

ALLEGHENY TECHNOLOGIES INC

Form DEF 14A

March 17, 2006

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**SCHEDULE 14A
(RULE 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION
PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES
EXCHANGE ACT OF 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Section 240.14a-11c or Section 240.14a-12

ALLEGHENY TECHNOLOGIES INCORPORATED

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:
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 - (2) Form, Schedule or Registration Statement No.:
 - (3) Filing Party:
 - (4) Date Filed:

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1000 Six PPG Place
Pittsburgh, PA 15222-5479

March 17, 2006

To our Stockholders:

We are pleased to invite you to attend the 2006 Annual Meeting of Stockholders. The meeting will be held at 11:00 a.m., Eastern Time, on Thursday, May 4, 2006, in the Grand Ballroom, 17th Floor, Omni William Penn Hotel, 530 William Penn Place, Pittsburgh, Pennsylvania. The location is accessible to disabled persons.

This booklet includes the notice of meeting as well as the Company's proxy statement. Enclosed with this booklet are the following:

Proxy or voting instruction card (including instructions for telephone and Internet voting)

Proxy or voting instruction card return envelope (postage paid if mailed in the U.S.)

A copy of the Company's Annual Report for the year 2005 is also enclosed.

Your Board of Directors recommends that you vote FOR Item A, the election of the three nominees named in this proxy statement; and FOR Item B, the ratification of the appointment of Ernst & Young LLP to serve as the Company's independent auditors for 2006. This proxy statement also outlines many of the corporate governance practices at ATI, discusses our compensation practices and philosophy, and describes the Audit Committee's recommendation to the Board regarding our 2005 financial statements. We encourage you to read these materials carefully.

We urge you to vote promptly, whether or not you expect to attend the meeting.

If you are a stockholder of record and plan to attend the meeting, please mark the appropriate box on the proxy card, or enter the appropriate information by telephone or Internet, so that we can send your admission ticket to you before the meeting.

We look forward to seeing as many of you as possible at the 2006 Annual Meeting.

Sincerely,

L. Patrick Hassey

Chairman, President and Chief Executive Officer

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ALLEGHENY TECHNOLOGIES INCORPORATED
Notice of Annual Meeting of Stockholders

Meeting Date: Thursday, May 4, 2006

Time: 11:00 a.m., Eastern Time

Place: Grand Ballroom
17th Floor
Omni William Penn Hotel
530 William Penn Place
Pittsburgh, Pennsylvania

Record Date: March 7, 2006

Agenda

- 1) Election of three directors;
- 2) Ratification of the appointment of Ernst & Young LLP as independent auditors for 2006; and
- 3) Transaction of any other business properly brought before the meeting.

Stockholder List

A list of stockholders entitled to vote will be available during business hours for 10 days prior to the meeting at the Company's executive offices, 1000 Six PPG Place, Pittsburgh, Pennsylvania 15222-5479, for examination by any stockholder for any legally valid purpose.

Admission to the Meeting

Holders of Allegheny Technologies stock or their authorized representatives by proxy may attend the meeting. If you are a stockholder of record and you plan to attend the meeting, you may obtain an admission ticket from us by mail by checking the box on the proxy card indicating your planned attendance and returning the completed proxy card promptly, or by entering the appropriate information by telephone or the Internet. If your shares are held through an intermediary such as a broker or a bank, you should present proof of your ownership at the meeting. Proof of ownership could include a proxy from your bank or broker or a copy of your account statement.

The approximate date of the mailing of this proxy statement and card as well as a copy of ATI's 2005 Annual Report is March 17, 2006. For further information about Allegheny Technologies, please visit our web site at www.alleghenytechnologies.com.

On behalf of the Board of Directors:

Jon D. Walton

Corporate Secretary

Dated: March 17, 2006

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YOUR VOTE IS IMPORTANT

Please vote as soon as possible. You can help the Company reduce expenses by voting your shares by telephone or Internet; your proxy card contains the instructions. Or, complete, sign and date your proxy card and return it as soon as possible in the enclosed postage-paid envelope.

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**PROXY STATEMENT FOR
2006 ANNUAL MEETING OF STOCKHOLDERS**

QUESTIONS AND ANSWERS

You can help the Company save money by electing to receive future proxy statements and annual reports over the Internet instead of by mail. See question 11 below.

1. Who is entitled to vote at the Annual Meeting?

If you held shares of Allegheny Technologies Incorporated (ATI or the Company) Common Stock at the close of business on March 7, 2006, you may vote at the annual meeting. On that day, 99,855,419 shares of our Common Stock were outstanding. Each share is entitled to one vote.

In order to vote, you must either designate a proxy to vote on your behalf or attend the meeting and vote your shares in person. The Board of Directors requests your proxy so that your shares will count toward a quorum and be voted at the meeting.

2. How do I cast my vote?

There are four different ways you may cast your vote. You may vote by:
telephone, using the toll-free number listed on each proxy or voting instruction card;

the Internet, at the address provided on each proxy or voting instruction card;

marking, signing, dating and mailing each proxy or voting instruction card and returning it in the envelope provided (If you return your signed proxy card but do not mark the boxes showing how you wish to vote, your shares will be voted FOR the election of the three nominees for director named in this proxy statement and FOR the ratification of the appointment of the independent auditors.); or

attending the meeting and voting your shares in person, if you are a stockholder of record (that is, your shares are registered directly in your name on the Company s books and not held through a broker, bank or other nominee). If you are a stockholder of record and wish to vote by telephone or electronically through the Internet, follow the instructions provided on the proxy card. You will need to use the individual control number that is printed on your proxy card in order to authenticate your ownership.

The deadline for voting by telephone or the Internet is 11:59 p.m., Eastern Time, on May 3, 2006.

If your shares are held in street name (that is, they are held in the name of broker, bank or other nominee), or your shares are held in one of the Company s savings or retirement plans, you will receive instructions with your materials that you must follow in order to have your shares voted. For voting procedures for shares held in the Company s savings or retirement plans, see question 6 below.

3. How do I revoke or change my vote?

You may revoke your proxy or change your vote at any time before it is voted at the meeting by:
notifying the Corporate Secretary at the Company s executive office;

transmitting a proxy dated later than your prior proxy either by mail, telephone or Internet; or

attending the annual meeting and voting in person or by proxy (except for shares held in street name through a broker, bank or other nominee, or in the Company s savings or retirement plans).

The latest-dated, timely, properly completed proxy that you submit, whether by mail, telephone or the Internet, will count as your vote. If a vote has been recorded for your shares and you submit a proxy card that is not properly signed and dated, the previously recorded vote will stand.

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4. What shares are included on the proxy or voting instruction card?

The shares on your proxy or voting instruction card represent those shares registered directly in your name, those held on account in the Company's dividend reinvestment plan and shares held in the Company's savings and retirement plans. If you do not cast your vote, your shares (except those held in the Company's savings and retirement plans) will not be voted. See question 6 for an explanation of the voting procedures for shares in the Company's savings and retirement plans.

5. What does it mean if I get more than one proxy or voting instruction card?

If your shares are registered differently and are in more than one account, you will receive more than one card. Please complete and return all of the proxy or voting instruction cards you receive (or vote by telephone or the Internet all of the shares on each of the proxy or voting instruction cards you receive) in order to ensure that all of your shares are voted.

6. How are shares that I hold in a Company savings or retirement plan voted?

If you hold ATI Common Stock in one of the Company's savings or retirement plans, you may tell the plan trustee how to vote the shares of Common Stock allocated to your account. You may either sign and return the voting instruction card provided by the plan or transmit your instructions by telephone or the Internet. If you do not transmit instructions, your plan shares will be voted as the plan administrator directs or as otherwise provided in the plan.

7. How are shares held by a broker, bank or other nominee voted?

If you hold your shares of ATI Common Stock in street name through a broker, bank or other nominee account, you are a beneficial owner of the shares. In order to vote your shares, you must give voting instructions to your broker, bank or other intermediary who is the nominee holder of your shares. The Company asks brokers, banks and other nominee holders to obtain voting instructions from the beneficial owners of shares that are registered in the nominee's name. Proxies that are transmitted by nominee holders on behalf of beneficial owners will count toward a quorum and will be voted as instructed by the nominee holder.

8. What is a quorum?

A majority of the outstanding shares, present or represented by a proxy, constitutes a quorum. There must be a quorum for the meeting to be held. You are part of the quorum if you have voted by proxy or voting instruction card. Abstentions, broker non-votes and votes withheld from director nominees count as shares present at the meeting for purposes of determining a quorum.

9. What is the required vote for a proposal to pass?

The director nominees receiving the highest number of votes will be elected to fill the seats on the Board. Only votes for or withheld affect the outcome. Abstentions are not counted for purposes of the election of directors. Approval of the other item requires the favorable vote of a majority of the votes cast. Only votes for and against the proposal count. Abstentions and broker non-votes do not count in the voting results. A broker non-vote occurs when a broker, bank or other nominee holder does not vote on a particular item because the nominee holder does not have discretionary authority to vote on that item and has not received instructions from the beneficial owner of the shares. Broker non-votes will not affect the outcome of any of the matters being voted upon at the meeting, and they are not counted as shares voting with respect to the matter on which the broker has not voted expressly. Abstentions have the effect of a negative vote.

10. Is my vote confidential?

The Company maintains a policy of keeping stockholder votes confidential.

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11. Can I, in the future, receive my proxy statement and annual report over the Internet?

Stockholders can elect to view future Company proxy statements and annual reports over the Internet instead of receiving paper copies in the mail and thus can save the Company the cost of producing and mailing these documents.

Costs normally associated with electronic access, such as usage and telephonic charges, will be borne by you.

If you are a stockholder of record, you can choose to receive future annual reports and proxy statements electronically by following the prompt if you choose to vote over the Internet. If you hold your Company stock in street name (such as through a broker), check the information provided by your nominee for instructions on how to elect to view future proxy statements and annual reports over the Internet.

Stockholders who choose to view future proxy statements and annual reports over the Internet will receive instructions containing the Internet address for those materials, as well as voting instructions, approximately four weeks before future meetings.

If you enroll to view the Company's future annual reports and proxy statements electronically and vote over the Internet, your enrollment will remain in effect for all future stockholders' meetings unless you cancel it.

To cancel, stockholders of record should access www.melloninvestor.com/isd and follow the instructions to cancel your enrollment. You should retain your control number appearing on your enclosed proxy card. If you hold your Company stock in street name, check the information provided by your nominee holder for instructions on how to cancel your enrollment.

If at any time you would like to receive a paper copy of the annual report or proxy statement, please write to Allegheny Technologies Incorporated, Corporate Secretary, 1000 Six PPG Place, Pittsburgh, Pennsylvania 15222-5479.

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ATI CORPORATE GOVERNANCE AT A GLANCE

This list provides some highlights from the Allegheny Technologies corporate governance program. You can find details about these and other corporate governance policies and practices in the following pages of the proxy statement and in the corporate governance section of the About Us page of our web site at www.alleghenytechnologies.com.

Over 75% of our directors are independent. Mr. Hassey is the only ATI officer on the Board and Mr. Bozzone, our former Chairman, is the only other non-independent director.

Non-management directors meet in regularly scheduled executive sessions without management; independent directors meet in executive session at least annually.

Stockholders can communicate with the non-management directors.

The Audit Committee, Nominating and Governance Committee, and Personnel and Compensation Committee are composed entirely of independent directors.

All standing committees have a written charter that is reviewed and reassessed annually.

The Chairman of the Audit Committee has been designated as an audit committee financial expert.

Stockholders annually ratify the Audit Committee's selection of independent auditors.

Our internal audit function reports directly to the Audit Committee.

Our Corporate Governance Guidelines have been adopted and are disclosed on our web site.

We have an annual self-evaluation process for the Board and each standing committee.

Our Board evaluates individual directors whose terms are nearing expiration but who may be proposed for re-election.

Our *Corporate Guidelines for Business Conduct and Ethics* for directors, officers, and employees are disclosed on our web site.

Our Nominating and Governance Committee will consider director candidates recommended by stockholders.

We have adopted stock ownership guidelines for executive officers.

We have stock ownership guidelines for non-management directors.

We provide confidential stockholder voting.

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OUR CORPORATE GOVERNANCE

Corporate Governance Guidelines

ATI's Board of Directors has adopted Corporate Governance Guidelines. The Guidelines are designed to assist the Board in the exercise of its duties and responsibilities to the Company. They reflect the Board's commitment to monitor the effectiveness of decision making at the Board and management level, with a view to achieving ATI's strategic objectives. They are subject to modification by the Board from time to time. You can find the Company's Corporate Governance Guidelines, as well as the charters for all Board committees, including the Audit Committee, the Nominating and Governance Committee, and the Personnel and Compensation Committee, and the *Corporate Guidelines for Business Conduct and Ethics*, on our web site at www.alleghenytechnologies.com, by first clicking "About Us" and then "Our Corporate Governance" or "Our Ethics". Copies will also be mailed to stockholders on written request directed to the Corporate Secretary, Allegheny Technologies Incorporated, 1000 Six PPG Place, Pittsburgh, PA 15222-5479.

Number and Independence of Directors

The Board of Directors determines the number of directors. The Board currently consists of ten members. In accordance with the ATI Corporate Governance Guidelines, at least 75% of ATI's directors are, and at least a substantial majority of ATI's directors will be, independent under the NYSE definition of independence and the Company's categorical board independence standards, which are set forth in the ATI Corporate Governance Guidelines and attached to this proxy statement as Appendix A. A director is independent only if the director is a non-management director and, in the Board's judgment, does not have a material relationship with the Company or its management.

In addition to L. Patrick Hassey, the current Chairman, President and Chief Executive Officer of the Company, the Board considers Robert P. Bozzone, a former Chairman, President and Chief Executive Officer of the Company, to be a management director.

The Board has determined that the remaining eight of the Company's current directors are independent. Seven of the Company's directors have no relationships with the Company other than being directors and stockholders of the Company. One of the Company's directors, James E. Rohr, is Chairman and Chief Executive Officer of The PNC Financial Services Group, Inc. (PNC). The Company has a \$325 million secured revolving credit facility with a syndicate of 14 financial institutions, including PNC Bank, National Association, a subsidiary of PNC, as lender and administrative and collateral agent. The Company pays fees to PNC Bank under the terms of this facility. The Company also invests in three money market funds managed by BlackRock, Inc. PNC currently holds a 70% interest in BlackRock. During 2005, the Company paid fees to PNC and its affiliates representing a de minimis portion of both the Company's revenues and PNC's revenues. Mr. Rohr's compensation is not affected by the fees the Company pays to PNC. The Board has determined that the transactions between the Company and PNC are commercial transactions carried out at arm's length in the ordinary course of business, are not material to PNC or Mr. Rohr, do not and would not potentially influence Mr. Rohr's objectivity as a member of the Company's Board of Directors in a manner that would have a meaningful impact on his ability to satisfy requisite fiduciary standards on behalf of the Company and its stockholders and do not preclude a determination that Mr. Rohr's relationship with the Company in his capacity as Chairman and Chief Executive Officer of PNC is immaterial and that Mr. Rohr is an independent director.

The Board has also determined that each member of the Audit Committee satisfies the enhanced standards of independence applicable to Audit Committee members under the listing standards and rules of the New York Stock Exchange (NYSE) and the Securities and Exchange Commission (SEC).

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Director Terms

The directors are divided into three classes and the directors in each class generally serve for a three-year term unless the director is unable to serve due to death, retirement or disability. The term of one class of directors expires each year at the annual meeting of stockholders. The Board may fill a vacancy by electing a new director to the same class as the director being replaced. The Board may also create a new director position in any class and elect a director to hold the newly created position. It is expected that new directors that the Board adds to the Board to fill vacancies will stand for election by the stockholders at the next annual meeting.

Committees of the Board of Directors

Standing Committees

The Board of Directors has the following standing committees: Audit Committee, Finance Committee, Nominating and Governance Committee, Personnel and Compensation Committee, Technology Committee and Executive Committee.

Only independent directors are permitted to serve on the Audit Committee, the Nominating and Governance Committee, and the Personnel and Compensation Committee. Audit Committee members must meet an additional independence standard under the NYSE rules. Specifically, Audit Committee members may not receive any compensation from the Company other than their directors' compensation. Each committee has a written charter that describes its responsibilities. Each of the Audit Committee, the Nominating and Governance Committee and the Personnel and Compensation Committee has the authority, as it deems appropriate, to independently engage outside legal, accounting or other advisors or consultants. In addition, each committee annually conducts a review and evaluation of its performance. You can find the current charters of each committee on our web site at www.alleghenytechnologies.com by first clicking About Us, then clicking Our Corporate Governance and then clicking Committee Charters. The current charters will also be mailed to stockholders upon written request.

Audit Committee

The current members of the Audit Committee are Michael J. Joyce (Chairman), Diane C. Creel, James C. Diggs, and John D. Turner. The Board of Directors has determined that these committee members have no financial or personal ties to the Company (other than director compensation and equity ownership as described in this proxy statement) that would impact their independence and that they meet the NYSE standards for independence. The Board of Directors has also determined that Michael J. Joyce meets the SEC criteria of an audit committee financial expert and meets the NYSE standard of having accounting or related financial management expertise. Mr. Joyce has over 35 years of accounting, auditing and consulting experience, having most recently served as New England Managing Partner of Deloitte & Touche USA LLP prior to his retirement in May 2004. The Board of Directors has determined that, given the depth and breadth of Mr. Joyce's background and experience, and his recent retirement, Mr. Joyce's simultaneous service on the audit committees of three other public companies will not impair his ability to effectively serve on the Company's Audit Committee.

The Audit Committee assists the Board in its oversight of the integrity of ATI's financial statements, ATI's compliance with legal and regulatory requirements, the qualifications and independence of ATI's independent auditors, and the performance of ATI's internal audit function and independent auditors. The Committee has the authority and responsibility for the appointment, retention, compensation and oversight of ATI's independent auditors, including pre-approval of all audit and non-audit services to be performed by the independent auditors.

The independent auditors and the internal auditors have full access to the Committee and meet with the Committee, with (and on a routine basis without) management being present, to discuss all appropriate matters.

The Audit Committee report appears at page 19. The charter of the Audit Committee is attached as Appendix B.

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Finance Committee

The Finance Committee makes recommendations and provides guidance to the Board regarding major financial policies of the Company. It also serves as named fiduciary of the employee benefit plans maintained by the Company.

Nominating and Governance Committee

The Nominating and Governance Committee is responsible for overseeing corporate governance matters. It oversees the annual evaluation of the Company's Board and its committees. It also recommends to the Board individuals to be nominated as directors. This includes evaluation of new candidates as well as an individual evaluation of current directors who are being considered for re-election. This Committee is responsible for administering ATI's director compensation programs. The Committee also performs other duties as are described in the ATI Corporate Governance Guidelines.

Personnel and Compensation Committee

The Personnel and Compensation Committee establishes and annually reassesses the executive compensation program. Its Report on Executive Compensation begins on page 20.

The Personnel and Compensation Committee reviews and approves corporate goals and objectives relevant to CEO compensation, evaluates the CEO's performance in light of those goals and objectives and determines and approves the CEO's compensation level (either as a Committee or together with the other independent directors, as directed by the Board) based on this evaluation. The Personnel and Compensation Committee also reviews and approves non-CEO executive officer compensation, and makes recommendations to the Board with respect to incentive compensation plans and equity-based plans that require Board approval. The Personnel and Compensation Committee also administers ATI's incentive compensation plans.

None of the members of the Personnel and Compensation Committee is an employee of the Company and each member is an outside director for the purposes of the corporate compensation provisions contained in Section 162(m) of the Internal Revenue Code.

Technology Committee

The Technology Committee reviews changing technologies and evaluates how they affect the Company and its technical capabilities.

Executive Committee

The Executive Committee acts on behalf of the Board when an emergency arises or scheduling makes it otherwise difficult for the full Board to convene or on specific actions that the Board refers to this committee.

Board and Committee Membership Director Attendance at Meetings

During 2005, the Board of Directors held seven meetings. The Board's committees consisted of the six standing committees described above.

The non-management directors meet separately from the other directors in regularly scheduled executive sessions without members of management (except to the extent that the non-management directors request the attendance of a member of management). The Chairman of the Board, if non-management, serves as Chair of these meetings. If the Chairman is not non-management or the Chairman so chooses, the position of Chair rotates on a per meeting basis, in the order specified in the ATI Corporate Governance Guidelines, among the non-management Chairs of the Board's committees.

In 2005, all directors attended at least 75% of the Board meetings and committee meetings of which they were members, and average attendance at Board and committee meetings was approximately 96%.

We typically schedule a Board meeting in conjunction with our annual meeting of stockholders and expect that our directors will attend, absent a valid reason, such as a schedule conflict. Last year, nine of the 11 individuals then serving as directors attended our annual meeting.

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The table below identifies the directors that the Board has determined to be independent and provides Board committee memberships as of February 28, 2006. The table also sets forth the number of meetings held by each Board committee in 2005.

Director	Independent	Audit ⁽¹⁾	Finance	Nominating and Governance	Personnel and Compensation	Technology	Executive
H. K. Bowen	X			X		X ₍₂₎	
R. P. Bozzone			X			X	X
D. C. Creel	X	X	X ₍₂₎	X	X		
J. C. Diggs	X	X	X	X			
L. P. Hassey							X ₍₂₎
M. J. Joyce	X	X ₍₂₎					
W. C. McClelland	X			X ₍₂₎	X	X	
J. E. Rohr	X				X ₍₂₎		X
L. T. Thomas	X					X	
J. D. Turner	X	X	X			X	
Number of Meetings in 2005		11	5	3	3	1	0

⁽¹⁾ The Board has determined that all members of the Audit Committee are independent under the listing standards and rules of the NYSE and the Securities and Exchange Commission

⁽²⁾ Committee Chairperson

Director Compensation

In 2005, non-employee directors received an annual retainer fee of \$60,000 for services as a director. An annual fee of \$5,000 is also paid to each committee chair. Directors also are paid \$1,500 per day for Board meetings and \$1,000 for each committee meeting attended. Directors who are employees of the Company do not receive any compensation for their services on the Board or its committees.

We pay our directors travel, lodging, meal and other expenses connected with their Board service. In addition, certain benefits were made available to Mr. Bozzone, the retired chairman of ATI's Board of Directors in 2005, as a retired chief executive of the Company, including office space, secretarial services and parking space at ATI's headquarters building.

The Board encourages directors to obtain a meaningful stock ownership interest in the Company. Under the terms of the Company's Non-Employee Director Stock Compensation Plan (the "Director Stock Plan"), each non-employee director receives at least 25% of the annual retainer fee in the form of ATI Common Stock and/or options to acquire

Common Stock. Directors will be expected to own shares of ATI Common Stock having a market value of at least two times the annual retainer amount by December 31, 2009, or within five years of first becoming a director, whichever occurs first, and at least three times the annual retainer amount within a reasonable time thereafter.

Under the Director Stock Plan, options to purchase 1,000 shares of Common Stock are granted to non-employee directors at the conclusion of each annual meeting of stockholders. The purchase price of the Common Stock covered by these annual options is the fair market value of the Common Stock on the date the option is granted.

In December 2004, the Board froze and discontinued the Company's Fee Continuation Plan for Non-Employee Directors. Under the frozen Plan, for members of the Board as of January 1, 2005, an amount equal to the annual retainer fee in effect for 2004, which was \$28,000, will be paid for each year of the director's credited service as a director (as defined in the Plan) up to a maximum of ten years.

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Corporate Guidelines for Business Conduct and Ethics

ATI has a code of ethics and business conduct, which we refer to as the *Corporate Guidelines for Business Conduct and Ethics*, that applies to all directors, officers and employees, including our principal executive officer, our principal financial officer, and our controller and chief accounting officer. ATI has had a code of conduct for many years. We require all directors, officers and employees to adhere to these Corporate Guidelines in addressing legal and ethical issues encountered in their work. The Corporate Guidelines require that our directors, officers and employees avoid conflicts of interest, comply with all laws, conduct business in an honest and ethical manner and otherwise act with integrity in all of their actions by or on behalf of the Company. Our Corporate Guidelines include a Code of Ethics specifically for our Chief Executive Officer, our Chief Financial Officer and all other financial officers and executives, which supplements the general principles set forth in the Corporate Guidelines and is intended to promote honest and ethical conduct, full and accurate reporting, and compliance with laws as well as other matters. During 2005, our employees were required to certify that they reviewed and understood the Corporate Guidelines. In addition, all officers and managers are required to certify as to their compliance with the standards set forth in the Corporate Guidelines.

The Company encourages employees to communicate concerns before they become problems. We believe that building and maintaining trust, respect and communications between employees and management and between fellow employees is critical to the overriding goal of efficiently producing high quality products, providing the maximum level of customer satisfaction, and ultimately fueling profitability and growth. Only the Audit Committee of the Board of Directors can amend or grant waivers from the provisions of the Guidelines relating to the Company's executive officers and directors and any such amendments or waivers will be promptly posted on our web site at www.alleghenytechnologies.com. To date, no such amendments have been made or waivers granted.

A copy of the *Corporate Guidelines for Business Conduct and Ethics*, which includes the Code of Ethics, is available on our web site at www.alleghenytechnologies.com by first clicking About Us and then Our Ethics and will be mailed to stockholders on written request directed to the Corporate Secretary, Allegheny Technologies Incorporated, 1000 Six PPG Place, Pittsburgh, PA 15222-5479.

Identification and Evaluation of Candidates for Director

The Board is responsible for recommending director nominees to the stockholders and for selecting directors to fill vacancies between stockholder meetings. The Nominating and Governance Committee recommends candidates to the Board. The Nominating and Governance Committee is comprised entirely of independent directors under the applicable rules and regulations of the NYSE and Securities and Exchange Commission. The Committee operates under a written charter adopted by the Board of Directors. A copy of the Committee's charter is available at the Company's web site at www.alleghenytechnologies.com by first clicking About Us and then Our Corporate Governance. Paper copies can be obtained by writing to the Corporate Secretary, Allegheny Technologies Incorporated, 1000 Six PPG Place, Pittsburgh, PA 15222-5479.

The Committee considers director candidates suggested by members of the Committee, other directors, senior management and stockholders.

Preliminary interviews of director candidates may be conducted by the Chairman of the Nominating and Governance Committee or, at his request, any other member of the Committee or the Chairman of the Board. Background material pertaining to director candidates is distributed to the members of the Committee for their review. Director candidates who the Committee determines merit further consideration are interviewed by the Chairman of the Committee and other Committee members, directors and key senior management. The results of these interviews are considered by the Nominating and Governance Committee in its deliberations.

Director candidates are generally selected on the basis of the following criteria: their business or

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professional experience, recognized achievement in their respective fields, their integrity and judgment, their ability to devote sufficient time to the affairs of the Company, the diversity of their backgrounds and the skills and experience that their membership adds to the overall competencies of the Board, and the needs of the Company from time to time. Nominees must also represent the interests of all stockholders. In accordance with the retirement policy for directors set forth in the ATI Corporate Governance Guidelines, a person who is 72 years or older cannot be elected to serve on the Board.

In evaluating the needs of the Board, the Nominating and Governance Committee considers the qualifications of sitting directors and consults with other members of the Board (including as part of the Board's annual self-evaluation), the Chairman, President and Chief Executive Officer and other members of senior management. At a minimum, all recommended candidates must exemplify the highest standards of personal and professional integrity, meet any required independence standards, and be willing and able to constructively participate in and contribute to Board and committee meetings. Additionally, the Committee conducts individual reviews of current directors whose terms are nearing expiration, but who may be proposed for re-election, in light of the considerations described above and their past contributions to the Board.

Stockholders may nominate candidates for election to the Board by following the procedures described in ATI's certificate of incorporation. Stockholder-recommended candidates will not be evaluated on a different basis from other candidates. The provisions of ATI's certificate of incorporation generally require that written notice of a nomination be received by the Corporate Secretary, who will forward the information to the Nominating and Governance Committee of the Board of Directors for the Committee's consideration, not less than 75 days and not more than 90 days before the first anniversary of the date of the preceding year's annual meeting. For our annual meeting in the year 2007, we must receive this notice on or after February 3, 2007 and on or before February 18, 2007. The notice must contain certain information about the nominee, including his or her age, address, occupation and share ownership, as well as the name, address and share ownership of the stockholder giving notice.

Stockholders may obtain a copy of the full text of the provisions of our certificate of incorporation by writing to the Corporate Secretary, Allegheny Technologies Incorporated, 1000 Six PPG Place, Pittsburgh, PA 15222-5479. A copy of our certificate of incorporation has been filed with the Securities and Exchange Commission and can be viewed on our web site at www.alleghenytechnologies.com by first clicking "About Us" and then "Our Corporate Governance."

Process for Stockholder Communications with Directors

We maintain a process for stockholders to communicate with the Board of Directors or any individual director. ATI stockholders who want to communicate with the Board or any individual director can write to:

Allegheny Technologies Incorporated
Corporate Secretary
Board Administration
1000 Six PPG Place
Pittsburgh, PA 15222-5479

or call 1-877-787-9761 (toll free). Your letter or message should indicate that you are an ATI stockholder. Depending on the subject matter, the Corporate Secretary will:

forward the communication to the director or directors to whom it is addressed;

attempt to handle the inquiry directly as, for example, where it is a request for information about the Company or it is a stock-related matter; or

not forward the communication if it is primarily commercial in nature or it relates to an improper or irrelevant topic. At each Board meeting, the Corporate Secretary presents a summary of all communications received since the last meeting that were not forwarded and makes those communications available to the directors on request.

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2007 Annual Meeting and Stockholder Proposals

Under Rule 14a-8 of the Securities and Exchange Commission, proposals of stockholders intended to be presented at the 2007 Annual Meeting of Stockholders must be received no later than November 17, 2006 for inclusion in the proxy statement and proxy card for that meeting. In addition, the Company's certificate of incorporation provides that in order for nominations or other business to be properly brought before an annual meeting by a stockholder, the stockholder must give timely notice thereof in writing to the Corporate Secretary. To be timely, the provisions of ATI's certificate of incorporation generally require that notice be received by the Corporate Secretary not less than 75 days and not more than 90 days before the first anniversary of the date of the preceding year's annual meeting. For our annual meeting in the year 2007, we must receive this notice on or after February 3, 2007 and on or before February 18, 2007. The notice mu