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ALLEGHENY TECHNOLOGIES INC

Form 11-K

June 22, 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

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)

Financial Statements  
And Supplemental Schedule

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

Year ended December 31, 2003

(Unaudited)

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

Financial Statements  
and Supplemental Schedule

Year ended December 31, 2003

(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	
	2003	2002
	-----	-----
Investments:		
Interest in Allegheny Technologies Incorporated Savings Plan Trust	\$669,522	\$630,207
Interest in registered investment companies	162,565	140,731
Participant loans	129,757	81,853
Interest in common collective trusts	-	31,853
	-----	-----
Net assets available for benefits	\$961,844	\$884,644
	=====	=====

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, 2003

Employee contributions	\$ 1,984
Investment income:	
Net gain from interest in Allegheny Technologies Incorporated Savings Plan Trust	75,976
Net gain from interest in registered investment companies	10,295
Net gain from interest in common collective trusts	1,755
Net realized/unrealized gains	7
Interest income	5,688
	-----

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Total investment gain	93,721
	-----
	95,705
Distributions to participants	(18,505)
	-----
Net increase in net assets available for benefits	77,200
Net assets available for benefits at beginning of year	884,644
	-----
Net assets available for benefits at end of year	\$ 961,844
	=====

See accompanying notes.

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

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

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 Fixed Income Master Trust.

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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 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" (age 59-1/2 only) and hardship withdrawals as outlined in the plan document.

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

### Notes to Financial Statements (continued)

#### 2. DESCRIPTION OF THE PLAN (CONTINUED)

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, 2003.

	2003 ----- (Unaudited)
Fixed Income Master Trust	\$381,705
Allegheny Technologies Disciplined Stock Fund Master Trust	283,151
Dreyfus Bond Market Index	128,495

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, the Plan's interest in the net assets of the Allegheny Technologies Disciplined Stock Fund Master Trust, the Fixed Income Master Trust and the Alliance Equity Master Trust were as follows:

2003

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-----  
(Unaudited)

Allegheny Technologies Disciplined Stock Fund Master Trust	0.36%
Fixed Income Master Trust	0.20
Alliance Equity Master Trust	0.01

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

Notes to Financial Statements (continued)

3. INVESTMENTS (CONTINUED)

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

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

	2003
	-----
Guaranteed investment contracts:	
Canada Life	\$ 2,757,412
GE Life and Annuity	9,583,804
Hartford Life Insurance Company	10,939,222
John Hancock Life Insurance Company	8,848,178
Monumental Life Insurance Company	2,353,862
New York Life Insurance Company	6,814,589
Ohio National Life	4,652,712
Pacific Mutual Life Insurance Company	6,075,054
Principal Life	1,187,962
Protective Life Insurance Company	1,006,456
Pruco Pace Credit Enhanced	8,947,069
Security Life of Denver	6,737,205
United of Omaha	7,226,335
	-----
	77,129,860
Synthetic guaranteed investment contracts:	
Caisse des Depots et Consignations	1,999,995
MDA Monumental BGI Wrap	33,990,199
Bank of America	17,803,044
Rabobank	36,635,330
Union Bank of Switzerland	14,768,321
	-----
	105,196,889
Interest in common/collective trusts	8,515,369
Other	764,537
	-----
Total net assets	\$191,606,655
	=====

The Fixed Income Fund (the Fund) invests in guaranteed investment contracts

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(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 at December 31, 2003. The contract value minus the market value of the wrapper contracts at December 31, 2003 was \$2,356,779.

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

Notes to Financial Statements (continued)

3. INVESTMENTS (CONTINUED)

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, the interest crediting rates for GICs and Fixed Maturity SICs ranged from 3.58% to 8.02%.

For the year ended December 31, 2003, the average annual yield for the investment contracts in the Fund was 5.31%. 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.

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

	2003
	-----
	(Unaudited)
Investment in registered investment companies:	
Alliance Equity Fund S.A. #4	\$35,666,427
Operating payables	(10,616)
	-----
Total net assets	\$35,655,811
	=====

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

2003

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	----- (Unaudited)
Corporate common stocks	\$77,259,404
Investment in common collective trusts	337,451
Receivables	283,072
Operating Payables	(42,301)
	-----
Total net assets	\$77,837,626 =====

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

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	ALLEGHENY TECHNOLOGIES DISCIPLINED STOCK FUND MASTER TRUST
	-----	-----	-----
	YEAR ENDED DECEMBER 31, 2003		
	----- (Unaudited)		
Investment income:			
Interest income	\$ 9,953,790	\$ -	\$ 214,654
Net realized/unrealized gain on			
Corporate common stocks	-	-	13,699,382
Dividends	-	-	1,073,159
Net gain, registered			
investment companies	45,315	9,614,660	-
Net gain, common collective trusts	111,616	-	10,183
Administrative expenses	(201,917)	(72,409)	(660,982)
Transfers	888,462	(440,184)	8,571,888
	-----	-----	-----
Net increase	10,797,266	9,102,067	22,908,284
Total net assets at beginning of year	180,809,389	26,553,744	54,929,342
	-----	-----	-----
Total net assets at end of year	\$ 191,606,655 =====	\$ 35,655,811 =====	\$ 77,837,626 =====

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

4. INCOME TAX STATUS

The Plan has received a determination letter from the Internal Revenue Service

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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.

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

Notes to Financial Statements (continued)

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. Trustee and investment fees paid during 2003 were based upon customary and reasonable rates for such services.

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

EIN 25-1792394 Plan 002

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

December 31, 2003

INVESTMENT DESCRIPTION -----	UNITS/SHARES -----	CURRENT VALUE -----
Registered investment companies:		
Dreyfus Bond Market Index Fund*	12,403.010	\$128,495



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Dreyfus Emerging Leaders Fund*	144.931	5,612
Harris Associates - Oakmark Balanced Fund	1,048.671	23,092
Artisan Funds	35.776	922
Dreyfus Growth & Value International Fund*	188.386	3,114
Prudential Jennison Growth Fund, Class A Shares	101.811	1,330
		-----
		\$162,565
		=====
Participant loans (5.00% to 10.5%)*		\$129,757
		=====

\* 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 22, 2004

By: /s/ Richard J. Harshman

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