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ALLEGHENY TECHNOLOGIES INC

Form 11-K

June 27, 2003

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, 2002

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 of principal executive office of Issuer)

AUDITED FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULE  
Allegheny Ludlum Corporation Personal Retirement and 401(k) Savings Account Plan  
Years ended December 31, 2002 and 2001 with Report of Independent Auditors

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

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Audited Financial Statements  
and Supplemental Schedule

Years ended December 31, 2002 and 2001

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

EXHIBITS

23 Consent of Independent Auditors

99 Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Report of Independent Auditors

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, 2002 and 2001, 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 auditing standards generally accepted in the 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, 2002 and 2001, and the changes in its net assets available for benefits for the years then ended, in conformity with accounting principles generally accepted in the United States.

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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, 2002 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 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

Pittsburgh, Pennsylvania  
June 11, 2003

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Allegheny Ludlum Corporation  
Personal Retirement and 401(k) Savings Account Plan  
Statements of Net Assets Available for Benefits

	2002 -----
Investments:	
Interest-bearing cash	\$ -
Interest in Allegheny Technologies Incorporated Savings Plan Trust	68,562,589
Interest in registered investment companies	10,334,374
Interest in common collective trusts	8,616,603
Participant loans	6,072,273
Corporate common stocks	3,976,412
	-----
Total investments	97,562,251
Other (payables) receivables, net	(679,148)
	-----
Net assets available for benefits	\$ 96,883,103 =====

See accompanying notes.

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

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Statements of Changes in Net Assets Available for Benefits

	YEAR END 2002
Contributions:	
Employer	\$ 2,732,088
Employee	5,187,714
	-----
Total contributions	7,919,802
Investment income (loss):	
Net loss from interest in Allegheny Technologies Incorporated Savings Plan Trust	(1,152,894)
Net loss from interest in registered investment Companies	(2,544,431)
Net loss from interest in common collective trusts	(1,309,517)
Interest income	393,001
Dividend income	347,604
Net realized/unrealized loss on corporate common stocks	(5,668,370)
	-----
Total investment loss	(9,934,607)
Plan transfers	-
	-----
	(2,014,805)
Distributions to participants	(6,709,034)
Plan transfers	(47,906)
	-----
	(6,756,940)
	-----
Net (decrease) increase in net assets available for benefits	(8,771,745)
Net assets available for benefits at beginning of year	105,654,848
	-----
Net assets available for benefits at end of year	\$ 96,883,103
	=====

See accompanying notes.

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

Notes to Financial Statements

December 31, 2002

1. SIGNIFICANT ACCOUNTING POLICIES

Investments are valued as follows:

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Bank and insurance 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 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 accounting principles generally accepted in the United States 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 Allegheny Ludlum Corporation Personal Retirement and 401(k) Savings Account Plan (the Plan) is a defined contribution plan and subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

The purpose of the Plan is to provide retirement benefits to eligible employees of Allegheny Ludlum Corporation (ALC) through company contributions and to encourage employee thrift by permitting eligible employees to defer a part of their compensation and contribute such deferral to the Plan. ALC is a wholly owned subsidiary of Allegheny Technologies Incorporated (ATI, the Plan Sponsor). ALC contributes to the Plan \$0.50 per hour worked per eligible union employee. Unless otherwise specified by the participant, all contributions are made to the Fixed Income Fund. Such contributions are made only from current income or accumulated earnings of the Plan Sponsor. The Plan allows participants to direct contributions made on their behalf to any of the investment alternatives. The Plan allows employees to contribute a portion of eligible wages each pay period through payroll deductions subject to Internal Revenue Code limitations. In addition, the employees' annual pretax profit sharing award and pretax Longevity Incentive Payment Plan award may be contributed at the employees' discretion as their deferral.

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

Notes to Financial Statements (continued)

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

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" 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

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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 up to 180 months. Payments are made by payroll deductions.

Effective November 29, 1999, Allegheny Teledyne Incorporated's name was changed to Allegheny Technologies Incorporated. Also, the Aerospace and Electronics and Consumer segments of Allegheny Teledyne were spun off into two new freestanding public companies--Teledyne Technologies Incorporated and Water Pik Technologies, Inc. Stockholders of Allegheny Teledyne became stockholders of Teledyne Technologies Incorporated and Water Pik Technologies, Inc., thus creating two new master trusts. Participants continued to hold interests in the two new companies until December 31, 2002, at which time these two holdings were terminated and the assets were transferred to one of the other plan investment options.

Effective November 1, 2001, Oremet employees belonging to the bargaining unit Local 7150 became eligible to participate in the Plan. Accordingly, plan investments related to these participants were transferred into the Plan.

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

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

#### Notes to Financial Statements (continued)

#### 3. INVESTMENTS

The following presents investments that represent 5% or more of the Plan's net assets:

	DECEMBER 2002
Fixed Income Fund	\$56,605,733
Allegheny Technologies Disciplined Stock Fund	6,082,791
Alliance Equity Fund	5,874,064
Dreyfus Lifestyle Growth and Income Fund	5,243,372
Allegheny Technologies Incorporated common stock	3,976,412*
Dreyfus Emerging Leaders	4,632,483*

\*Shown for comparative purpose

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

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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, 2002 and 2001, the Plan's interest in the net assets of the Allegheny Technologies Disciplined Stock Fund Master Trust, the Alliance Equity Master Trust and the Fixed Income Master Trust were as follows:

	2002
Fixed Income Master Trust	31.31%
Alliance Equity Master Trust	22.12
Allegheny Technologies Disciplined Stock Fund Master Trust	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, 2002 and 2001 was as follows:

	2002
Guaranteed investment contracts:	
Business Men's Assurance Company of America	\$ -
Canada Life	2,757,412
Combined Life Insurance Company	-
GE Life and Annuity	10,420,327
Hartford Life Insurance Company	10,460,185
John Hancock Life Insurance Company	9,854,982
Monumental Life Insurance Company	2,363,422
New York Life Insurance Company	7,808,955
Ohio National Life	5,976,900
Pacific Mutual Life Insurance Company	6,074,436
Principal Life	1,134,634
Protective Life Insurance Company	1,006,463
Pruco Pace Credit Enhanced	8,689,223
Safeco Life Insurance	1,973,290
Security Life of Denver	6,465,137
Sun America, Inc.	2,988,024
United of Omaha	7,226,335
	85,199,725
Synthetic guaranteed investment contracts:	
Caisse des Depots et Consignations	4,953,210

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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	41,868,727
Peco Energy Company	1,970,899
Peoples Security Life Insurance Company	2,491,608
Public Service	2,036,624
Transamerica Occidental	6,568,303
Union Bank of Switzerland	174,682
Westdeutsche Landesbank Girozentrale	3,556,463
	-----
	85,607,572
Interest in common collective trust	7,972,257
Receivables	-
Interest-bearing cash	212,167
Other	1,817,668
	-----
Total net assets	\$180,809,389
	=====

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

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 \$88,750,762 and \$55,854,607 at December 31, 2002 and 2001, respectively. The contract value minus the market value of the wrapper contracts at December 31, 2002 and 2001 is \$(2,667,261) and \$(1,397,030), 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, 2002 and 2001, the interest crediting rates for GICs and Fixed Maturity SICs

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ranged from 3.27% to 8.05% and 3.49% to 8.05%, respectively.

For the years ended December 31, 2002 and 2001, the average annual yield for the investment contracts in the Fund was 5.74% and 6.25%, 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, 2002 and 2001.

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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, 2002 and 2001 was as follows:

	2002
	-----
Investment in registered investment companies:	
Alliance Equity Fund S.A. #4	\$26,603,639
Operating payables	(49,895)
	-----
Total net assets	\$26,553,744
	=====

The composition of net assets of the Allegheny Technologies Disciplined Stock Fund Master Trust at December 31, 2002 and 2001 was as follows:

	2002
	-----
Corporate common stocks	\$53,256,475
Interest in common collective trusts	1,630,752
Receivables	67,848
Payables	(25,733)
	-----
Total net assets	\$54,929,342
	=====

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

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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		ALL DISCIPL
	2002	2001	2002	2001	2002
Investment income (loss):					
Interest income	\$ 9,786,577	\$ 9,147,492	\$ -	\$ -	\$ -
Net realized/unrealized gain (loss) on corporate common stocks	1,528	-	-	-	(17,499)
Dividends	-	-	-	-	-
Net gain (loss), registered investment companies	-	32,606	(10,652,634)	(9,248,179)	-
Net gain, common collective trusts	172,081	401,062	-	-	-
Other income	69,815	-	-	-	-
Administrative expenses	(236,944)	(208,589)	(118,618)	(170,195)	(4,715)
Transfers	5,374,077	11,804,280	(2,634,913)	(1,786,437)	(5,715)
Net increase (decrease)	15,167,134	21,176,851	(13,406,165)	(11,204,811)	(22,615)
Total net assets at beginning of year	165,642,255	144,465,404	39,959,909	51,164,720	77,515
Total net assets at end of year	\$180,809,389	\$165,642,255	\$ 26,553,744	\$ 39,959,909	\$ 54,900

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 statements of changes in net assets available for benefits.

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

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dated November 30, 1995, 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. Therefore, transactions with these entities qualify as party-in-interest.

6. PLAN TERMINATION

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

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

EIN 25-1792394 Plan 005

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

December 31, 2002

DESCRIPTION	UNITS/SHARES
-----	
Registered Investment Companies	
Dreyfus Emerging Leaders Fund*	166,876.191
Dreyfus International Value Fund*	147,955.476
Dreyfus Bond Market Index*	141,519.873
MAS Midcap Growth Fund	148,134.235
Jennison Growth Fund	64,264.600
Total registered investment companies	----- =====
Common Collective Trusts	
Dreyfus Lifestyle Growth and Income Fund*	363,915.185
Dreyfus Short-Term Investment Fund*	709,848.570
Dreyfus Lifestyle Growth Fund*	145,351.251
Dreyfus Lifestyle Income Fund*	47,020.437

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Total common collective trusts

Participant loans\* (5.25% to 10.50% with maturities through 2017)

Corporate Common Stocks  
Allegheny Technologies Incorporated\* 638,268.361

\*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

By: /s/ Richard J. Harshman

Date: June 27, 2003

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

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