

ALLEGHENY TECHNOLOGIES INC

Form 11-K

June 27, 2006

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**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

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

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005

**o 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

**401(K) SAVINGS ACCOUNT PLAN FOR EMPLOYEES
OF THE EXTON FACILITY**

(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)

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Financial Statements and Supplemental Schedule
401(k) Savings Account Plan for Employees of the Exton Facility
Year Ended December 31, 2005

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Financial Statements
And Supplemental Schedule
401(k) Savings Account Plan for Employees of the Exton Facility
Year Ended December 31, 2005
(Unaudited)

401(k) Savings Account Plan for Employees of the Exton Facility
Financial Statements
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Year Ended December 31, 2005
(Unaudited)
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401(k) Savings Account Plan for Employees of the Exton Facility
 Statements of Net Assets Available for Benefits
 (Unaudited)

	December 31	
	2005	2004
Investments:		
Interest in Allegheny Master Trust	\$ 763,878	\$ 677,448
Interest in registered investment companies	152,975	164,123
Participant loans	129,042	163,427
 Total investments	 1,045,895	 1,004,998
 Contributions receivable	 134	
 Net assets available for benefits	 \$ 1,046,029	 \$ 1,004,998

See accompanying notes.

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401(k) Savings Account Plan for Employees of the Exton Facility
Statement of Changes in Net Assets Available for Benefits
(Unaudited)
Year Ended December 31, 2005

Employee contributions	\$ 7,755
Investment income:	
Net gain from interest in Allegheny Master Trust	33,894
Net gain from interest in registered investment companies	6,587
Interest income	5,072
Total investment income	45,553
Distributions to participants	(12,277)
Net increase in net assets available for benefits	41,031
Net assets available for benefits at beginning of year	1,004,998
Net assets available for benefits at end of year	\$ 1,046,029

See accompanying notes.

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401(k) Savings Account Plan for Employees of the Exton Facility
Notes to Financial Statements
December 31, 2005

1. Significant Accounting Policies

Investments are valued as follows:

Bank and insurance investment contracts are included in the financial statements at contract value, (which represents contributions made under the contract, plus earnings, less withdrawals and administrative expenses), because they are fully benefit responsive. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value. There are no reserves against contract value for credit risk of the contract issuer or otherwise.

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

All other funds 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.

The financial statements are prepared under the accrual basis of accounting.

2. Description of the Plan

The 401(k) Savings Account Plan for Employees of the Exton Facility, formerly known as the Allegheny Rodney (ALstrip) Profit Sharing Plan (the Plan) is a defined contribution plan and is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

The purpose of the Plan is to encourage employee thrift by permitting eligible employees of the Exton facility of Allegheny Ludlum Corporation (the Company) to defer a part of their compensation and contribute such deferral to the Plan. The Company is a wholly-owned subsidiary of Allegheny Technologies Incorporated (ATI, the Plan Sponsor). The Plan allows employees to contribute a portion of eligible wages each pay period through payroll deductions subject to Internal Revenue Code limitations. The Plan allows participants to direct their contributions to any of the investment alternatives. Unless otherwise specified by the participant, contributions are made to the Standish Fixed Income Fund.

Separate accounts are maintained by the Plan Sponsor for each participating employee. Trustee fees and asset management fees charged by the Plan's trustee, Mellon Bank, N.A., for the

Table of Contents401(k) Savings Account Plan for Employees of the Exton Facility
Notes to Financial Statements (continued)**2. Description of the Plan (continued)**

administration of all funds are charged against net assets available for benefits of the respective fund. Certain other expenses of administering the Plan are paid by the Plan Sponsor.

Participants may make in-service and hardship withdrawals as outlined in the plan document. Active employees can borrow up to 50% of their vested account balances minus any outstanding loans. The loan amounts are further limited to a minimum of \$500 and a maximum of \$50,000, and an employee can obtain no more than three loans at one time. Interest rates are determined based on commercially accepted criteria, and payment schedules vary based on the type of the loan. General-purpose loans are repaid over 6 to 60 months, and primary residence loans are repaid over periods from 6 months up to 180 months. Payments are made by payroll deductions.

Further information about the Plan, including eligibility, vesting, contributions, and withdrawals, is contained in the plan documents. Copies of these documents are available from the Plan Sponsor.

3. Investments

The following presents investments that represent 5% or more of the Plan's net assets as of December 31, 2005.

	2005 <i>(Unaudited)</i>
Standish Fixed Income Fund	\$ 438,339
T. Rowe Price Structured Research Common Trust Fund	315,715
Dreyfus Bond Market Index	105,927

Certain of the Plan's investments are in the Allegheny Master Trust, which has three separately managed institutional investment accounts; the T. Rowe Price Structured Research Common Trust Fund (formerly the ATI Disciplined Stock Fund), the Alliance Capital Growth Pool, and the Standish Fixed Income Fund, which were valued on a unitized basis (collectively, the Allegheny Master Trust). In May, 2005, Dreyfus was terminated as the manager of the ATI Disciplined Stock Fund and T. Rowe Price Associates, Inc. (T. Rowe Price) was appointed. At that time all holdings in the institutional investment account managed by Dreyfus were moved to the institutional investment account managed by T. Rowe Price. T. Rowe Price administered the transition of the holdings by transferring securities in kind to the T. Rowe Price Structured Research Common Trust Fund. Trust investments formerly in the ATI Disciplined Stock Fund are reported as T. Rowe Price Structured Research Common Trust Fund investments for all periods presented.

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Notes to Financial statements (continued)**3. Investments (continued)**

The Allegheny 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 Allegheny Master Trust. At December 31, 2005, the Plan's interest in the net assets of the Alliance Capital Growth Pool, the Standish Fixed Income Fund, and the T. Rowe Price Structured Research Common Trust Fund was as follows:

	2005 <i>(Unaudited)</i>
T. Rowe Price Structured Research Common Trust Fund	0.48%
Standish Fixed Income Fund	0.21
Alliance Capital Growth Pool	0.02
Investment income and expenses are allocated to the Plan based upon its pro rata share in the net assets of the Allegheny Master Trust.	
The composition of the net assets of the Standish Fixed Income Fund at December 31, 2005 was as follows:	
Guaranteed investment contracts:	
GE Life and Annuity	\$ 5,423,371
Hartford Life Insurance Company	3,957,897
John Hancock Life Insurance Company	3,007,848
Monumental Life Insurance Company	1,017,237
New York Life Insurance Company	4,678,585
Ohio National Life	1,994,712
Principal Life	1,302,255
Pruco Pace Credit Enhanced	3,699,594
Security Life of Denver	1,511,089
United of Omaha	1,415,656
	28,008,244
Synthetic guaranteed investment contracts:	
State Street Bank	15,346,138
MDA Monumental BGI Wrap	44,677,978
Bank of America	33,678,591
Rabobank	41,850,313
Union Bank of Switzerland	36,377,616
	171,930,636
Interest in common/collective trusts	
Other	12,085,541
Total net assets	746,684
	\$ 212,771,105

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Notes to Financial statements (continued)**3. Investments (continued)**

The Standish 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 Allegheny 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 \$169,324,880 at December 31, 2005.

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, 2005, the interest crediting rates for GICs and Fixed Maturity SICs ranged from 4.15% to 7.08%.

For the year ended December 31, 2005, the average annual yield for the investment contracts in the Fund was 4.59%. 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, 2005.

The composition of net assets of the Alliance Capital Growth Pool at December 31, 2005 was as follows:

	2005
Investment in registered investment companies:	
Alliance Equity Fund S.A. #4	\$ 39,779,750
Operating payables	(11,734)
 Total net assets	 \$ 39,768,016

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Notes to Financial statements (continued)**3. Investments (continued)**

The composition of net assets of the T. Rowe Price Structured Research Common Trust Fund at December 31, 2005 was as follows:

Investment in common collective trusts	\$ 66,391,950
Operating Payables	(126,421)
Total net assets	\$ 66,265,529

The composition of the changes in net assets of the Allegheny Master Trust is as follows:

	Standish Fixed Income Fund	Alliance Capital Growth Pool	T. Rowe Price Structured Research Common Trust Fund
	Year Ended December 31, 2005		
	<i>(Unaudited)</i>		
Investment income:			
Interest income	\$ 9,077,315	\$	\$
Net realized/unrealized loss on corporate common stocks	(543)		(1,585,846)
Dividends			427,913
Net gain, common collective trusts	443,616		4,781,495
Net gain, pooled separate accounts		4,438,949	
Net loss, registered investment companies	(7,739)		
Administrative expenses	(254,334)	(129,310)	(461,975)
Transfers	4,681,472	(2,665,712)	(10,910,725)
Net increase (decrease)	13,939,787	1,643,926	(7,749,138)
Total net assets at beginning of year	198,831,318	38,124,090	74,014,667
Total net assets at end of year	\$ 212,771,105	\$ 39,768,016	\$ 66,265,529

Interest, realized and unrealized gains and losses, and management fees from the Allegheny Master Trust are included in the net gain from interest in Allegheny Master Trust on the statement of changes in net assets available for benefits.

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401(k) Savings Account Plan for Employees of the Exton Facility
Notes to Financial statements (continued)

4. Income Tax Status

The Plan has received a determination letter from the Internal Revenue Service dated August 4, 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. Subsequent to this issuance of the determination letter, the Plan was amended. 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. T. Rowe Price Associates, Inc. is the manager of the T. Rowe Price Structured Research Common Trust Fund. 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. However, no such action may deprive any participant or beneficiary under the Plan of any vested right.

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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Notes to Financial Statements (continued)**8. Reconciliation of Financial Statements to Form 5500**

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500 for the year ended December 31, 2005:

Net assets available for benefits per the financial statements	\$ 1,046,029
Deemed distribution of benefits to participants	(6,269)
Net assets available for benefits per the Form 5500	\$ 1,039,760

The following is a reconciliation of benefits paid to participants per the financial statements to the Form 5500 for the year ended December 31, 2005:

Benefits paid to participants per the financial statements	\$ 12,277
Add: Amounts allocated on Form 5500 to deemed distributions for the year ended December 31, 2005	6,269
Subtract: Amounts allocated on Form 5500 to deemed distributions for the year ended December 31, 2004	(6,269)
Benefits paid to participants per the Form 5500	\$ 12,277

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401(k) Savings Account Plan for Employees of the Exton Facility
 EIN 25-1792394 Plan 002
 Schedule H, Line 4(I) Schedule of Assets (Held at End of Year)
 December 31, 2005

Investment Description	Units/Shares	Current Value
Registered investment companies:		
Dreyfus Bond Market Index Fund*	10,519.0930	\$ 105,927
Oakmark Balanced Fund	1,404.9480	35,095
Dreyfus Emerging Leaders Fund*	87.6820	3,631
Artisan Funds	22.4410	694
Dreyfus Growth & Value International Fund*	117.2200	2,179
Prudential Jennison Growth Fund, Class A Shares	336.5350	5,449
		\$ 152,975
Participant loans (5.00% to 9.0%)*		\$ 129,042

* 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
401(K) SAVINGS ACCOUNT PLAN FOR
EMPLOYEES OF THE EXTON FACILITY**

Date: June 26, 2006 By: /s/ Richard J. Harshman

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