee is authorized to grant to any Participant one or more Stock Appreciation Rights. Such Stock Appreciation Rights may be granted either independent of or in tandem with Options granted to the same Participant. Stock Appreciation Rights granted in tandem with Options may be granted simultaneously with, or, in the case of Non-Qualified Stock Options, subsequent to, the grant to such Participant of the related Option; provided, however, that: (i) any Option covering any share of Common Stock shall expire and not be exercisable upon the exercise of any Stock Appreciation Right with respect to the same share, (ii) any Stock Appreciation Right covering any share of Common Stock shall expire and not be exercisable upon the exercise of any related Option with respect to the same share, and (iii) an Option and Stock Appreciation Right covering the same share of Common Stock may not be exercised simultaneously. Upon exercise of a Stock Appreciation Right with respect to a share of Common Stock, the Participant shall be entitled to receive an amount equal to the excess, if any, of (A) the Fair Market Value of a share of Common Stock on the date of exercise over (B) the Exercise Price of such Stock Appreciation Right established in the Award Agreement, which amount shall be payable as provided in Section 6.2(c).
- (b) *Exercise Price.* The Exercise Price established under any Stock Appreciation Right granted under this Plan shall be determined by the Committee, but shall not be less than the Purchase Price of the related Option which shall be equal to or greater than the Fair Market Value of the underlying shares of Common Stock on the Date of Grant. Upon exercise of Stock Appreciation Rights granted in tandem with Options, the number of shares subject to exercise under any related Option shall automatically be reduced by the number of shares of Common Stock represented by the Option or portion thereof which are surrendered as a result of the exercise of such Stock Appreciation Rights.
- (c) *Payment of Incremental Value.* Any payment which may become due from the Company by reason of a Participant's exercise of a Stock Appreciation Right may be paid to the Participant as determined by the Committee (i) all in cash, (ii) all in Common Stock, or (iii) in any combination of cash and Common Stock. In the event that all or a portion of the payment is made in Common Stock, the number of shares of Common Stock delivered in satisfaction of such payment shall be determined by dividing the amount of such payment or portion thereof by the Fair Market Value on the Exercise Date. No fractional share of Common Stock shall be issued to make any payment in respect of Stock Appreciation Rights; if any fractional share would be issuable, the combination of cash and Common Stock payable to the Participant shall be adjusted as directed by the

Committee to avoid the issuance of any fractional share.

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6.3. *Terms of Stock Options and Stock Appreciation Rights.*

- (a) *Conditions on Exercise.* An Award Agreement with respect to Options and/or Stock Appreciation Rights may contain such waiting periods, exercise dates and restrictions on exercise (including, but not limited to, periodic installments) as may be determined by the Committee at the time of grant (provided that the vesting schedule for Options and Stock Appreciation Rights shall provide that the awards shall vest over a period of no less than three (3) years and except that rules regarding the exercise and or termination of Awards upon a Participant's Disability, death, Termination of Employment or ceasing to be a Director will be provided in Participant's Award Agreement with the Company) and the Committee may grant Options or Stock Appreciation Rights with a forfeiture period of less than three years as it deems necessary for recruitment purposes.
- (b) *Duration of Options and Stock Appreciation Rights.* Options and Stock Appreciation Rights shall terminate after the first to occur of the following events:
 - (i) Expiration of the Option or Stock Appreciation Right as provided in the Award Agreement; or
 - (ii) Termination of the Award following the Participant's disability, Retirement, death or other Termination of Employment as provided in the Award Agreement; or
 - (iii) Ten years from the Date of Grant; or
 - (iv) Solely in the case of a Stock Appreciation Right granted in tandem with an Option, upon the expiration of the related Option.
- (c) *Acceleration or Extension of Exercise Time.* The Committee may (but shall not be obligated to) permit the exercise of an Option or Stock Appreciation Right (i) prior to the time such Option or Stock Appreciation Right would become exercisable under the terms of the Award Agreement, (ii) after the termination of the Option or Stock Appreciation Right under the terms of the Award Agreement, or (iii) after the expiration of the Option or Stock Appreciation Right.

6.4. *Exercise Procedures.* Each Option and Stock Appreciation Right granted under the Plan shall be exercised by written or electronic notice to the Company or by such other exercise procedures as may be provided in the Award Agreement which notice or other form of exercise must be received by the officer or employee of the Company designated in the Award Agreement on or before the close of business on the expiration date of the Award. The Purchase Price of shares purchased upon exercise of an Option granted under the Plan shall be paid in full in cash by the Participant pursuant to the Award Agreement; provided, however, that the Committee may (but shall not be required to) permit payment to be made by delivery to the Company of either (a) Common Stock (which may, in the sole discretion of the Committee, include Restricted Shares or shares otherwise issuable in connection with the exercise of the Option, subject to such rules as the Committee deems appropriate) or (b) any combination of cash and Common Stock, or (c) such other consideration as the Committee deems appropriate and in compliance with applicable law (including payment in accordance with a cashless exercise program that complies with applicable law under which, if so instructed by the Participant, Common Stock may be issued directly to the Participant's broker or dealer upon receipt of an irrevocable written or electronic notice of exercise from the Participant). In the event that any Common Stock shall be transferred to the Company to satisfy all or any part of the Purchase Price, the part of the Purchase Price deemed to have been satisfied by such transfer of Common Stock shall be equal to the product derived by multiplying the Fair Market Value as of the date of exercise times the number of shares of Common Stock transferred to the Company. The Participant may not transfer to the Company in satisfaction of the Purchase Price any fractional share of Common Stock. Any part of the Purchase Price paid in cash upon the exercise of any Option shall

be added to the general funds of the Company and may be used for any proper corporate purpose. Unless the Committee shall otherwise determine, any Common Stock transferred to the Company as payment of all or part of the Purchase Price upon the exercise of any Option shall be held as treasury shares.

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6.5. *Change in Control.* Unless otherwise provided by the Committee in the applicable Award Agreement, in the event of a Change in Control, all Options outstanding on the date of such Change in Control, and all Stock Appreciation Rights shall become immediately and fully exercisable. The provisions of this Section 6.5 shall not be applicable to any Options or Stock Appreciation Rights granted to a Participant if any Change in Control results from such Participant's beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of Common Stock or Company Voting Securities.

**Article VII.
Restricted Shares**

7.1. *Restricted Share Awards.* The Committee may grant to any Participant an Award of Common Stock in such number of shares, and on such terms, conditions and restrictions, whether based on performance standards, periods of service, retention by the Participant of ownership of purchased or designated shares of Common Stock or other criteria, as the Committee shall establish. With respect to performance-based Awards of Restricted Shares to covered employees (as defined in Section 162(m) of the Code), performance targets will be limited to specified levels of one or more of the Performance Goals. The terms of any Restricted Share Award granted under this Plan shall be set forth in an Award Agreement which shall contain provisions determined by the Committee and not inconsistent with this Plan.

- (a) *Issuance of Restricted Shares.* As soon as practicable after the Date of Grant of a Restricted Share Award by the Committee, the Company shall cause to be transferred on the books of the Company, or its agent, Common Stock, registered on behalf of the Participant, evidencing the Restricted Shares covered by the Award, but subject to forfeiture to the Company as of the Date of Grant if an Award Agreement with respect to the Restricted Shares covered by the Award is not duly executed by the Participant and timely returned to the Company. All Common Stock covered by Awards under this Article VII shall be subject to the restrictions, terms and conditions contained in the Plan and the Award Agreement entered into by the Participant. Until the lapse or release of all restrictions applicable to an Award of Restricted Shares the share certificates, if any, representing such Restricted Shares may be held in custody by the Company, its designee, or, if the certificates bear a restrictive legend, by the Participant; provided, however, that if the Restricted Shares are uncertificated, other arrangements may be made, in the discretion of the Committee, to ensure the enforcement of the restrictions on such Restricted Shares. Upon the lapse or release of all restrictions with respect to an Award as described in Section 7.1(d), one or more share certificates, registered in the name of the Participant, for an appropriate number of shares as provided in Section 7.1(d), free of any restrictions set forth in the Plan and the Award Agreement shall be delivered to the Participant.
- (b) *Stockholder Rights.* Beginning on the Date of Grant of the Restricted Share Award and subject to execution of the Award Agreement as provided in Section 7.1(a), the Participant shall become a stockholder of the Company with respect to all shares subject to the Award Agreement and shall have all of the rights of a stockholder, including, but not limited to, the right to vote such shares and the right to receive dividends; provided, however, that any Common Stock distributed as a dividend or otherwise with respect to any Restricted Shares as to which the restrictions have not yet lapsed, shall be subject to the same restrictions as such Restricted Shares and held or restricted as provided in Section 7.1(a).
- (c) *Restriction on Transferability.* None of the Restricted Shares may be assigned or transferred (other than by will or the laws of descent and distribution, or to an inter vivos trust with respect to which the Participant is treated as the owner under Sections 671 through 677 of the Code), pledged or sold prior to lapse of the restrictions applicable thereto.

- (d) *Delivery of Shares Upon Vesting.* Upon expiration or earlier termination of the forfeiture period without a forfeiture and the satisfaction of or release from any other conditions prescribed by the Committee, or at such earlier time as provided under the provisions of Section 7.3, the restrictions

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applicable to the Restricted Shares shall lapse. As promptly as administratively feasible thereafter, subject to the requirements of Section 10.5, the Company shall deliver to the Participant or, in case of the Participant's death, to the Participant's Beneficiary, one or more share certificates for the appropriate number of shares of Common Stock, free of all such restrictions, except for any restrictions that may be imposed by law.

7.2. Terms of Restricted Shares.

- (a) *Forfeiture Periods.* A grant of Restricted Shares pursuant to this Article VII shall be subject to a minimum forfeiture period of at least three (3) years, or such longer period as the Committee, in its sole discretion, may determine. Notwithstanding the foregoing, the Committee may grant shares of Restricted Shares with a forfeiture period of at least two (2) years, or such longer period as the Committee, in its sole discretion, may determine, so long as vesting is based on performance criteria and the Committee may grant shares of Restricted Shares with a forfeiture period of less than three years as it deems necessary for recruitment purposes.
- (b) *Forfeiture of Restricted Shares.* Subject to Sections 7.2(c) and 7.3, all Restricted Shares shall be forfeited and returned to the Company and all rights of the Participant with respect to such Restricted Shares shall terminate unless the Participant continues in the service of the Company or a Subsidiary as an employee or non-employee director until the expiration of the forfeiture period for such Restricted Shares and satisfies any and all other conditions set forth in the Award Agreement. Subject to Section 7.2(a), the Committee shall determine the forfeiture period (which may, but need not, lapse in installments) and any other terms and conditions applicable with respect to any Restricted Share Award.
- (c) *Waiver of Forfeiture Period.* Notwithstanding anything contained in this Article VII to the contrary, the Committee may, in its sole discretion, waive the forfeiture period and any other conditions set forth in any Award Agreement under appropriate circumstances (including the death, disability or Retirement of the Participant or a material change in circumstances arising after the date of an Award) and subject to such terms and conditions (including forfeiture of a proportionate number of the Restricted Shares) as the Committee shall deem appropriate.

7.3. Change in Control. Unless otherwise provided by the Committee in the applicable Award Agreement, in the event of a Change in Control, all restrictions applicable to the Restricted Share Award shall terminate fully and the Participant shall immediately have the right to the delivery of share certificate or certificates for such shares in accordance with Section 7.1(d).

**Article VIII.
Performance Awards**

8.1. Performance Awards.

- (a) *Award Periods and Calculations of Potential Incentive Amounts.* The Committee may grant Performance Awards to Participants. A Performance Award shall consist of the right to receive a payment (measured by the Fair Market Value of a specified number of shares of Common Stock, increases in such Fair Market Value during the Award Period and/or a fixed cash amount) contingent upon the extent to which certain predetermined performance targets have been met during an Award Period. Performance Awards may be made in conjunction with, or in addition to, Restricted Share Awards made under Article VII. The Award Period shall be two or more fiscal or calendar years as determined by the Committee. The Committee, in its discretion and under such terms as it deems appropriate, may permit newly eligible employees, such as those who are promoted or newly hired, to receive Performance Awards after an Award Period has commenced.

- (b) *Performance Targets.* The performance targets may include such goals related to the performance of the Company or, where relevant, any one or more of its Subsidiaries or divisions and/or the performance of a Participant as may be established by the Committee in its discretion. In the case of Performance Awards to covered employees (as defined in Section 162(m) of the Code), the

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targets will be limited to specified levels of one or more of the Performance Goals. The performance targets established by the Committee may vary for different Award Periods and need not be the same for each Participant receiving a Performance Award in an Award Period. Except to the extent inconsistent with the performance-based compensation exception under Section 162(m) of the Code, in the case of Performance Awards granted to employees to whom such section is applicable, the Committee, in its discretion, but only under extraordinary circumstances as determined by the Committee, may change any prior determination of performance targets for any Award Period at any time prior to the final determination of the Award when events or transactions occur to cause the performance targets to be an inappropriate measure of achievement.

- (c) *Earning Performance Awards.* The Committee, at or as soon as practicable after the Date of Grant, shall prescribe a formula to determine the percentage of the Performance Award to be earned based upon the degree of attainment of performance targets.
- (d) *Payment of Earned Performance Awards.* Subject to the requirements of Section 10.5, payments of earned Performance Awards shall be made in cash or Common Stock, or a combination of cash and Common Stock, in the discretion of the Committee. The Committee, in its sole discretion, may define such terms and conditions with respect to the payment of earned Performance Awards as it may deem desirable.

8.2. Terms of Performance Awards.

- (a) *Termination of Employment.* Unless otherwise provided below or in Section 8.3, in the case of a Participant's Termination of Employment prior to the end of an Award Period, the Participant will not have earned any Performance Awards.
- (b) *Retirement.* If a Participant's Termination of Employment is because of Retirement prior to the end of an Award Period, the Participant will not be paid any Performance Awards, unless the Committee, in its sole and exclusive discretion, determines that an Award should be paid. In such a case, the Participant shall be entitled to receive a pro-rata portion of his or her Award as determined under Subsection (d).
- (c) *Death or Disability.* If a Participant's Termination of Employment is due to death or disability (as determined in the sole and exclusive discretion of the Committee) prior to the end of an Award Period, the Participant or the Participant's personal representative shall be entitled to receive a pro-rata share of his or her Award as determined under Subsection (d).
- (d) *Pro-Rata Payment.* The amount of any payment made to a Participant whose employment is terminated by Retirement, death or disability (under circumstances described in Subsections (b) and (c)) will be the amount determined by multiplying the amount of the Performance Award which would have been earned, determined at the end of the Award Period, had such employment not been terminated, by a fraction, the numerator of which is the number of whole months such Participant was employed during the Award Period, and the denominator of which is the total number of months of the Award Period. Any such payment made to a Participant whose employment is terminated prior to the end of an Award Period under this Section 8.2 shall be made at the end of the respective Award Period, unless otherwise determined by the Committee in its sole discretion. Any partial payment previously made or credited to a deferred account for the benefit of a Participant as provided under Section 8.1(d) of the Plan shall be subtracted from the amount otherwise determined as payable as provided in this Section.
- (e) *Other Events.* Notwithstanding anything to the contrary in this Article VIII, the Committee may, in its sole and exclusive discretion, determine to pay all or any portion of a Performance Award to a Participant who has terminated employment prior to the end of an Award Period under certain circumstances (including the death,

disability or Retirement of the Participant or a material change in circumstances arising after the Date of Grant) and subject to such terms and conditions as the Committee shall deem appropriate.

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8.3. *Change in Control.* Unless otherwise provided by the Committee in the applicable Award Agreement, in the event of a Change in Control, all Performance Awards for all Award Periods shall immediately become fully payable to all Participants and shall be paid to Participants in accordance with Section 8.2(d) within 30 days after such Change in Control.

8.4. *Grant of Other Stock-Based Awards.* Other stock-based awards, consisting of stock purchase rights, Awards of cash, Awards of Common Stock, or Awards valued in whole or in part by reference to, or otherwise based on, Common Stock, may be granted either alone or in addition to or in conjunction with other Awards under the Plan. Subject to the provisions of the Plan, the Committee shall have sole and complete authority to determine the persons to whom and the time or times at which such Awards shall be made, the number of shares of Common Stock to be granted pursuant to such Awards, and all other conditions of the Awards. Any such Award shall be confirmed by an Award Agreement executed by the Company and the Participant, which Award Agreement shall contain such provisions as the Committee determines to be necessary or appropriate to carry out the intent of this Plan with respect to such Award.

8.5. *Terms of Other Stock-Based Awards.* In addition to the terms and conditions specified in the Award Agreement, Awards made pursuant to this Article VIII shall be subject to the following:

- (a) Any Common Stock subject to Awards made under this Article VIII may not be sold, assigned, transferred, pledged or otherwise encumbered prior to the date on which the shares are issued, or, if later, the date on which any applicable restriction, performance or deferral period lapses; and
- (b) If specified by the Committee in the Award Agreement, the recipient of an Award under this Article VIII shall be entitled to receive, currently or on a deferred basis, interest or dividends or dividend equivalents with respect to the Common Stock or other securities covered by the Award; and
- (c) The Award Agreement with respect to any Award shall contain provisions dealing with the disposition of such Award in the event of a Termination of Employment prior to the exercise, realization or payment of such Award, whether such termination occurs because of Retirement, disability, death or other reason, with such provisions to take account of the specific nature and purpose of the Award.

8.6. *Foreign Qualified Awards.* Awards under the Plan may be granted to such employees of the Company and its Subsidiaries who are residing in foreign jurisdictions as the Committee in its sole discretion may determine from time to time. The Committee may adopt such supplements to the Plan as may be necessary or appropriate to comply with the applicable laws of such foreign jurisdictions and to afford Participants favorable treatment under such laws; provided, however, that no Award shall be granted under any such supplement with terms or conditions inconsistent with the provision set forth in the Plan.

Article IX.

Short-Term Cash Incentive Awards

9.1. *Eligibility.* Executive officers of the Company who are from time to time determined by the Committee to be covered employees for purposes of Section 162(m) of the Code will be eligible to receive short-term cash incentive awards under this Article IX.

9.2. *Awards.*

- (a)

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Performance Targets. For each fiscal year of the Company, the Committee shall establish objective performance targets based on specified levels of one or more of the Performance Goals. Such performance targets shall be established by the Committee on a timely basis to ensure that the targets are considered preestablished for purposes of Section 162(m) of the Code.

- (b) *Amounts of Awards.* In conjunction with the establishment of performance targets for a fiscal year, the Committee shall adopt an objective formula (on the basis of percentages of Participants

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salaries, shares in a bonus pool or otherwise) for computing the respective amounts payable under the Plan to Participants if and to the extent that the performance targets are attained. Such formula shall comply with the requirements applicable to performance-based compensation plans under Section 162(m) of the Code and, to the extent based on percentages of a bonus pool, such percentages shall not exceed 100% in the aggregate.

- (c) *Payment of Awards.* Awards will be payable to Participants in cash each year upon prior written certification by the Committee of attainment of the specified performance targets for the preceding fiscal year.
- (d) *Negative Discretion.* Notwithstanding the attainment by the Company of the specified performance targets, the Committee shall have the discretion, which need not be exercised uniformly among the Participants, to reduce or eliminate the award that would be otherwise paid.
- (e) *Guidelines.* The Committee may adopt from time to time written policies for its implementation of this Article IX. Such guidelines shall reflect the intention of the Company that all payments hereunder qualify as performance-based compensation under Section 162(m) of the Code.
- (f) *Non-Exclusive Arrangement.* The adoption and operation of this Article IX shall not preclude the Board or the Committee from approving other short-term incentive compensation arrangements for the benefit of individuals who are Participants hereunder as the Board or Committee, as the case may be, deems appropriate and in the best interests of the Company.

**Article X.
Terms Applicable Generally to Awards
Granted Under the Plan**

10.1. *Plan Provisions Control Award Terms.* The terms of the Plan shall govern all Awards granted under the Plan, and in no event shall the Committee have the power to grant any Award under the Plan which is contrary to any of the provisions of the Plan. In the event any provision of any Award granted under the Plan shall conflict with any term in the Plan as constituted on the Date of Grant of such Award, the term in the Plan as constituted on the Date of Grant of such Award shall control. Except as provided in Section 10.3 and Section 10.7, the terms of any Award granted under the Plan may not be changed after the Date of Grant of such Award so as to materially decrease the value of the Award without the express written approval of the holder.

10.2. *Award Agreement.* No person shall have any rights under any Award granted under the Plan unless and until the Company and the Participant to whom such Award shall have been granted shall have executed and delivered an Award Agreement or received any other Award acknowledgment authorized by the Committee expressly granting the Award to such person and containing provisions setting forth the terms of the Award.

10.3. *Modification of Award After Grant.* No Award granted under the Plan to a Participant may be modified (unless such modification does not materially decrease the value of the Award) after the Date of Grant except by express written agreement between the Company and the Participant, provided that any such change (a) shall not be inconsistent with the terms of the Plan, and (b) shall be approved by the Committee.

10.4. *Limitation on Transfer.* Except as provided in Section 7.1(c) in the case of Restricted Shares, a Participant's rights and interest under the Plan may not be assigned or transferred other than by will or the laws of descent and distribution, and during the lifetime of a Participant, only the Participant personally (or the Participant's personal representative) may exercise rights under the Plan. The Participant's Beneficiary may exercise the Participant's rights to the extent they are exercisable under the Plan following the death of the Participant. Notwithstanding the foregoing, the Committee may grant Non-Qualified Stock Options that are transferable, without payment of consideration, to

immediate family members of the Participant or to trusts or partnerships for such family members, and the Committee may also amend outstanding Non-Qualified Stock Options to provide for such transferability.

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10.5. *Taxes.* The Company shall be entitled, if the Committee deems it necessary or desirable, to withhold (or secure payment from the Participant in lieu of withholding) the amount of any withholding or other tax required by law to be withheld or paid by the Company with respect to any amount payable and/or shares issuable under such Participant's Award, or with respect to any income recognized upon a disqualifying disposition of shares received pursuant to the exercise of an Incentive Stock Option, and the Company may defer payment or issuance of the cash or shares upon exercise or vesting of an Award unless indemnified to its satisfaction against any liability for any such tax. The amount of such withholding or tax payment shall be determined by the Committee and shall be payable by the Participant at such time as the Committee determines in accordance with the following rules:

- (a) The Participant shall have the right to elect to meet his or her withholding requirement (i) by having withheld from such Award at the appropriate time that number of shares of Common Stock, rounded up to the next whole share, whose Fair Market Value is equal to the amount of withholding taxes due, (ii) by direct payment to the Company in cash of the amount of any taxes required to be withheld with respect to such Award or (iii) by a combination of shares and cash.
- (b) The Committee shall have the discretion as to any Award, to cause the Company to pay to tax authorities for the benefit of any Participant, or to reimburse such Participant for the individual taxes which are due on the grant, exercise or vesting of any share Award, or the lapse of any restriction on any share Award (whether by reason of a Participant's filing of an election under Section 83(b) of the Code or otherwise), including, but not limited to, Federal income tax, state income tax, local income tax and excise tax under Section 4999 of the Code, as well as for any such taxes as may be imposed upon such tax payment or reimbursement.
- (c) In the case of Participants who are subject to Section 16 of the Exchange Act, the Committee may impose such limitations and restrictions as it deems necessary or appropriate with respect to the delivery or withholding of shares of Common Stock to meet tax withholding obligations.

10.6. *Surrender of Awards.* Any Award granted under the Plan may be surrendered to the Company for cancellation on such terms as the Committee and the holder approve.

10.7. *Adjustments to Reflect Capital Changes.*

- (a) *Recapitalization.* The number and kind of shares subject to outstanding Awards, the Purchase Price or Exercise Price for such shares, the number and kind of shares available for Awards subsequently granted under the Plan and the maximum number of shares in respect of which Awards can be made to any Participant in any calendar year shall be appropriately adjusted to reflect any stock dividend, stock split, combination or exchange of shares, merger, consolidation or other change in capitalization with a similar substantive effect upon the Plan or the Awards granted under the Plan. The Committee shall have the power and sole discretion to determine the amount of the adjustment to be made in each case.
- (b) *Merger.* After any Merger in which the Company is the surviving corporation, each Participant shall, at no additional cost, be entitled upon any exercise of all Options or receipt of other Award to receive (subject to any required action by stockholders), in lieu of the number of shares of Common Stock receivable or exercisable pursuant to such Award, the number and class of shares or other securities to which such Participant would have been entitled pursuant to the terms of the Merger if, at the time of the Merger, such Participant had been the holder of record of a number of shares equal to the number of shares receivable or exercisable pursuant to such Award. Comparable rights shall accrue to each Participant in the event of successive Mergers of the character described above. In the event of a Merger in which the Company is not the surviving corporation, the surviving, continuing, successor, or purchasing corporation, as the case may be (the Acquiring Corporation),

shall either assume the Company's rights and obligations under outstanding Award Agreements or substitute awards in respect of the Acquiring Corporation's stock for such outstanding Awards. In the event the Acquiring Corporation fails to assume or substitute for such outstanding Awards, the Board shall provide that any unexercisable and/or

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unvested portion of the outstanding Awards shall be immediately exercisable and vested as of a date prior to such Merger, as the Board so determines. The exercise and/or vesting of any Award that was permissible solely by reason of this Section 10.7(b) shall be conditioned upon the consummation of the Merger. Any Options which are neither assumed by the Acquiring Corporation nor exercised as of the date of the Merger shall terminate effective as of the effective date of the Merger.

- (c) *Options to Purchase Shares or Stock of Acquired Companies.* After any Merger in which the Company or a Subsidiary shall be a surviving corporation, the Committee may grant substituted options under the provisions of the Plan, pursuant to Section 424 of the Code, replacing old options granted under a plan of another party to the Merger whose shares or stock subject to the old options may no longer be issued following the Merger. The foregoing adjustments and manner of application of the foregoing provisions shall be determined by the Committee in its sole discretion. Any such adjustments may provide for the elimination of any fractional shares which might otherwise become subject to any Options.

10.8. *No Right to Employment.* No employee or other person shall have any claim of right to be granted an Award under this Plan. Neither the Plan nor any action taken hereunder shall be construed as giving any employee any right to be retained in the employ of the Company or any of its Subsidiaries.

10.9. *Awards Not Includable for Benefit Purposes.* Payments received by a Participant pursuant to the provisions of the Plan shall not be included in the determination of benefits under any pension, group insurance or other benefit plan applicable to the Participant which is maintained by the Company or any of its Subsidiaries, except as may be provided under the terms of such plans or determined by the Board.

10.10. *Governing Law.* All determinations made and actions taken pursuant to the Plan shall be governed by the laws of the State of Delaware and construed in accordance therewith. Any action, claim, unit or demand brought by or on behalf of a Participant in connection with any Award under this Plan shall be brought in a court of competent jurisdiction over actions arising in Allegheny County, Pennsylvania, the sites of the Company's headquarters and the general operation of its business.

10.11. *No Strict Construction.* No rule of strict construction shall be implied against the Company, the Committee, or any other person in the interpretation of any of the terms of the Plan, any Award granted under the Plan or any rule or procedure established by the Committee.

10.12. *Compliance with Rule 16b-3.* It is intended that unless the Committee determines otherwise, Awards under the Plan be eligible for exemption under Rule 16b-3. The Board is authorized to amend the Plan and to make any such modifications to Award Agreements to comply with Rule 16b-3, as it may be amended from time to time, and to make any other such amendments or modifications as it deems necessary or appropriate to better accomplish the purposes of the Plan in light of any amendments made to Rule 16b-3.

10.13. *Captions.* The captions (i.e., all Section headings) used in the Plan are for convenience only, do not constitute a part of the Plan, and shall not be deemed to limit, characterize or affect in any way any provisions of the Plan, and all provisions of the Plan shall be construed as if no captions have been used in the Plan.

10.14. *Severability.* Whenever possible, each provision in the Plan and every Award at any time granted under the Plan shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of the Plan or any Award at any time granted under the Plan shall be held to be prohibited by or invalid under applicable law, then (a) such provision shall be deemed amended to accomplish the objectives of the provision as originally written to the fullest extent permitted by law and (b) all other provisions of the Plan and every other Award at any time granted under the Plan shall remain in full force and effect.

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10.15. *Amendment and Termination.*

- (a) *Amendment.* The Board shall have complete power and authority to amend the Plan at any time; provided, however, that the Board shall not, without the requisite affirmative approval of stockholders of the Company, make any amendment which materially modifies the Plan by increasing the benefits accrued to Participants under the Plan; increasing the number of securities which may be issued under the Plan; modifying the requirements for participation in the Plan; or including a provision allowing the Board to lapse or waive restrictions at its discretion; or which requires stockholder approval under the Code, unless such compliance is no longer desired under the Code, or under any other applicable law or rule of any stock exchange which lists Common Stock or Company Voting Securities. No termination or amendment of the Plan may, without the consent of the Participant to whom any Award shall theretofore have been granted under the Plan, adversely affect the right of such individual under such Award.
- (b) *Termination.* The Board shall have the right and the power to terminate the Plan at any time. No Award shall be granted under the Plan after the termination of the Plan, but the termination of the Plan shall not have any other effect and any Award outstanding at the time of the termination of the Plan may be exercised after termination of the Plan at any time prior to the expiration date of such Award to the same extent such Award would have been exercisable had the Plan not terminated.

* * * * *

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This proxy, when properly executed, will be voted in the manner directed herein. If you sign and return this card but do not specify a vote, the proxies will vote FOR Items A, B and C and AGAINST Item D and in their discretion on other matters.

The Board of Directors recommends a vote FOR Items A , B and C:

A. Election of the three nominees as directors:

FOR	WITHHELD
the nominees(except as indicated)	from all nominees
o	o

01 H. Kent Bowen, 02 L. Patrick Hassey, 03 John D. Turner

To withhold authority to vote for any nominee(s), write the name(s) of the nominee(s) in the space that follows:

B. Approval of 2007 Incentive Plan.	FOR	AGAINST	ABSTAIN
	o	o	o
C. Ratification of appointment of independent auditors.	FOR	AGAINST	ABSTAIN
	o	o	o
The Board of Directors recommends a vote AGAINST Item D:	FOR	AGAINST	ABSTAIN
D. Stockholder proposal regarding sustainability reporting.	o	o	o
Please check here to request an admission ticket to the Meeting.			o

Signature	Signature	Date
------------------	------------------	-------------

Please sign EXACTLY as your name appears above.

5 FOLD AND DETACH HERE 5
WE ENCOURAGE YOU TO TAKE ADVANTAGE OF INTERNET OR TELEPHONE VOTING,
BOTH ARE AVAILABLE 24 HOURS A DAY, 7 DAYS A WEEK.
Internet and telephone voting is available through 11:59 PM Eastern Time
April 27, 2007.

Your Internet or telephone vote authorizes the Mellon Bank, N.A. to vote your shares in the same manner as if you marked, signed and returned your voting instruction card.

INTERNET

<http://www.proxyvoting.com/ati-emp>

Use the internet to vote your voting instruction card. Have your voting instruction card in hand when you access the web site.

OR

TELEPHONE
1-866-540-5760

Use any touch-tone telephone to vote your voting instruction card. Have your voting instruction card in hand when you call.

If you vote your voting instruction card by

Internet or by telephone, you do NOT need to mail back your voting instruction card.

To vote by mail, mark, sign and date your voting instruction card and return it in the enclosed postage-paid envelope.

**You can view the Annual Report and Proxy Statement
on the Internet at <http://www.alleghenYTECHNOLOGIES.COM>**

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**ALLEGHENY TECHNOLOGIES INCORPORATED
VOTING INSTRUCTION CARD FOR 2007 ANNUAL MEETING**

Allegheny Ludlum Corporation Personal Retirement and 401(k) Savings Account Plan

Allegheny Technologies Retirement Savings Plan

Savings and Security Plan of the Lockport and Waterbury Facilities

The 401(k) Savings Account Plan For Employees of the Washington Plate Plant

The 401(k) Plan

401(k) Savings Account Plan for Employees of the Exton Facility

TDY Industries, Inc. Profit Sharing Plan for Certain Employees of Metalworking Products

The undersigned hereby directs Mellon Bank, N.A., the Trustee of the above Plans, to vote the full number of shares of Common Stock allocated to the account of the undersigned under the Plans, at the Annual Meeting of Stockholders of Allegheny Technologies Incorporated on May 2, 2007, and any adjournments thereof, upon the matters set forth on the reverse of this card, and, in its discretion, upon such other matters as may properly come before such meeting.

PLAN PARTICIPANTS MAY GIVE DIRECTIONS BY TOLL-FREE TELEPHONE OR INTERNET BY FOLLOWING THE INSTRUCTIONS ON THE REVERSE SIDE OR PARTICIPANTS MAY GIVE DIRECTIONS BY COMPLETING, DATING AND SIGNING THIS CARD AND RETURNING IT PROMPTLY IN THE ENCLOSED POSTAGE-PAID ENVELOPE.

If you wish to use this card to vote your shares, please vote, date and sign on the reverse side.

5 FOLD AND DETACH HERE 5

Allegheny Ludlum Corporation Personal Retirement and 401(k) Savings Account Plan

Allegheny Technologies Retirement Savings Plan

Savings and Security Plan of the Lockport and Waterbury Facilities

The 401(k) Savings Account Plan For Employees of the Washington Plate Plant

The 401(k) Plan

401(k) Savings Account Plan for Employees of the Exton Facility

TDY Industries, Inc. Profit Sharing Plan for Certain Employees of Metalworking Products

As a Plan participant, you have the right to direct Mellon Bank, N.A., the Trustee of the above Plans, how to vote the shares of Allegheny Technologies Common Stock that are allocated to your Plan account and shown on the attached voting instruction card. The Trustee will hold your instructions in complete confidence except as may be necessary to meet legal requirements.

You may vote by telephone, Internet or by completing, signing and returning the voting instruction card (above). A postage-paid return envelope is enclosed.

The Trustee must receive your voting instructions by April 27, 2007. If the Trustee does not receive your instructions by April 27, 2007, the Trustee shall vote your shares as the Plan Administrator directs.

You will receive a separate set of proxy solicitation materials for any shares of Common Stock you own other than your Plan shares. **Your non-Plan shares must be voted separately from your Plan shares.**

EASY WAY TO SAVE THE COMPANY MONEY:

Please consider voting by telephone (1-866-540-5760); or

Internet (<http://www.proxyvoting.com/ati-emp>).

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This proxy, when properly executed, will be voted in the manner directed herein. If you sign and return this card but do not specify a vote, the proxies will vote FOR Items A, B and C and AGAINST Item D and in their discretion on other matters.

Please Mark Here for Address Change or Comments
SEE REVERSE SIDE

The Board of Directors recommends a vote FOR Items A , B and C:

A. Election of the three nominees as directors:

FOR	WITHHELD
the nominees(except as indicated)	from all nominees
<input type="radio"/>	<input type="radio"/>

01 H. Kent Bowen, 02 L. Patrick Hassey, 03 John D. Turner

To withhold authority to vote for any nominee(s), write the name(s) of the nominee(s) in the space that follows:

B. Approval of 2007 Incentive Plan.	FOR	AGAINST	ABSTAIN
	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
C. Ratification of appointment of independent auditors.	FOR	AGAINST	ABSTAIN
	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The Board of Directors recommends a vote AGAINST Item D:	FOR	AGAINST	ABSTAIN
D. Stockholder proposal regarding sustainability reporting.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Please check here to request an admission ticket to the Meeting.			<input type="radio"/>

Signature

Signature

Date

Please sign EXACTLY as your name appears above. Joint owners should each sign. When signing as attorney, executor, administrator, trustee or guardian, please give your full title as such.

5 FOLD AND DETACH HERE 5

WE ENCOURAGE YOU TO TAKE ADVANTAGE OF INTERNET OR TELEPHONE VOTING, BOTH ARE AVAILABLE 24 HOURS A DAY, 7 DAYS A WEEK.

Internet and telephone voting is available through 11:59 PM Eastern Time May 1, 2007.

Your Internet or telephone vote authorizes the named proxies to vote your shares in the same manner as if you marked, signed and returned your proxy card.

INTERNET

<http://www.proxyvoting.com/ati>

Use the internet to vote your proxy. Have your proxy card in hand when you access the web site.

OR

TELEPHONE
1-866-540-5760

Use any touch-tone telephone to vote your proxy. Have your proxy card in hand when you call.

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To vote by mail, mark, sign and date your proxy card and return it in the enclosed postage-paid envelope.

Choose **MLinkSM** for fast, easy and secure 24/7 online access to your future proxy materials, investment plan statements, tax documents and more. Simply log on to **Investor ServiceDirect[®]** at www.melloninvestor.com/isd where step-by-step instructions will prompt you through enrollment.

**You can view the Annual Report and Proxy Statement
on the Internet at <http://www.alleghenytechnologies.com>**

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**ALLEGHENY TECHNOLOGIES INCORPORATED
PROXY FOR 2007 ANNUAL MEETING**

Solicited on Behalf of the Board of Directors of Allegheny Technologies Incorporated

The undersigned hereby appoints Richard J. Harshman, Mary W. Snyder and Jon D. Walton or any of them, each with power of substitution and revocation, proxies or proxy to vote all shares of Common Stock which the registered stockholder named herein is entitled to vote with all powers which the stockholder would possess if personally present, at the Annual Meeting of Stockholders of Allegheny Technologies Incorporated on May 2, 2007, and any adjournments thereof, upon the matters set forth on the reverse side of this card, and, in their discretion, upon such other matters as may properly come before such meeting.

STOCKHOLDERS MAY VOTE BY TOLL-FREE TELEPHONE OR THE INTERNET BY FOLLOWING THE INSTRUCTIONS ON THE REVERSE SIDE OR STOCKHOLDERS MAY VOTE BY COMPLETING, DATING AND SIGNING THIS PROXY CARD AND RETURNING IT PROMPTLY IN THE ENCLOSED POSTAGE-PAID ENVELOPE.

**If you wish to use this card to vote your shares, please vote, date and sign on the reverse side.
Address Change/Comments (Mark the corresponding box on the reverse side)**

5 FOLD AND DETACH HERE 5

Dear Stockholder,

Enclosed are materials relating to the Allegheny Technologies 2007 Annual Meeting of Stockholders. The Notice of the Meeting and Proxy Statement describe the formal business to be transacted at the meeting.

Your vote is important. Please vote your proxy promptly whether or not you expect to attend the meeting. You may vote by toll- free telephone, by Internet or by signing and returning the proxy card (above) in the enclosed postage-paid envelope.

Jon D. Walton

Corporate Secretary

EASY WAYS TO SAVE THE COMPANY MONEY

1. Please consider voting by Telephone (1-866-540-5760); or Internet (<http://www.proxyvoting.com/ati>).
2. Please consider consenting to view the Company's future Annual Reports and Proxy Statements electronically, via the Internet. In order to consent go to the website of Allegheny Technologies' Transfer Agent, <http://www.melloninvestor.com/isd>, and follow the prompts.