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ALLEGHENY TECHNOLOGIES INC

Form 11-K

June 25, 2004

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 11-K

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

FOR THE TRANSITION PERIOD FROM \_\_\_\_\_ TO \_\_\_\_\_

COMMISSION FILE NUMBER 1-12001

ALLEGHENY LUDLUM CORPORATION PERSONAL  
RETIREMENT AND 401(K) SAVINGS ACCOUNT PLAN

-----  
(Title of Plan)

ALLEGHENY TECHNOLOGIES INCORPORATED  
(Name of Issuer of securities held pursuant to the Plan)

1000 Six PPG Place, Pittsburgh, Pennsylvania 15222-5479  
(Address of Plan and principal executive offices of Issuer)

AUDITED FINANCIAL STATEMENTS AND SUPPLEMENTAL  
SCHEDULE

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

Years ended December 31, 2003 and 2002

with Report of Independent Registered Public Accounting Firm

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

Audited Financial Statements  
and Supplemental Schedule

Years ended December 31, 2003 and 2002

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Report of Independent Registered Public Accounting Firm

Allegheny Technologies Incorporated

We have audited the accompanying statements of net assets available for benefits of the Allegheny Ludlum Corporation Personal Retirement and 401(k) Savings Account Plan as of December 31, 2003 and 2002, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan at December 31, 2003 and 2002, and the changes in its net assets available for benefits for the years then ended, in conformity with U.S. generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2003 is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing

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procedures applied in our audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

/s/ Ernst & Young LLP

June 18, 2004  
Pittsburgh, Pennsylvania

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

Statements of Net Assets Available for Benefits

	DECEMBER 31	
	2003	2002
	-----	
Investments:		
Interest in Allegheny Technologies Incorporated Savings Plan Trust	\$ 77,595,773	\$ 68,562,589
Interest in registered investment companies	23,191,284	10,334,374
Corporate common stocks	10,674,790	3,976,412
Participant loans	5,619,359	6,072,273
Interest in common collective trusts	134,103	8,616,603
	-----	
Total investments	117,215,309	97,562,251
Other payables, net	(126,616)	(679,148)
	-----	
Net assets available for benefits	\$ 117,088,693	\$ 96,883,103
	=====	

See accompanying notes.

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

Statements of Changes in Net Assets Available for Benefits

	YEARS ENDED DECEMBER 31	
	2003	2002
	-----	
Contributions:		
Employer	\$ 2,412,075	\$ 2,732,080
Employee	5,375,543	5,187,711
	-----	
Total contributions	7,787,618	7,919,800
Investment income (loss):		

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Net gain (loss) from interest in Allegheny Technologies Incorporated Savings Plan Trust	6,817,946	(1,152,89
Net gain (loss) from interest in registered investment companies	4,396,256	(2,544,43
Net gain (loss) from interest in common collective trusts	686,146	(1,309,51
Interest income	340,017	393,00
Dividend income	197,275	347,60
Net realized/unrealized gain (loss) on corporate common stocks	6,606,984	(5,668,37
	-----	-----
Total investment gain (loss)	19,044,624	(9,934,60
	-----	-----
	26,832,242	(2,014,80
Distributions to participants	(6,632,092)	(6,709,03
Plan transfers, net	5,440	(47,90
	-----	-----
	(6,626,652)	(6,756,94
	-----	-----
Net increase (decrease) in net assets available for benefits	20,205,590	(8,771,74
Net assets available for benefits at beginning of year	96,883,103	105,654,84
	-----	-----
Net assets available for benefits at end of year	\$ 117,088,693	\$ 96,883,10
	=====	=====

See accompanying notes.

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

Notes to Financial Statements

December 31, 2003

1. SIGNIFICANT ACCOUNTING POLICIES

Investments are valued as follows:

Bank and insurance investment contracts (investment contracts) with varying contract rates and maturity dates are stated at contract value.

Although it is management's intention to hold the investment contracts in the Fixed Income Master Trust until maturity, certain investment contracts provide for adjustments to contract value for withdrawals made prior to maturity.

All other investments are stated at their net asset value, based on the quoted market prices of the securities held in such funds on applicable exchanges.

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

2. DESCRIPTION OF THE PLAN



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Fixed Income Master Trust	\$ 60,271,858	\$ 56,605,733
Allegheny Technologies Incorporated common stock	10,674,790	3,976,412*
Allegheny Technologies Disciplined Stock Fund Master Trust	9,166,850	6,082,791
Alliance Equity Master Trust	8,157,065	5,874,064
Oakmark Balanced Fund	6,836,824	-*
Dreyfus Emerging Leaders Fund	6,695,196	4,632,483*
Dreyfus Lifestyle Growth and Income Fund	-*	5,243,372

\*Shown for comparative purposes.

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

Notes to Financial Statements (continued)

3. INVESTMENTS (CONTINUED)

Certain of the Plan's investments are in the Allegheny Technologies Incorporated Savings Plan Trust, which has three subsidiary Master Trusts: the Allegheny Technologies Disciplined Stock Fund Master Trust, the Alliance Equity Master Trust, and the Fixed Income Master Trust, which are institutional separate accounts valued on a unitized trust basis (collectively, the "Master Trust"). The Master Trust was established for the investment of assets of the Plan, and several other ATI sponsored retirement plans. Each participating retirement plan has an undivided interest in the Master Trust. At December 31, 2003 and 2002, the Plan's interest in the net assets of the Fixed Income Master Trust, the Alliance Equity Master Trust, and the Allegheny Technologies Disciplined Stock Fund Master Trust was as follows:

	2003	2002
	-----	
Fixed Income Master Trust	31.46%	31.31%
Alliance Equity Master Trust	22.88	22.12
Allegheny Technologies Disciplined Stock Fund Master Trust	11.78	11.07

Investment income and expenses are allocated to the Plan based upon its pro rata share in the net assets of the Master Trust.

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

Notes to Financial Statements (continued)

3. INVESTMENTS (CONTINUED)

The composition of the net assets of the Fixed Income Master Trust at December 31, 2003 and 2002 was as follows:

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	2003	2002
	-----	
Guaranteed investment contracts:		
Canada Life	\$ 2,757,412	\$ 2,757,412
GE Life and Annuity	9,583,804	10,420,327
Hartford Life Insurance Company	10,939,222	10,460,185
John Hancock Life Insurance Company	8,848,178	9,854,982
Monumental Life Insurance Company	2,353,862	2,363,422
New York Life Insurance Company	6,814,589	7,808,955
Ohio National Life	4,652,712	5,976,900
Pacific Mutual Life Insurance Company	6,075,054	6,074,436
Principal Life	1,187,962	1,134,634
Protective Life Insurance Company	1,006,456	1,006,463
Pruco Pace Credit Enhanced	8,947,069	8,689,223
Safeco Life Insurance	-	1,973,290
Security Life of Denver	6,737,205	6,465,137
Sun America, Inc.	-	2,988,024
United of Omaha	7,226,335	7,226,335
	-----	
	77,129,860	85,199,725
Synthetic guaranteed investment contracts:		
Caisse des Depots et Consignations	1,999,995	4,953,210
CIT Equipment	-	996,925
Common Wealth Edison	-	2,999,980
Commit to purchase FNMA 02-74 LC	-	3,071,979
Conn RRB Spec Trust	-	2,948,436
Detroit Edison	-	2,027,941
FHLMC	-	5,977,227
Illinois Power Sp Trust	-	1,971,078
MBNA Master CC Trust	-	1,993,490
MDA Monumental BGI Wrap	33,990,199	41,868,727
Peco Energy Company	-	1,970,899
Peoples Security Life Insurance Company	-	2,491,608
Public Service	-	2,036,624
Bank of America	17,803,044	-
Rabobank	36,635,330	-
Transamerica Occidental	-	6,568,303
Union Bank of Switzerland	14,768,321	174,682
Westdeutsche Landesbank Girozentrale	-	3,556,463
	-----	
	105,196,889	85,607,572
Interest in common collective trusts	8,515,369	7,972,257
Interest-bearing cash	-	212,167
Other	764,537	1,817,668
	-----	
Total net assets	\$ 191,606,655	\$ 180,809,389
	=====	

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Notes to Financial Statements (continued)

3. INVESTMENTS (CONTINUED)

The Fixed Income Fund (the Fund) invests in guaranteed investment contracts (GICs) and actively managed structured or synthetic investment contracts (SICs). The GICs are promises by a bank or insurance company to repay principal plus a fixed rate of return through contract maturity. SICs differ from GICs in that there are specific assets supporting the SICs, and these assets are owned by the Master Trust. The bank or insurance company issues a wrapper contract that allows participant-directed transactions to be made at contract value. The assets supporting the SICs are comprised of government agency bonds, corporate bonds, asset-backed securities (ABOs), and collateralized mortgage obligations (CMOs) with fair values of \$107,926,162 and \$88,750,762 at December 31, 2003 and 2002, respectively.

Interest crediting rates on the GICs in the Fund are determined at the time of purchase. Interest crediting rates on the SICs are either: (1) set at the time of purchase for a fixed term and crediting rate; (2) set at the time of purchase for a fixed term and variable crediting rate, or (3) set at the time of purchase and reset monthly within a "constant duration." A constant duration contract may specify a duration of 2.5 years and the crediting rate is adjusted monthly based upon quarterly rebalancing of eligible 2.5 year duration investment instruments at the time of each resetting; in effect the contract never matures. At December 31, 2003 and 2002, the interest crediting rates for GICs and Fixed Maturity SICs ranged from 3.58% to 8.02% and 3.27% to 8.05%, respectively.

For the years ended December 31, 2003 and 2002, the average annual yield for the investment contracts in the Fund was 5.31% and 5.74%, respectively. Fair value of the GICs was estimated by discounting the weighted average of the Fund's cash flows at the then-current, interest-crediting rate for a comparable maturity investment contract. Fair value for the SICs was estimated based on the fair value of each contract's supporting assets at December 31, 2003 and 2002.

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

Notes to Financial Statements (continued)

3. INVESTMENTS (CONTINUED)

The composition of net assets of the Alliance Equity Master Trust at December 31, 2003 and 2002 was as follows:

	2003	2002
	-----	-----
Investment in pooled separate accounts:		
Alliance Equity Fund S.A. #4	\$ 35,666,427	\$ 26,603,639
Operating payables	(10,616)	(49,895)
	-----	-----
Total net assets	\$ 35,655,811	\$ 26,553,744
	=====	=====

The composition of net assets of the Allegheny Technologies Disciplined Stock Fund Master Trust at December 31, 2003 and 2002 was as follows:



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	2003	2002
	-----	-----
Corporate common stocks	\$ 77,259,404	\$ 53,256,475
Interest in common collective trusts	337,451	1,630,752
Receivables	283,072	67,848
Payables	(42,301)	(25,733)
	-----	-----
Total net assets	\$ 77,837,626	\$ 54,929,342
	=====	=====

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

Notes to Financial Statements (continued)

3. INVESTMENTS (CONTINUED)

The composition of the changes in net assets of the various master trusts is as follows:

	FIXED INCOME MASTER TRUST		ALLIANCE EQUITY MASTER TRUST		DI
			YEARS ENDED DECEMBER 31		
	2003	2002	2003	2002	
Investment income (loss):					
Interest income	\$ 9,953,790	\$ 9,786,577	\$ -	\$ -	\$
Net realized/unrealized gain (loss) on corporate common stocks	-	1,528	-	-	-
Dividends	-	-	-	-	-
Net gain (loss), registered investment companies	45,315	-	-	-	-
Net gain (loss), pooled separate accounts	-	-	9,614,660	(10,652,634)	-
Net gain, common collective trusts	111,616	172,081	-	-	-
Other income	-	69,815	-	-	-
Administrative expenses	(201,917)	(236,944)	(72,409)	(118,618)	-
Transfers	888,462	5,374,077	(440,184)	(2,634,913)	-
Net increase (decrease)	10,797,266	15,167,134	9,102,067	(13,406,165)	-
Total net assets at beginning of year	180,809,389	165,642,255	26,553,744	39,959,909	-
Total net assets at					

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end of year	\$ 191,606,655	\$ 180,809,389	\$ 35,655,811	\$ 26,553,744	\$
	=====	=====	=====	=====	=====

Interest, realized and unrealized gains and losses, and management fees from the master trusts are included in the net gain (loss) from interest in Allegheny Technologies Incorporated Savings Plan Trust on the statements of changes in net assets available for benefits.

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

Notes to Financial Statements (continued)

4. INCOME TAX STATUS

The Plan has received a determination letter from the Internal Revenue Service dated July 25, 2003, stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (the Code) and, therefore, the related trust is exempt from taxation. The determination letter does not include Plan amendments subsequent to July 1, 2001. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The plan administrator believes the Plan is being operated in compliance with the applicable requirements of the Code and, therefore, believes that the Plan, as amended, is qualified and the related trust is tax-exempt.

5. PARTIES-IN-INTEREST

Dreyfus Corporation is the manager of the Dreyfus Mutual Funds that are offered as investment options under this Plan. Dreyfus Service Corporation is the funds' distributor. Dreyfus Corporation and Dreyfus Service Corporation are both wholly owned subsidiaries of Mellon Financial Corporation. Mellon Financial Corporation also owns Mellon Bank, N.A., the trustee for this Plan. Therefore, transactions with these entities qualify as party-in-interest transactions.

6. PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA.

7. RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risk such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

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

EIN: 25-1792394 Plan: 005

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Schedule H, Line 4i--Schedule of Assets (Held at End of Year)

December 31, 2003

DESCRIPTION	UNITS/SHARES	CURRENT VALUE
-----		
Registered Investment Companies		
-----		
Dreyfus Emerging Leaders Fund*	172,913.112	\$ 6,695,196
Dreyfus Bond Market Index *	146,469.653	1,517,426
Dreyfus International Value Fund*	163,994.983	2,710,837
Artisan Funds	99,574.743	2,567,037
Dreyfus Appreciation Fund *	3,401.693	126,339
Oakmark Balanced Fund	310,482.463	6,836,824
Hartford Midcap Fund	29,983.480	738,493
Lord, Abbett Midcap Fund	13,663.709	257,287
MFS Value Fund	8,417.638	171,214
Morgan Stanley Small Growth Fund	21,446.975	231,842
PIMCO - NFJ Fund	10,386.196	260,382
PIMCO - Total Return Fund	18,190.757	194,823
Jennison Growth Fund	67,655.750	883,584
		-----
Total registered investment companies		\$ 23,191,284
		=====
Common Collective Trusts		
-----		
Dreyfus Short-Term Investment Fund*	134,103.470	\$ 134,103
		=====
Corporate Common Stocks		
-----		
Allegheny Technologies Incorporated*	807,472.756	\$ 10,674,790
		=====
Participant loans* (5.0% to 10.5%, with maturities through 2018)		\$ 5,619,359
		=====

\*Party-in-interest

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the administrators of the Plan have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

ALLEGHENY TECHNOLOGIES INCORPORATED  
 ALLEGHENY LUDLUM CORPORATION  
 PERSONAL RETIREMENT AND 401(K)  
 SAVINGS ACCOUNT PLAN

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By: /s/ Richard J. Harshman

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Date: June 25, 2004

Richard J. Harshman  
Executive Vice President-Finance and  
Chief Financial Officer  
(Principal Financial Officer and Duly  
Authorized Officer)