

ALLEGHENY TECHNOLOGIES INC

Form 11-K

June 25, 2012

Table of Contents

**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**

x **ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF  
1934 [NO FEE REQUIRED]**  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

“ **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 principal executive offices of Issuer)

**Table of Contents**

AUDITED FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULE

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

Years Ended December 31, 2011 and 2010

With Report of Independent Registered Public Accounting Firm

**Table of Contents**

Allegheny Ludlum Corporation  
Personal Retirement and 401(k) Savings Account Plan  
Audited Financial Statements  
and Supplemental Schedule  
Years Ended December 31, 2011 and 2010

**Contents**

|   |    |
|---|----|
| <u>Report of Independent Registered Public Accounting Firm</u>        | 1  |
| Audited Financial Statements  |    |
| <u>Statements of Net Assets Available for Benefits</u>                | 2  |
| <u>Statements of Changes in Net Assets Available for Benefits</u>     | 3  |
| <u>Notes to Financial Statements</u>                                  | 4  |
| Supplemental Schedule   |    |
| <u>Schedule H, Line 4i - Schedule of Assets (Held at End of Year)</u> | 13 |

**Table of 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 Allegheny Ludlum Corporation Personal Retirement and 401(k) Savings Account Plan as of December 31, 2011 and 2010, 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, 2011 and 2010, 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 conducted 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, 2011, 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. Such information is the responsibility of the Plan's management. The information 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 25, 2012

**Table of Contents**

## Allegheny Ludlum Corporation

## Personal Retirement and 401(k) Savings Account Plan

## Statements of Net Assets Available for Benefits

|  | December 31           |                |
|--|-----------------------|----------------|
|  | 2011                  | 2010           |
| Investments at fair value:   |                       |                |
| Interest in synthetic investment contracts   | \$ 60,105,819         | \$ 58,384,997  |
| Interest in common collective trusts   | 42,689,281            | 1,567,292      |
| Interest in registered investment companies  | 33,872,509            | 71,809,353     |
| Corporate common stock   | 28,310,912            | 27,022,843     |
| Interest-bearing cash and cash equivalents   |                       | 10,935,311     |
| <b>Total investments at fair value</b>   | <b>164,978,521</b>    | 169,719,796    |
| Notes receivable from participants   | 6,281,511             | 6,300,016      |
| Employer contribution receivable   | 1,113                 | 336            |
| Employee contributions receivable  | 6,625                 | 7,501          |
|  | <b>6,289,249</b>      | 6,307,853      |
| Net assets available reflecting investments at fair value                                      | 171,267,770           | 176,027,649    |
| Adjustment from fair value to contract value for fully benefit-responsive investment contracts | (2,419,113)           | (1,775,262)    |
| <b>Net assets available for benefits</b>   | <b>\$ 168,848,657</b> | \$ 174,252,387 |

*See accompanying notes.*

**Table of Contents**

## Allegheny Ludlum Corporation

## Personal Retirement and 401(k) Savings Account Plan

## Statements of Changes in Net Assets Available for Benefits

|   | Years Ended December 31 |                |
|---|-------------------------|----------------|
|   | 2011                    | 2010           |
| <b>Contributions:</b>   |                         |                |
| Employer  | \$ 2,120,355            | \$ 1,997,830   |
| Employee  | 7,074,655               | 5,962,055      |
| Rollovers   | 149,533                 | 223,093        |
| <b>Total contributions</b>  | <b>9,344,543</b>        | 8,182,978      |
| Interest income on notes receivable from participants               | 356,613                 | 382,622        |
| <b>Investment income/(loss):</b>                                    |                         |                |
| Net gain/(loss) on corporate common stocks                          | (2,548,858)             | 6,080,780      |
| Net gain/(loss) from interest in common collective trusts           | (1,235,661)             | 884,267        |
| Net gain from interest in registered investment companies           | 189,771                 | 8,513,847      |
| Dividends   | 82                      |                |
| Interest income   |                         | 657,352        |
| Other income  | 1,699,710               | 1,624,053      |
| <b>Total investment income/(loss)</b>                               | <b>(1,894,956)</b>      | 17,760,299     |
|   | <b>7,806,200</b>        | 26,325,899     |
| Distributions to participants                                       | (12,866,244)            | (11,322,420)   |
| Fees  | (343,686)               | (278,393)      |
|   | <b>(13,209,930)</b>     | (11,600,813)   |
| <b>Net increase/(decrease) in net assets available for benefits</b> | <b>(5,403,730)</b>      | 14,725,086     |
| Net assets available for benefits at beginning of year              | 174,252,387             | 159,527,301    |
| <b>Net assets available for benefits at end of year</b>             | <b>\$ 168,848,657</b>   | \$ 174,252,387 |

*See accompanying notes.*

**Table of Contents**

Allegheny Ludlum Corporation

Personal Retirement and 401(k) Savings Account Plan

Notes to Financial Statements

December 31, 2011

**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, accompanying notes and supplemental schedules. Actual results could differ from those estimates.

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

*Investment Valuation*

Investments are reported at fair value. Fully benefit-responsive investment contracts held by a defined contribution plan are 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. Contract value is the relevant measurement attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The contract value represents contributions plus earnings, less participant withdrawals and administrative expenses.

*Participant Loans*

Notes receivable from participants represent participant loans that are recorded at their unpaid principal balance plus any accrued but unpaid interest. Interest income on notes receivable from participants is recorded when it is earned. Related fees are recorded as administrative expenses and are expensed when they are incurred. No allowance for credit losses were recorded as of December 31, 2011 or 2010. If a participant ceases to make a note repayment and the plan administrator deems the note to be a distribution, the note receivable balance is reduced and a benefit payment is recorded.

*Recent Accounting Pronouncements*

In May 2011, the Financial Accounting Standards Board ( FASB ) issued Accounting Standards Update ( ASU ) No. 2011-04, Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and International Financial Reporting Standards. ASU 2011-04 was issued to provide a consistent definition of fair value and ensure that the fair value measurement and disclosure requirements are similar between U.S. GAAP and International Financial Reporting Standards. ASU 2011-04 changes certain fair value measurement principles and enhances the disclosure requirements particularly for Level 3 fair value measurements. This pronouncement is effective for reporting periods beginning on or after December 15, 2011, with early adoption prohibited. The new guidance will require prospective application. The adoption of this pronouncement is not expected to have a material impact on the Plan's financial statements.



**Table of Contents**

Allegheny Ludlum Corporation

Personal Retirement and 401(k) Savings Account Plan

Notes to Financial Statements (continued)

**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 is 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 LLC (AL) and effective July 2007, eligible employees of the Albany, Oregon location of Oregon Metallurgical Corporation (Oremet) 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. AL and Oremet are wholly owned subsidiaries of Allegheny Technologies Incorporated (ATI, the Plan Sponsor). AL contributes to the Plan \$0.75 per hour worked per eligible union employee. With respect to eligible Oremet employees, effective September 2007 and each September thereafter, Oremet will contribute the sum of \$100 multiplied by an employee's years of service; and Oremet will contribute \$15,000 to the account of each eligible employee who retires during the scheduled term of the collective bargaining agreement beginning July 1, 2007 (subject to a maximum of 46 employees over the term of the contract and a maximum of 14 employees per contract year). Unless otherwise specified by the participant, contributions are made to the QDIA (Qualified Default Investment Alternative), The Vanguard Target Retirement Fund that most closely matches the participants 65<sup>th</sup> birthday date (e.g. Vanguard Target Retirement Income 2020 Fund). Such contributions are made only from current income or accumulated earnings of the Plan Sponsor. The Plan allows participants to direct their contributions, and 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. Additionally, AL employees' annual pretax profit sharing award and pretax Longevity Incentive Payment Plan award may be contributed at the employees' discretion as their deferral.

Separate accounts are maintained by the Plan Sponsor for each participating employee. Trustee fees and asset management fees charged by the Plan's trustee, Mercer Trust Company, 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. Participants are fully vested in their entire participant account.

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

**Table of Contents**

Allegheny Ludlum Corporation

Personal Retirement and 401(k) Savings Account Plan

Notes to Financial Statements (continued)

**2. Description of the Plan (continued)**

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.

**3. Investments**

The BNY Mellon Stable Value 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 Plan. 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), common collective trusts (CCT), a pooled separate account, and collateralized mortgage obligations (CMOs).

Interest crediting rates on the GICs in the Fund are determined at the time of purchase. The Fund had no GIC investments for the periods presented. 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.

Average yields for all fully benefit-responsive investment contracts for the years ended December 31, 2011 and 2010 were as follows:

|   | <b>Years Ended December 31</b> |              |
|---|--------------------------------|--------------|
|   | <b>2011</b>                    | <b>2010</b>  |
| Based on actual earnings                        | <b>2.54%</b>                   | <b>3.01%</b> |
| Based on interest rate credited to participants | <b>2.31%</b>                   | <b>2.90%</b> |

Although it is management's intention to hold the investment contracts in the Fund until maturity, certain investment contracts provide for adjustments to contract value for withdrawals made prior to maturity. If the Plan were deemed to be in violation of ERISA or lose its tax exempt status, among other events, the issuers of the fully responsive investment contracts would have the ability to terminate the contracts and settle at an amount different from contract value.

**Table of Contents**

Allegheny Ludlum Corporation

Personal Retirement and 401(k) Savings Account Plan

Notes to Financial Statements (continued)

**3. Investments (continued)**

Certain investments are subject to restrictions or limitations if the Plan Sponsor decided to entirely exit an investment. Investments in registered investment companies and the Fund may require at least 30 days prior notice to completely withdraw from the investments. The targeted date fund investments held in common collective trusts currently do not require the prior approval of the investment manager if the Plan Sponsor decides to entirely exit these investments, but prior trade date notification is necessary to effect timely securities settlement or delivery of an investment's liquidation and transfer to another investment.

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

|  | December 31          |               |
|--|----------------------|---------------|
|  | 2011                 | 2010          |
| Allegheny Technologies Incorporated common stock         | <b>\$ 28,310,912</b> | \$ 27,022,843 |
| Prudential Core Conservative Intermediate Bond Fund***   | <b>18,775,225</b>    | 19,019,640    |
| Vanguard Target Retirement 2020 Fund                     | <b>11,563,119</b>    | 11,141,508    |
| EB Temporary Investment Fund of Bank of New York Mellon* |                      | 10,935,311    |

\*Current year presented for comparative purposes only

\*\*\* Held within SICs

Investments in SICs at contract value that represent 5% or more of the Plan's net assets were as follows:

|  | December 31          |               |
|--|----------------------|---------------|
|  | 2011                 | 2010          |
| Monumental Life Ins. Co. Constant Duration SIC | <b>\$ 18,264,360</b> | \$ 18,916,868 |
| Prudential Constant Duration SIC               | <b>17,827,903</b>    | 18,446,727    |
| United of Omaha Fixed Maturity SIC**           | <b>12,340,957</b>    |               |
| State Street Bank Constant Duration SIC*       |                      | 10,186,253    |

\*Current year presented for comparative purposes only

\*\*Prior year presented for comparative purposes only

**4. Fair Value Measurements**

In accordance with accounting standards, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The accounting standards establish a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date.

**Table of Contents**

Allegheny Ludlum Corporation

Personal Retirement and 401(k) Savings Account Plan

Notes to Financial Statements (continued)

**4. Fair Value Measurements (continued)**

*Determination of Fair Value*

Fair value is based upon quoted market prices, where available. If listed prices or quotes are not available, fair value is based upon models that primarily use, as inputs, market-based or independently sourced market parameters, including yield curves, interest rates, volatilities, equity or debt prices, foreign exchange rates and credit curves. In addition to market information, models may also incorporate transaction details, such as maturity. Valuation adjustments, such as liquidity valuation adjustments, may be necessary when the Plan is unable to observe a recent market price for a financial instrument that trades in inactive (or less active) markets. Liquidity adjustments are not taken for positions classified within Level 1 (as defined below) of the fair value hierarchy.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

*Valuation Hierarchy*

The three levels of inputs to measure fair value are as follows:

Level 1 Quoted prices in active markets for identical assets and liabilities.

Level 2 Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

**Table of Contents**

Allegheny Ludlum Corporation

Personal Retirement and 401(k) Savings Account Plan

Notes to Financial Statements (continued)

**4. Fair Value Measurements (continued)**

*Valuation Methodologies*

The valuation methodologies used for assets and liabilities measured at fair value, including their general classification based on the fair value hierarchy, includes the following:

**Cash and cash equivalents** Where the net asset value (NAV) is a quoted price in a market that is active, it is classified within Level 1 of the valuation hierarchy. In certain cases, NAV is a quoted price in a market that is not active, or is based on quoted prices for similar assets and liabilities in active markets, and these investments are classified within Level 2 of the valuation hierarchy.

**Corporate common stocks** These investments are valued at the closing price reported on the major market on which the individual securities are traded. Substantially all common stock is classified within Level 1 of the valuation hierarchy.

**Common collective trust funds and pooled separate accounts** These investments are investment vehicles valued using the NAV provided by the administrator of the fund. The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. The NAV is a quoted price in a market that is not active and classified within Level 2 of the valuation hierarchy.

**Registered investment companies** These investments are public investment vehicles valued using the NAV provided by the administrator of the fund. The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. Where the NAV is a quoted price in a market that is active, it is classified within Level 1 of the valuation hierarchy. In certain cases, NAV is a quoted price in a market that is not active, or is based on quoted prices for similar assets and liabilities in active markets, and these investments are classified within Level 2 of the valuation hierarchy.

**Corporate debt instruments, U.S. government and federal agency obligations, U.S. government-sponsored entity obligations, ABOs, CMOs and other** Where quoted prices are available in an active market, the investments are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available for the specific security, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows. When quoted market prices for the specific security are not available in an active market, they are classified within Level 2 of the valuation hierarchy.

**Table of Contents**

## Allegheny Ludlum Corporation

## Personal Retirement and 401(k) Savings Account Plan

## Notes to Financial Statements (continued)

**4. Fair Value Measurements (continued)**

Synthetic investment contracts Fair value is based on the underlying investments. The underlying investments include government agency bonds, corporate bonds, CCTs, a pooled separate account, ABOs and CMOs. Because inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, synthetic investment contracts are classified within Level 2 of the valuation hierarchy.

The following tables present the financial instruments carried at fair value by caption on the statements of net assets available for benefits and by category of the valuation hierarchy (as described above). The Plan had no assets classified within Level 3 of the valuation hierarchy. There were no reclassifications of assets between levels of the valuation hierarchy for the periods presented.

Assets measured at fair value on a recurring basis:

| <b>December 31, 2011</b>                        | <b>Level 1</b>       | <b>Level 2</b>        | <b>Total</b>          |
|---|----------------------|-----------------------|-----------------------|
| Interest in synthetic investment contracts (a)  | \$                   | \$ 60,105,819         | \$ 60,105,819         |
| Interest in common collective trusts (b)        |                      | 42,689,281            | 42,689,281            |
| Interest in registered investment companies (c) | 33,872,509           |                       | 33,872,509            |
| Corporate common stock (d)                      | 28,310,912           |                       | 28,310,912            |
| <b>Total assets at fair value</b>               | <b>\$ 62,183,421</b> | <b>\$ 102,795,100</b> | <b>\$ 164,978,521</b> |

- a) This class includes approximately 13% government and government agency bonds, 1% corporate bonds, 3% residential mortgage-backed securities, 7% commercial mortgage-backed securities, 11% pooled separate accounts, 63% common/collective trusts, and 2% asset-backed securities. The CCTs within this asset class employ a strategy designed to satisfy investors seeking current income and capital appreciation.
- b) This class includes approximately 20% fixed income funds and 80% target dated funds. The target dated funds employ a strategy designed to become more conservative over time as the participant approaches the age of retirement.
- c) This class includes approximately 52% U.S. equity funds, 12% non-U.S. equity funds, 17% balanced funds, and 19% fixed income fund.
- d) Comprised of ATI common stock.

**Table of Contents**

## Allegheny Ludlum Corporation

## Personal Retirement and 401(k) Savings Account Plan

## Notes to Financial Statements (continued)

**4. Fair Value Measurements (continued)**

| <b>December 31, 2010</b>                        | <b>Level 1</b> | <b>Level 2</b> | <b>Total</b>   |
|---|----------------|----------------|----------------|
| Interest in synthetic investment contracts (a)  | \$             | \$ 58,384,997  | \$ 58,384,997  |
| Interest in common collective trusts (b)        |                | 1,567,292      | 1,567,292      |
| Interest in registered investment companies (c) | 71,809,353     |                | 71,809,353     |
| Corporate common stock (d)                      | 27,022,843     |                | 27,022,843     |
| Interest-bearing cash and cash equivalents      | 10,935,311     |                | 10,935,311     |
| Total assets at fair value                      | \$ 109,767,507 | \$ 59,952,289  | \$ 169,719,796 |

a) This class includes approximately 23% government and government agency bonds, 22% corporate bonds, 26% residential mortgage-backed securities, 11% commercial mortgage-backed securities, 4% short-term investments, and 14% asset-backed securities.

b) This class includes approximately 100% fixed income funds.

c) This class includes approximately 30% U.S. equity funds, 8% non-U.S. equity funds, 10% balanced funds, 46% target date funds, and 6% fixed income funds.

d) Comprised of ATI common stock.

**5. Income Tax Status**

The Plan has received a determination letter from the Internal Revenue Service (IRS) dated October 22, 2011, 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 with respect to amendments through June 1, 2009. Subsequent to the effective date of the amendments addressed by the determination letter, the Plan was amended on December 21, 2010, effective January 1, 2011. 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.

The plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2011, there are no uncertain positions taken or expected to be taken. The earliest tax year open to U.S. Federal examination is 2008.

**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.

**Table of Contents**

Allegheny Ludlum Corporation

Personal Retirement and 401(k) Savings Account Plan

Notes to Financial Statements (continued)

**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.



**Table of Contents**

Allegheny Ludlum Corporation

Personal Retirement and 401(k) Savings Account Plan

EIN: 25-1792394 Plan: 005

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

December 31, 2011

| Description  | Current Value |
|--|---------------|
| <b>Registered Investment Companies</b>             |               |
| Alliance Bernstein Small Mid Cap Value Fund        | \$ 6,281,404  |
| American Funds Europacific Growth Fund             | 3,711,979     |
| American Funds Growth Fund of America              | 5,906,774     |
| MFS Value Fund                                     | 1,723,372     |
| MSIF Small Company Growth Fund                     | 3,901,181     |
| Vanguard FTSE All-World Ex-US Index Fund           | 263,475       |
| Vanguard Inflation-Protected Securities Fund       | 2,565,313     |
| Vanguard Institutional Index Fund                  | 5,441,769     |
| Federated Money Market Fund                        | 46,413        |
| Vanguard Total Bond Market Index Fund              | 3,699,282     |
|  | \$ 33,540,962 |
| <b>Self-Directed Accounts</b>                      |               |
| Vanguard Wellington Fund                           | 25,690        |
| Fidelity Select Natural Resources Fund             | 12,412        |
| Fidelity Select Energy Services Fund               | 27,668        |
| Fidelity Select Biotechnology Fund                 | 8,532         |
| Fidelity Select Chemical Portfolio Fund            | 8,918         |
| T. Rowe Price Health Sciences Fund                 | 17,244        |
| T. Rowe Price New Horizons Fund                    | 21,395        |
| T. Rowe Price Inflation Protected Bond Fund        | 7,243         |
| Permanent Portfolio Fund                           | 30,017        |
| US Global Resources Fund                           | 20,739        |
| Aberdeen Asia Bond Institutional Fund Single Class | 14,969        |
| Artio International Equity Fund II                 | 5,159         |
| CGM Mutual Fund                                    | 4,357         |
| CGM Focus Fund                                     | 2,758         |
| Fidelity Canada Fund                               | 7,991         |
| The Oakmark International Small-Cap Fund           | 817           |
| Loomis Sayles Bond Fund                            | 12,913        |
| Matthews Asia Dividend Fund                        | 12,516        |
| Pimco All Asset All Authority Fund                 | 8,178         |
| Pimco Emerging Markets Bond Fund                   | 17,066        |
| T. Rowe Price New Asia Fund                        | 46,425        |
| T. Rowe Price Emerging Markets Stock Fund          | 18,562        |
| Cash balance liability                             | (22)          |
| Total Self-Directed Accounts                       | 331,547       |
| Total Registered Investment Companies              | 33,872,509    |
| Corporate Common Stock                             |               |

Allegheny Technologies Incorporated\*

\$ 28,310,912

**Table of Contents**

Allegheny Ludlum Corporation

Personal Retirement and 401(k) Savings Account Plan

EIN: 25-1792394 Plan: 005

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

December 31, 2011

| Description  | Current Value        |
|--|----------------------|
| <b><u>Common Collective Trusts</u></b>   |                      |
| Mellon Stable Value Fund of The Bank of New York Mellon  | \$ 1,509,489         |
| The Bank of New York Collective Trust Government Short Term Investment Fund of the Bank of New York Mellon | 6,890,365            |
| Vanguard Target Retirement 2010 Fund   | 1,105,029            |
| Vanguard Target Retirement 2015 Fund   | 7,034,432            |
| Vanguard Target Retirement 2020 Fund   | 11,563,119           |
| Vanguard Target Retirement 2025 Fund   | 6,432,896            |
| Vanguard Target Retirement 2030 Fund   | 3,965,681            |
| Vanguard Target Retirement 2035 Fund   | 1,922,518            |
| Vanguard Target Retirement 2040 Fund   | 960,054              |
| Vanguard Target Retirement 2045 Fund   | 779,535              |
| Vanguard Target Retirement 2050 Fund   | 51,812               |
| Vanguard Target Retirement Income Fund   | 474,351              |
| Adjustment from fair to book value   | (44,291)             |
|  | <b>\$ 42,644,990</b> |
| <b><u>Fixed Maturity Synthetic Contracts</u></b>   |                      |
| CMBS, BACM 2002-2 A3   | \$ 215,912           |
| CMBS, BACM 2005-3 A3A  | 706,848              |
| GNMA Project Loans, GNR 06-51 A  | 154,081              |
| Bank of America, N.A. Wrap contract  | (24,300)             |
| Bank of America, N.A. Fixed Maturity Synthetic Contract 03-040   | 1,052,541            |
| CMBS, CDCMT 2002-FX1D1   | 558,909              |
| CNP 2005-A A2  | 205,521              |
| Freddie Mac, FHR 2891 NB   | 161,778              |
| CMBS, MLMT 05-CIP1 A2  | 759,841              |
| CMBS, CD05-CD1 A2 FX   | 132,219              |
| State Street Bank Wrap contract  | (14,163)             |
| State Street Bank Fixed Maturity Synthetic Contract 105028   | 1,804,105            |
| BMWOT 2011-A A3  | 276,464              |
| CGCMT 2004-C1 A3   | 98,286               |
| CSFB 2003-CK2 A4   | 142,667              |
| FHR 3814 KE  | 230,786              |
| FHR 3841 NE  | 232,647              |
| FHR 3864 CA  | 232,323              |
| FHR 3874 DH  | 373,107              |
| FHR 3909 UG  | 756,442              |



**Table of Contents**

Allegheny Ludlum Corporation

Personal Retirement and 401(k) Savings Account Plan

EIN: 25-1792394 Plan: 005

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

December 31, 2011

| Description   | Current Value |
|---|---------------|
| FNR 2011-23 AB  | 225,679       |
| FNR 2011-32 QB  | 241,149       |
| FNR 2011-38 AG  | 229,828       |
| FNR 2011-69 TB  | 346,564       |
| FNR 2011-74 BA  | 240,337       |
| GCCFC 2003-C2 A3  | 66,403        |
| GE 1 <sup>7</sup> / <sub>8</sub> 09/16/13                             | 112,717       |
| GNR 2009-122 DG   | 355,730       |
| GSMS 2004-GG2 A4  | 115,861       |
| HAROT 11-1 A3   | 139,057       |
| JPMCC 2005-LDP1 A4  | 396,902       |
| LBUBS 2004-C1 A4  | 333,614       |
| MLMT 2004-MKB1 A4   | 273,693       |
| MSC 2004-T15 A4   | 328,858       |
| T 0 <sup>3</sup> / <sub>4</sub> 06/15/14                              | 1,789,262     |
| T 0 <sup>3</sup> / <sub>8</sub> 11/15/14                              | 4,293,701     |
| TAOT 2011-A A3  | 138,784       |
| UST 0 <sup>3</sup> / <sub>4</sub> 12/15/13                            | 95,913        |
| WBCMT 2006-C29 A2   | 8,884         |
| WOART 2011-A A3   | 131,970       |
| United of Omaha Wrap contract   | (283,396)     |
| United of Omaha Fixed Maturity Synthetic #SVW 15102                   | 12,340,957    |
| FHR 2934 OC   | 63,823        |
| Natixis Financial Products Wrap contract                              | (287)         |
| Natixis Financial Products Fixed Maturity Synthetic Contract #1245-01 | 63,536        |
| Total Fixed Maturity Synthetic Contracts                              | \$ 15,261,139 |
| <b>Separate Account Synthetic Contracts</b>                           |               |
| ING Life & Annuity Co.  | \$ 6,601,757  |
| Natixis Wrap contract   | (224,162)     |
| Total Separate Account Synthetic Contracts                            | \$ 6,377,595  |
| <b>Constant Duration Synthetic Contracts</b>                          |               |
| BlackRock, 1-3 Year Government Bond Index Fund                        | \$ 572,754    |
| BlackRock, 1-3 Year Credit Bond Index Fund                            | 2,291,165     |
| BlackRock, Asset-Backed Sec Index Fund                                | 3,818,750     |

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|  |           |
|--|-----------|
| BlackRock, Comm Mortgage-Backed Sec Fund   | 573,867   |
| BlackRock, Int Term Credit Bond Index Fund | 4,217,081 |

**Table of Contents**

Allegheny Ludlum Corporation

Personal Retirement and 401(k) Savings Account Plan

EIN: 25-1792394 Plan: 005

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

December 31, 2011

| Description  | Current Value        |
|--|----------------------|
| BlackRock, Int Term Government Bond Index Fund                           | 2,294,302            |
| BlackRock Global Investors, Long Term Government Bond Index Fund         | 1,162,423            |
| BlackRock, Mortgage-Backed Sec Index Fund                                | 4,215,210            |
| Monumental Life Ins. Co. Wrap contract                                   | (881,192)            |
| Monumental Life Ins. Co. Constant Duration Synthetic Contract MDA00895TR | 18,264,360           |
| Prudential Core Conservative Intermediate Bond Fund                      | 18,775,225           |
| Prudential Wrap Contract   | (947,322)            |
| Prudential Constant Duration Synthetic Contract GA 62215                 | 17,827,903           |
| <b>Total Constant Duration Synthetic Contracts</b>                       | <b>\$ 36,092,263</b> |
| Participant loans* (4.25% to 9.25%, with maturities through 2026)        | \$ 6,281,511         |

\*Party-in-interest

**Table of Contents**

**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**

Date: June 25, 2012

By: /s/ Karl D. Schwartz  
Karl D. Schwartz  
Controller and Chief Accounting Officer  
(Principal Accounting Officer and Duly Authorized Officer)