ALLEGHENY TECHNOLOGIES INC
Form 11-K
June 25, 2007

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, 2006

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

SAVINGS AND SECURITY PLAN OF THE LOCKPORT AND WATERBURY FACILITIES

(Title of Plan)

ALLEGHENY TECHNOLOGIES INCORPORATED

(Name of Issuer of securities held pursuant to the Plan)

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

Audited Financial Statements and Supplemental Schedule
Savings and Security Plan of the Lockport and Waterbury Facilities
Years Ended December 31, 2006 and 2005
With Report of Independent Registered Public Accounting Firm

Savings and Security Plan of the
Lockport and Waterbury Facilities
Audited Financial Statements
and Supplemental Schedule
Years Ended December 31, 2006 and 2005

Contents

Report of Independent Registered Public Accounting Firm

Allegheny Technologies Incorporated

We have audited the accompanying statements of net assets available for benefits of the Savings and Security Plan of the Lockport and Waterbury Facilities as of December 31, 2006 and 2005, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Plan s internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and 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, 2006 and 2005, and the changes in its net assets available for benefits for the years then ended, in conformity with U.S. generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2006, 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. This 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

June 22, 2007

Pittsburgh, Pennsylvania

Savings and Security Plan of the
Lockport and Waterbury Facilities
Statements of Net Assets Available for Benefits

	December 31	
	2006	**2005**
Investments at fair value:		
Interest in Allegheny Master Trust	**$4,770,000**	$5,088,073
Interest in registered investment companies	**2,236,844**	1,991,791
Corporate common stocks	**1,259,908**	667,805
Participant loans	**413,686**	309,942
Interest in common collective trusts	**319,590**	518
Total investments at fair value	**9,000,028**	8,058,129
Employer contribution receivable		1,387
Employee contributions receivable		4,754
Other receivables, net	**531**	67
Other liabilities	**(316,175)**	
Net assets available for benefits at fair value	**8,684,384**	8,064,337
Adjustment from fair value to contract value for fully benefit responsive investment contracts	**60,199**	56,136
Net assets available for benefits	**$8,744,583**	$8,120,473

See accompanying notes.

Savings and Security Plan of the
Lockport and Waterbury Facilities
Statements of Changes in Net Assets Available for Benefits

	Years Ended December 31	
	2006	**2005**
Contributions:		
Employer	**$ 76,897**	$ 77,562
Employee	**249,993**	246,713
Total contributions	**326,890**	324,275
Investment income:		
Net realized/unrealized gain on corporate common stocks	**746,031**	275,838
Net gain from interest in Allegheny Master Trust	**243,159**	246,052
Net gain from interest in registered investment companies	**221,394**	127,465
Interest income	**24,016**	15,285
Dividend income	**5,167**	5,643
Net gain from interest in common collective trusts	**1,339**	478
Total investment income	**1,241,106**	670,761
	1,567,996	995,036
Distributions to participants	**(943,846)**	(369,717)
Fees	**(40)**	(1)
	(943,886)	(369,718)
Net increase in net assets available for benefits	**624,110**	625,318
Net assets available for benefits at beginning of year	**8,120,473**	7,495,155
Net assets available for benefits at end of year	**$8,744,583**	$8,120,473

See accompanying notes.

Savings and Security Plan of the
Lockport and Waterbury Facilities
Notes to Financial Statements
December 31, 2006

1. Significant Accounting Policies

Use of Estimates and Basis of Accounting

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.

New Accounting Pronouncement

In December 2005, the Financial Accounting Standards Board (FASB) issued FASB Staff Position AAG INV-1 and SOP 94-4-1, *Reporting of Fully Benefit-Responsive Investment Contracts Held by Certain Investment Companies Subject to the AICPA Investment Company Guide and Defined-Contribution Health and Welfare and Pension Plans* (the FSP). The FSP defines the circumstances in which an investment contract is considered fully benefit responsive and provides certain reporting and disclosure requirements for fully benefit responsive investment contracts in defined contribution health and welfare and pension plans. The financial statement presentation and disclosure provisions of the FSP are effective for financial statements issued for annual periods ending after December 15, 2006 and are required to be applied retroactively to all prior periods presented for comparative purposes. The Plan has adopted the provisions of the FSP at December 31, 2006.

As required by the FSP, investments in the accompanying Statements of Net Assets Available for Benefits include fully benefit responsive investment contracts recognized at fair value. AICPA Statement of Position 94-4-1, *Reporting of Investment Contracts Held by Health and Welfare Benefit Plans and Defined Contribution Pension Plans,* as amended*,* requires fully benefit responsive investment contracts to be reported at fair value in the Plan s Statement of Net Assets Available for Benefits with a corresponding adjustment to reflect these investments at contract value. The requirements of the FSP have been applied retroactively to the Statement of Net Assets Available for Benefits as of December 31, 2005 presented for comparative purposes. Adoption of the FSP had no effect on the Statement of Changes in Net Assets Available for Benefits or the total of net assets available for benefits for any period presented.

Investment Valuation and Income recognition

The Plan s investments are stated at fair value except for its benefit-responsive investment contracts, which are valued at contract value (see Note 3). Quoted market prices are used to value investments. Share of mutual funds are valued at the net asset value of shares held by the Plan at year end. Participant loans are valued at their outstanding balances, which approximate fair value.

Savings and Security Plan of the
Lockport and Waterbury Facilities
Notes to Financial Statements (continued)

1. Significant Accounting Policies (continued)

Investments in bank and insurance company guaranteed investment contracts (GICs) and in synthetic investment contracts (SICs) are stated at contract value which is equal to principal balance plus accrued interest, because they are fully benefit-responsive. As provided in the FSP, an investment contract is generally permitted to be valued at contract value, rather than fair value, to the extent it is fully benefit-responsive. Fair value of the GICs was estimated by discounting the weighted average cash flows at the then-current interest crediting rate for a comparable maturity investment contract. Fair value of the SICs was estimated based on the fair value of each contract s supporting assets at December 31, 2006 and 2005. 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 Mellon Fixed Income Fund until maturity, certain investment contracts provide for adjustments to contract value for withdrawals made prior to maturity.

2. Description of the Plan

The Savings and Security Plan of the Lockport and Waterbury Facilities (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 provide a savings and retirement plan to eligible employees of the Lockport and Waterbury Facilities of affiliates of Allegheny Technologies Incorporated (ATI, the Plan Sponsor) by allowing a portion of their salary to be set aside each month through payroll deductions. The Plan allows employees to contribute a portion of eligible wages each pay period through payroll deductions subject to Internal Revenue Code limitations. The Company contributes $0.50 for each hour worked by the participant. The Plan allows participants to direct their contributions, and contributions made on their behalf, to any of the investment alternatives.

Unless otherwise specified by the participant, employer contributions are made to the Standish Mellon 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 administration of all funds are charged against net assets available for benefits of the respective

Savings and Security Plan of the
Lockport and Waterbury Facilities
Notes to Financial Statements (continued)

2. Description of the Plan (continued)

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. Participants are fully vested in their entire participant account balance.

Active employees can borrow up to 50% of their vested account balances. 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 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, summary plan description, and related contracts. 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:

	December 31	
	2006	**2005**
Standish Mellon Fixed Income Fund (contract value)	**$4,289,637**	$4,759,428
Allegheny Technologies Incorporated common stock	**1,259,908**	667,805
Dreyfus Emerging Leaders Fund	**493,305**	618,338

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 Mellon Fixed Income Fund, which was 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.

Savings and Security Plan of the
Lockport and Waterbury Facilities
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, 2006 and 2005, the Plan s interest in the net assets of the Alliance Capital Growth Pool, the Standish Mellon Fixed Income Fund, and the T. Rowe Price Structured Research Common Trust Fund was as follows:

	2006	2005
Standish Mellon Fixed Income Fund	**1.81%**	2.24%
T. Rowe Price Structured Research Common Trust Fund	**0.48**	0.45
Alliance Capital Growth Pool	**0.56**	0.22

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

Savings and Security Plan of the
Lockport and Waterbury Facilities
Notes to Financial Statements (continued)

3. Investments (continued)

The composition of the net assets of the Standish Mellon Fixed Income Fund at December 31, 2006 and 2005 was as follows:

	2006	2005
Guaranteed investment contracts:		
GE Life and Annuity	**$**	$ 5,453,333
Hartford Life Insurance Company		3,978,336
John Hancock Life Insurance Company		3,022,363
Monumental Life Insurance Company		1,020,997
New York Life Insurance Company	**895,330**	4,703,449
Ohio National Life		2,005,322
Principal Life	**1,368,618**	1,307,756
Pruco Pace Credit Enhanced		3,716,096
Security Life of Denver		1,517,224
United of Omaha		1,422,965
	2,263,948	28,147,841
Synthetic guaranteed investment contracts:		
Bank of America	**28,662,260**	33,323,362
IXIS Financial Products, Inc.	**4,030,074**	
MDA Monumental BGI Wrap		43,967,438
Monumental Life	**60,286,128**	
Rabobank	**53,011,207**	41,435,067
State Street Bank	**21,292,911**	15,290,983
Union Bank of Switzerland	**39,206,620**	35,642,109
	206,489,200	169,658,959
Interest in common collective trusts	**24,622,702**	12,443,974
Total net assets at fair value	**233,375,850**	210,250,774
Wrap contracts at fair value	**(49,959)**	(22,731)
Adjustment from fair value to contract value for fully benefit responsive investment contracts	**3,381,661**	2,543,062
Total net assets	**$236,707,552**	$212,771,105

The Standish Mellon 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).

Savings and Security Plan of the
Lockport and Waterbury Facilities
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, 2006 and 2005, the interest crediting rates for GICs and Fixed Maturity SICs ranged from 4.30% to 5.56% and 4.15% to 7.08%, respectively.

Average yields for all fully-benefit responsive investment contracts for the years ended December 31, 2006 and 2005 were as follows:

	Year ended December 31	
	2006	**2005**
Average yields:		
Based on actual earnings	**4.75%**	4.56%
Based on interest rate credited to participants	**4.64%**	4.44%

The composition of net assets of the Alliance Capital Growth Pool at December 31, 2006 and 2005 was as follows:

	2006	**2005**
Investment in pooled separate accounts:		
Alliance Equity Fund S.A. #4	**$34,335,972**	$39,779,750
Operating payables	**(10,572)**	(11,734)
Total net assets	**$34,325,400**	$39,768,016

Savings and Security Plan of the
Lockport and Waterbury Facilities
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, 2006 and 2005 was as follows:

	2006	2005
Interest in common collective trusts	**$72,210,981**	$66,391,950
Payables	**(34,228)**	(126,421)
Total net assets	**$72,176,753**	$66,265,529

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

	Standish Mellon Fixed Income Fund		Alliance Capital Growth Pool		T. Rowe Price Structured Research Common Trust Fund	
	Years Ended December 31					
	2006	2005	2006	2005	2006	2005
Investment income (loss):						
Interest income	**$ 9,196,721**	$ 9,077,315	**$**	$	**$**	$
Net realized/unrealized gain (loss) on corporate common stocks	**6,246**	(543)		(1)	**11,900**	(1,585,846)
Dividends						427,913
Net loss, registered investment companies		(7,739)				
Net gain (loss), pooled separate accounts			**(283,791)**	4,438,949		
Net gain, common collective trusts	**851,445**	443,616			**10,226,870**	4,781,495
Administrative expenses	**(242,636)**	(254,334)	**(98,140)**	(129,310)	**(403,225)**	(461,975)
Transfers	**14,124,671**	4,681,472	**(5,060,685)**	(2,665,712)	**(3,924,321)**	(10,910,725)
Net increase (decrease)	**23,936,447**	13,939,787	**(5,442,616)**	1,643,926	**5,911,224**	(7,749,138)
Total net assets at beginning of year	**212,771,105**	198,831,318	**39,768,016**	38,124,090	**66,265,529**	74,014,667

Total net assets at end of year	**$236,707,552**	$212,771,105	**$34,325,400**	$39,768,016	**$72,176,753**	$ 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 statements of changes in net assets available for benefits.

Savings and Security Plan of the
Lockport and Waterbury Facilities
Notes to Financial Statements (continued)

4. Income Tax Status

The Plan has received a determination letter from the Internal Revenue Service dated July 11, 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 that the Plan is being operated in compliance with the applicable requirements of the Code and, therefore, believes that the Plan 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. The Boston Company is the manager of the Short Term Investment Fund. Dreyfus Corporation, Dreyfus Service Corporation and The Boston Company are 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.

Savings and Security Plan of the
Lockport and Waterbury Facilities
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:

	December 31 2006
Net assets available for benefits per the financial statements	$ 8,744,583
Deemed distribution of benefits to participants	(18,068)
Net assets available for benefits per the Form 5500	$ 8,726,515

Savings and Security Plan of the
Lockport and Waterbury Facilities
EIN: 25-1792394 Plan: 007
Schedule H, Line 4i Schedule of Assets (Held at End of Year)
December 31, 2006

Description	Units/Shares		Current Value
Registered Investment Companies:			
Dreyfus Bond Market Index*	15,635.7100	$	156,201
Dreyfus Emerging Leaders Fund*	14,203.9980		493,305
Artisan Funds	2,641.9980		80,475
Dreyfus Appreciation Fund*	269.9900		11,823
Oakmark Balanced Funds	12,823.7080		331,878
PIMCO Total Return Funds	11,478.5000		119,147
Hartford Midcap Funds	5,614.7750		151,543
Lord, Abbett Mid Cap Funds	4,816.0600		107,880
MFS Value Funds	3,929.3280		105,188
Morgan Stanley Small Co	8,932.9360		118,906
Allianz NFJ Funds	5,537.4980		173,047
Dreyfus International Value Fund*	14,151.5610		276,804
Jennison Growth Fund	6,730.3870		110,647
Total registered investment companies		$	2,236,844
Participant loans* (8.25% to 9.25%, with maturities through 2012)	413,685.9700	$	413,686
Corporate Common Stocks			
Allegheny Technologies Incorporated*	13,894.0000	$	1,259,908
Common Collective Trusts			
The Boston Company Short Term Investment Fund*	319,590.3700	$	319,590

* Party-in-interest

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 SAVINGS AND SECURITY PLAN OF THE LOCKPORT AND WATERBURY FACILITIES

By: /s/ Richard J. Harshman

Date: June 22, 2007

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