

Form **990-PF**

Return of Private Foundation

OMB No 1545-0052

Department of the Treasury
Internal Revenue Service

or Section 4947(a)(1) Nonexempt Charitable Trust Treated as a Private Foundation
Note: The organization may be able to use a copy of this return to satisfy state reporting requirements

2003

For calendar year 2003, or tax year beginning , 2003, and ending

G Check all that apply: Initial return Final return Amended return Address change Name change

Use the IRS label. Otherwise, print or type. See Specific Instructions.



72289 *****AUTO**5-DIGIT 15219
ALLEGHENY FOUNDATION
301 GRANT ST STE 3900
PITTSBURGH PA 15219-6402

P 9 I
B 13 S

Room/suite

A Employer identification number

25-6012303

B Telephone number (see page 10 of the instructions)

(412) 392-2900

C If exemption application is pending, check here

D 1. Foreign organizations, check here

2. Foreign organizations meeting the 85% test, check here and attach computation

E If private foundation status was terminated under section 507(b)(1)(A), check here

F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here

H Check type of organization: Section 501(c)(3) exempt private foundation
 Section 4947(a)(1) nonexempt charitable trust Other taxable private foundation

I Fair market value of all assets at end of year (from Part II, col. (c), line 16) **\$ 38,862,681.**
J Accounting method: Cash Accrual
 Other (specify) _____
(Part I, column (d) must be on cash basis)

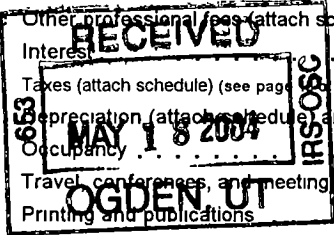
Part I Analysis of Revenue and Expenses

(The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see page 10 of the instructions))

	(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
1 Contributions, gifts, grants, etc., received (attach schedule). Check <input checked="" type="checkbox"/> if the foundation is not required to attach Sch B				
2 Distributions from split-interest trusts				
3 Interest on savings and temporary cash investments				
4 Dividends and interest from securities	1,189,501.	1,189,501.	NONE	STMT 1
5a Gross rents				
b (Net rental income or (loss))				
6a Net gain or (loss) from sale of assets not on line 10	-625,304.			
b Gross sales price for all assets on line 6a	1,305,434.			
7 Capital gain net income (from Part IV, line 2)				
8 Net short-term capital gain				
9 Income modifications				
10 a Gross sales less returns and allowances				
b Less Cost of goods sold				
c Gross profit or (loss) (attach schedule)				
11 Other income (attach schedule)				
12 Total. Add lines 1 through 11	564,197.	1,189,501.	NONE	
13 Compensation of officers, directors, trustees, etc.	46,292.	6,130.	NONE	40,162.
14 Other employee salaries and wages	56,667.		NONE	56,667.
15 Pension plans, employee benefits	43,323.	2,579.	NONE	40,744.
16a Legal fees (attach schedule) STMT 2	1,419.	NONE	NONE	1,419.
b Accounting fees (attach schedule) STMT 3	31,045.	15,523.	NONE	15,522.
c Other professional fees (attach schedule) STMT 4	33,160.	33,160.	NONE	NONE
17 Interest				
18 Taxes (attach schedule) (see page 10 of the instructions)	** 18,986.	460.	NONE	7,275.
19 Depreciation (attach schedule) and depletion	21,810.	NONE	NONE	
20 Occupancy	55,973.	3,332.	NONE	52,641.
21 Travel, conferences, and meetings	5,445.	NONE	NONE	5,445.
22 Printing and publications				
23 Other expenses (attach schedule) STMT 6	34,583.	1,875.	NONE	32,708.
24 Total operating and administrative expenses. Add lines 13 through 23	348,703.	63,059.	NONE	252,583.
25 Contributions, gifts, grants paid STMT 7	1,482,300.			1,360,300.
26 Total expenses and disbursements. Add lines 24 and 25	1,831,003.	63,059.	NONE	1,612,883.
27 Subtract line 26 from line 12				
a Excess of revenue over expenses and disbursements	-1,266,806.			
b Net investment income (if negative, enter -0-)		1,126,442.		
c Adjusted net income (if negative, enter -0-)			NONE	

Revenue

Operating and Administrative Expenses



18

Part II Balance Sheets		Attached schedules and amounts in the description column should be for end-of-year amounts only (See instructions)		Beginning of year	End of year		
		(a) Book Value	(b) Book Value	(c) Fair Market Value			
Assets	1	Cash - non-interest-bearing		7,409.	10,489.	10,489.	
	2	Savings and temporary cash investments		237,663.	205,994.	205,994.	
	3	Accounts receivable					
		Less: allowance for doubtful accounts					
	4	Pledges receivable					
		Less: allowance for doubtful accounts					
	5	Grants receivable					
	6	Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see page 15 of the instructions)					
	7	Other notes and loans receivable (attach schedule)					
		Less: allowance for doubtful accounts					
	8	Inventories for sale or use					
	9	Prepaid expenses and deferred charges	STMT 8.		34,094.	23,901.	23,901.
	10 a	Investments - U.S. and state government obligations (attach schedule)					
	b	Investments - corporate stock (attach schedule)	STMT 9.		12,500,938.	11,400,266.	38,569,208.
	c	Investments - corporate bonds (attach schedule)					
	11	Investments - land, buildings, and equipment basis					
	Less: accumulated depreciation (attach schedule)						
12	Investments - mortgage loans						
13	Investments - other (attach schedule)						
14	Land, buildings, and equipment basis		189,478.				
	Less: accumulated depreciation (attach schedule)		136,389.	58,441.	53,089.	53,089.	
15	Other assets (describe)						
16	Total assets (to be completed by all filers - see page 16 of the instructions. Also, see page 1, item i)			12,838,545.	11,693,739.	38,862,681.	
Liabilities	17	Accounts payable and accrued expenses					
	18	Grants payable		475,000.	597,000.		
	19	Deferred revenue					
	20	Loans from officers, directors, trustees, and other disqualified persons					
	21	Mortgages and other notes payable (attach schedule)					
	22	Other liabilities (describe)					
23	Total liabilities (add lines 17 through 22)			475,000.	597,000.		
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 24 through 26 and lines 30 and 31.						
	24	Unrestricted		12,363,545.	11,096,739.		
	25	Temporarily restricted					
	26	Permanently restricted					
	Organizations that do not follow SFAS 117, check here and complete lines 27 through 31. <input type="checkbox"/>						
	27	Capital stock, trust principal, or current funds					
	28	Paid-in or capital surplus, or land, bldg, and equipment fund					
29	Retained earnings, accumulated income, endowment, or other funds						
30	Total net assets or fund balances (see page 17 of the instructions)			12,363,545.	11,096,739.		
31	Total liabilities and net assets/fund balances (see page 17 of the instructions)			12,838,545.	11,693,739.		

Part III Analysis of Changes in Net Assets or Fund Balances

1	Total net assets or fund balances at beginning of year - Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return)	1	12,363,545.
2	Enter amount from Part I, line 27a	2	-1,266,806.
3	Other increases not included in line 2 (itemize)	3	
4	Add lines 1, 2, and 3	4	11,096,739.
5	Decreases not included in line 2 (itemize)	5	
6	Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6	11,096,739.

Part IV Capital Gains and Losses for Tax on Investment Income

(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse; or common stock, 200 shs. MLC Co)				(b) How acquired P-Purchase D-Donation	(c) Date acquired (mo, day, yr.)	(d) Date sold (mo, day, yr.)
1a	SEE STATEMENT 12					
b						
c						
d						
e						
(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)			
a						
b						
c						
d						
e						
Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69				(l) Gains (Col. (h) gain minus col (k), but not less than -0-) or Losses (from col. (h))		
(i) F.M.V. as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any				
a						
b						
c						
d						
e						
2	Capital gain net income or (net capital loss) { If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7 }			2	-67,278.	
3	Net short-term capital gain or (loss) as defined in sections 1222(5) and (6) If gain, also enter in Part I, line 8, column (c) (see pages 13 and 17 of the instructions) If (loss), enter -0- in Part I, line 8 }			3		

Part V Qualification Under Section 4940(e) for Reduced Tax on Net Investment Income

(For optional use by domestic private foundations subject to the section 4940(a) tax on net investment income.)

If section 4940(d)(2) applies, leave this part blank

Was the organization liable for the section 4942 tax on the distributable amount of any year in the base period? . . . Yes No
If "Yes," the organization does not qualify under section 4940(e). Do not complete this part.

1 Enter the appropriate amount in each column for each year; see page 17 of the instructions before making any entries.

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col (b) divided by col (c))
2002	1,800,741.	36,647,655.	0.04913659551
2001	1,670,245.	40,204,630.	0.04154359834
2000	1,807,960.	36,857,033.	0.04905332450
1999	1,530,436.	41,285,474.	0.03706959983
1998	1,528,727.	39,864,204.	0.03834836386
2	Total of line 1, column (d)		2 0.21515148204
3	Average distribution ratio for the 5-year base period - divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years		3 0.04303029641
4	Enter the net value of noncharitable-use assets for 2003 from Part X, line 5		4 32,974,859.
5	Multiply line 4 by line 3		5 1,418,918.
6	Enter 1% of net investment income (1% of Part I, line 27b)		6 11,264.
7	Add lines 5 and 6		7 1,430,182.
8	Enter qualifying distributions from Part XII, line 4		8 1,628,361.

If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate See the Part VI instructions on page 17

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948 - see page 17 of the instructions)

Table with 11 rows for excise tax calculations. Includes categories like 'Exempt operating foundations', 'Domestic organizations', 'Tax under section 511', and 'Total credits and payments'. Total tax due is 21,782.

Part VII-A Statements Regarding Activities

Table with 11 rows for activity statements. Includes questions about political influence, tax on political expenditures, and organizational changes. Includes fields for state (PENNSYLVANIA), website (WWW.SCAIFE.COM), and books in care of (KPMG LLP).

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required

File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.

Table with columns for question descriptions, Yes/No checkboxes, and a grid for Yes/No responses. Includes questions 1a through 6b regarding disqualifying activities, taxes, and business interests.

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors

1 List all officers, directors, trustees, foundation managers and their compensation (see page 20 of the instructions):

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
SEE STATEMENT 10-11 -----		46,292.	9,023.	NONE

2 Compensation of five highest-paid employees (other than those included on line 1 - see page 20 of the instructions). If none, enter "NONE."

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
NONE -----				

Total number of other employees paid over \$50,000 **NONE**

3 Five highest-paid independent contractors for professional services - (see page 20 of the instructions). If none, enter "NONE."

(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation
OXFORD DEVELOPMENT CO, 301 GRANT STREET ONE OXFORD CENTER, PITTSBURGH, PA 15219	FACILITY RENTAL	55,445.

Total number of others receiving over \$50,000 for professional services **NONE**

Part IX-A Summary of Direct Charitable Activities

List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc	Expenses
1 <u>NOT APPLICABLE</u> -----	

2 -----	

3 -----	

4 -----	

Part IX-B Summary of Program-Related Investments (see page 21 of the instructions)

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2	Amount
1 NOT APPLICABLE	
2	
All other program-related investments See page 21 of the instructions	
3 NONE	
Total. Add lines 1 through 3	

Part X Minimum Investment Return (All domestic foundations must complete this part. Foreign foundations, see page 21 of the instructions.)

1 Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes		
a Average monthly fair market value of securities	1a	33,466,327.
b Average of monthly cash balances	1b	10,687.
c Fair market value of all other assets (see page 22 of the instructions)	1c	NONE
d Total (add lines 1a, b, and c)	1d	33,477,014.
e Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1e	NONE
2 Acquisition indebtedness applicable to line 1 assets	2	NONE
3 Subtract line 2 from line 1d	3	33,477,014.
4 Cash deemed held for charitable activities. Enter 1 1/2 % of line 3 (for greater amount, see page 23 of the instructions)	4	502,155.
5 Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	32,974,859.
6 Minimum investment return. Enter 5% of line 5	6	1,648,743.

Part XI Distributable Amount (see page 23 of the instructions) (Section 4942(j)(3) and (j)(5) private operating foundations and certain foreign organizations check here and do not complete this part.)

1 Minimum investment return from Part X, line 6	1	1,648,743.
2a Tax on investment income for 2003 from Part VI, line 5	2a	11,264.
b Income tax for 2003 (This does not include the tax from Part VI.)	2b	
c Add lines 2a and 2b	2c	11,264.
3 Distributable amount before adjustments. Subtract line 2c from line 1	3	1,637,479.
4a Recoveries of amounts treated as qualifying distributions	4a	NONE
b Income distributions from section 4947(a)(2) trusts	4b	
c Add lines 4a and 4b	4c	NONE
5 Add lines 3 and 4c	5	1,637,479.
6 Deduction from distributable amount (see page 23 of the instructions)	6	NONE
7 Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	1,637,479.

Part XII Qualifying Distributions (see page 23 of the instructions)

1 Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes		
a Expenses, contributions, gifts, etc. - total from Part I, column (d), line 26	1a	1,612,883.
b Program-related investments - Total from Part IX-B	1b	NONE
2 Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	15,478.
3 Amounts set aside for specific charitable projects that satisfy the		
a Suitability test (prior IRS approval required)	3a	NONE
b Cash distribution test (attach the required schedule)	3b	NONE
4 Qualifying distributions. Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	1,628,361.
5 Organizations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b (see page 24 of the instructions)	5	11,264.
6 Adjusted qualifying distributions. Subtract line 5 from line 4	6	1,617,097.

Note: The amount on line 6 will be used in Part V, column (b), in subsequent years when calculating whether the foundation qualifies for the section 4940(e) reduction of tax in those years

Part XIII Undistributed Income (see page 24 of the instructions)

	(a) Corpus	(b) Years prior to 2002	(c) 2002	(d) 2003
1 Distributable amount for 2003 from Part XI, line 7				1,637,479.
2 Undistributed income, if any, as of the end of 2002				
a Enter amount for 2002 only			NONE	
b Total for prior years		NONE		
3 Excess distributions carryover, if any, to 2003.				
a From 1998		NONE		
b From 1999		NONE		
c From 2000		60,690.		
d From 2001		NONE		
e From 2002		1,748.		
f Total of lines 3a through e	62,438.			
4 Qualifying distributions for 2003 from Part XII, line 4. ► \$ <u>1,628,361.</u>				
a Applied to 2002, but not more than line 2a			NONE	
b Applied to undistributed income of prior years (Election required - see page 24 of the instructions)		NONE		
c Treated as distributions out of corpus (Election required - see page 24 of the instructions)	NONE			
d Applied to 2003 distributable amount				1,628,361.
e Remaining amount distributed out of corpus	NONE			
5 Excess distributions carryover applied to 2003 (If an amount appears in column (d), the same amount must be shown in column (a).)	9,118.			9,118.
6 Enter the net total of each column as indicated below:				
a Corpus. Add lines 3f, 4c, and 4e Subtract line 5	53,320.			
b Prior years' undistributed income Subtract line 4b from line 2b		NONE		
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed		NONE		
d Subtract line 6c from line 6b Taxable amount - see page 24 of the instructions		NONE		
e Undistributed income for 2002 Subtract line 4a from line 2a Taxable amount - see page 24 of the instructions			NONE	
f Undistributed income for 2003 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2004				
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(E) or 4942(g)(3) (see page 25 of the instructions)	NONE			
8 Excess distributions carryover from 1998 not applied on line 5 or line 7 (see page 25 of the instructions)	NONE			
9 Excess distributions carryover to 2004. Subtract lines 7 and 8 from line 6a	53,320.			
10 Analysis of line 9.				
a Excess from 1999		NONE		
b Excess from 2000	51,572.			
c Excess from 2001		NONE		
d Excess from 2002	1,748.			
e Excess from 2003		NONE		

Part XIV Private Operating Foundations (see page 25 of the instructions and Part VII-A, question 9) **NOT APPLICABLE**

1 a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2003, enter the date of the ruling

b Check box to indicate whether the organization is a private operating foundation described in section 4942(j)(3) or 4942(j)(5)

	Tax year	Prior 3 years			(e) Total
	(a) 2003	(b) 2002	(c) 2001	(d) 2000	
2 a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed					
b 85% of line 2a					
c Qualifying distributions from Part XII, line 4 for each year listed					
d Amounts included in line 2c not used directly for active conduct of exempt activities					
e Qualifying distributions made directly for active conduct of exempt activities. Subtract line 2d from line 2c					
3 Complete 3a, b, or c for the alternative test relied upon					
a "Assets" alternative test - enter					
(1) Value of all assets					
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					
b "Endowment" alternative test - Enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed					
c "Support" alternative test - enter					
(1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)					
(3) Largest amount of support from an exempt organization					
(4) Gross investment income					

Part XV Supplementary Information (Complete this part only if the organization had \$5,000 or more in assets at any time during the year - see page 25 of the instructions.)

1 Information Regarding Foundation Managers:

a List any managers of the foundation who have contributed more than 2% of the total contributions received by the foundation before the close of any tax year (but only if they have contributed more than \$5,000) (See section 507(d)(2))

NOT APPLICABLE

b List any managers of the foundation who own 10% or more of the stock of a corporation (or an equally large portion of the ownership of a partnership or other entity) of which the foundation has a 10% or greater interest

NOT APPLICABLE

2 Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc., Programs:

Check here if the organization only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds. If the organization makes gifts, grants, etc. (see page 25 of the instructions) to individuals or organizations under other conditions, complete items 2a, b, c, and d

a The name, address, and telephone number of the person to whom applications should be addressed

SEE STATEMENT 13

b The form in which applications should be submitted and information and materials they should include

SEE STATEMENT 13

c Any submission deadlines

SEE STATEMENT 13

d Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors **SEE STATEMENT 13**

Part XV Supplementary Information (continued)

3 Grants and Contributions Paid During the Year or Approved for Future Payment

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
<p>a Paid during the year SEE STATEMENT 14</p>				1,360,300.
<p>Total ▶ 3a</p>				1,360,300.
<p>b Approved for future payment SEE STATEMENT 14</p>				597,000.
<p>Total ▶ 3b</p>				597,000.

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated

	Unrelated business income		Excluded by section 512, 513, or 514		(e) Related or exempt function income (See page 26 of the instructions)
	(a) Business code	(b) Amount	(c) Exclusion code	(d) Amount	
1 Program service revenue:					
a _____					
b _____					
c _____					
d _____					
e _____					
f _____					
g Fees and contracts from government agencies					
2 Membership dues and assessments					
3 Interest on savings and temporary cash investments					
4 Dividends and interest from securities			14	1,189,501.	
5 Net rental income or (loss) from real estate:					
a Debt-financed property					
b Not debt-financed property					
6 Net rental income or (loss) from personal property .					
7 Other investment income					
8 Gain or (loss) from sales of assets other than inventory			18	-67,278.	
9 Net income or (loss) from special events					
10 Gross profit or (loss) from sales of inventory . . .					
11 Other revenue: a _____					
b _____					
c _____					
d _____					
e _____					
12 Subtotal. Add columns (b), (d), and (e)				1,122,223.	
13 Total. Add line 12, columns (b), (d), and (e)			13	1,122,223.	

(See worksheet in line 13 instructions on page 26 to verify calculations.)

Part XVI-B Relationship of Activities to the Accomplishment of Exempt Purposes

Line No. Explain below how each activity for which income is reported in column (e) of Part XVI-A contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes). (See page 26 of the instructions)

▼	NOT APPLICABLE

Part XVII Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations

- 1 Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code... a Transfers from the reporting organization to a noncharitable exempt organization of: (1) Cash, (2) Other assets, b Other transactions: (1) Sales of assets to a noncharitable exempt organization, (2) Purchases of assets from a noncharitable exempt organization, (3) Rental of facilities, equipment, or other assets, (4) Reimbursement arrangements, (5) Loans or loan guarantees, (6) Performance of services or membership or fundraising solicitations, c Sharing of facilities, equipment, mailing lists, other assets, or paid employees, d If the answer to any of the above is "Yes," complete the following schedule...

Table with 4 columns: (a) Line no, (b) Amount involved, (c) Name of noncharitable exempt organization, (d) Description of transfers, transactions, and sharing arrangements.

2 a Is the organization directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527? [] Yes [X] No

Table with 3 columns: (a) Name of organization, (b) Type of organization, (c) Description of relationship.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer or fiduciary) based on all information of which preparer has any knowledge. Signature of officer or trustee, Preparer's signature: Thomas D. Bone CPA, Firm's name: KPMG LLP, ONE MELLON CENTER, PITTSBURGH, PA.

Underpayment of Estimated Tax by Corporations

Department of the Treasury
Internal Revenue Service

▶ See separate instructions.
▶ Attach to the corporation's tax return.

2003

Name **ALLEGHENY FOUNDATION** Employer Identification number **25-6012303**

Note: In most cases, the corporation does not need to file Form 2220. (See Part I below for exceptions.) The IRS will figure any penalty owed and bill the corporation. If the corporation does not need to file Form 2220, it may still use it to figure the penalty. Enter the amount from line 36 on the estimated tax penalty line of the corporation's income tax return, but do not attach Form 2220.

Part I Reasons for Filing - Check the boxes below that apply. If any boxes are checked, the corporation must file Form 2220, even if it does not owe the penalty. If the box on line 1 or line 2 applies, the corporation may be able to lower or eliminate the penalty.

- 1 The corporation is using the adjusted seasonal installment method.
- 2 The corporation is using the annualized income installment method.
- 3 The corporation is a "large corporation" figuring its first required installment based on the prior year's tax.

Part II Figuring the Underpayment

4 Total tax (see instructions)		4			11,264.
5 a Personal holding company tax (Schedule PH (Form 1120), line 26) included on line 4	5a				
b Look-back interest included on line 4 under section 460(b)(2) for completed long-term contracts or section 167(g) for depreciation under the income forecast method	5b				
c Credit for Federal tax paid on fuels (see instructions)	5c				
d Total. Add lines 5a through 5c		5d			
6 Subtract line 5d from line 4. If the result is less than \$500, do not complete or file this form. The corporation does not owe the penalty		6			11,264.
7 Enter the tax shown on the corporation's 2002 income tax return (see instructions) Caution: If the tax is zero or the tax year was for less than 12 months, skip this line and enter the amount from line 6 on line 8		7			16,695.
8 Enter the smaller of line 6 or line 7. If the corporation is required to skip line 7, enter the amount from line 6		8			11,264.

		(a)	(b)	(c)	(d)	(e)
9 Installment due dates. Enter in columns (a) through (d) the 15th day of the 4th (Form 990-PF filers: Use 5th month), 6th, 9th, and 12th months of the corporation's tax year	9	05/15/2003		06/15/2003	09/15/2003	12/15/2003
Exception. If one of your installment due dates is September 15, 2003, or September 15, 2004, see the instructions						
10 Required installments. If the box on line 1 and/or line 2 above is checked, enter the amounts from Schedule A, line 38. If the box on line 3 (but not 1 or 2) is checked, see instructions for the amounts to enter. If none of these boxes are checked, enter 25% of line 8 above in each column	10	2,816.		2,816.	2,816.	2,816.
11 Estimated tax paid or credited for each period (see instructions). For column (a) only, enter the amount from line 11 on line 15	11	33,046.				
Complete lines 12 through 18 of one column before going to the next column.						
12 Enter amount, if any, from line 18 of the preceding column	12			30,230.	27,414.	24,598.
13 Add lines 11 and 12	13			30,230.	27,414.	24,598.
14 Add amounts on lines 16 and 17 of the preceding column	14					
15 Subtract line 14 from line 13. If zero or less, enter -0-	15	33,046.		30,230.	27,414.	24,598.
16 If the amount on line 15 is zero, subtract line 13 from line 14. Otherwise, enter -0-	16					
17 Underpayment. If line 15 is less than or equal to line 10, subtract line 15 from line 10. Then go to line 12 of the next column. Otherwise, go to line 18	17					
18 Overpayment. If line 10 is less than line 15, subtract line 10 from line 15. Then go to line 12 of the next column	18	30,230.		27,414.	24,598.	

Complete Part III on page 2 to figure the penalty. If there are no entries on line 17, no penalty is owed.

Part III Figuring the Penalty

	(a)	(b)	(c)	(d)	(e)
19 Enter the date of payment or the 15th day of the 3rd month after the close of the tax year, whichever is earlier (see instructions) (Form 990-PF and Form 990-T filers: Use 5th month instead of 3rd month)	19				
20 Number of days from due date of installment on line 9 to the date shown on line 19	20				
21 Number of days on line 20 after 4/15/2003 and before 10/1/2003	21				
22 Underpayment on line 17 x <u>Number of days on line 21</u> x 5% 365	22				
23 Number of days on line 20 after 9/30/2003 and before 1/1/2004	23				
24 Underpayment on line 17 x <u>Number of days on line 23</u> x 4% 365	24				
25 Number of days on line 20 after 12/31/2003 and before 4/1/2004	25				
26 Underpayment on line 17 x <u>Number of days on line 25</u> x 4% 366	26				
27 Number of days on line 20 after 3/31/2004 and before 7/1/2004	27				
28 Underpayment on line 17 x <u>Number of days on line 27</u> x *% 366	28				
29 Number of days on line 20 after 6/30/2004 and before 10/1/2004	29				
30 Underpayment on line 17 x <u>Number of days on line 29</u> x *% 366	30				
31 Number of days on line 20 after 9/30/2004 and before 1/1/2005	31				
32 Underpayment on line 17 x <u>Number of days on line 31</u> x *% 366	32				
33 Number of days on line 20 after 12/31/2004 and before 2/16/2005	33				
34 Underpayment on line 17 x <u>Number of days on line 33</u> x *% 365	34				
35 Add lines 22, 24, 26, 28, 30, 32, and 34	35				
36 Penalty. Add columns (a) through (e) of line 35. Enter the total here and on Form 1120, line 33, Form 1120-A, line 29, or the comparable line for other income tax returns					36

*For underpayments paid after March 31, 2004: For lines 28, 30, 32, and 34, use the penalty interest rate for each calendar quarter, which the IRS will determine during the first month in the preceding quarter. These rates are published quarterly in an IRS News Release and in a revenue ruling in the Internal Revenue Bulletin. To obtain this information on the Internet, access the IRS website at www.irs.gov. You can also call 1-800-829-1040 to get interest rate information.

FORM 990PF, PART I - DIVIDENDS AND INTEREST FROM SECURITIES

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DESCRIPTION -----	REVENUE AND EXPENSES PER BOOKS -----	NET INVESTMENT INCOME -----	ADJUSTED NET INCOME -----
INTEREST INCOME	4,437.	4,437.	NONE
DIVIDEND INCOME	1,185,064.	1,185,064.	NONE
	-----	-----	-----
TOTAL	1,189,501.	1,189,501.	NONE
	=====	=====	=====

FORM 990PF, PART I - LEGAL FEES

=====

DESCRIPTION	REVENUE AND EXPENSES PER BOOKS	NET INVESTMENT INCOME	ADJUSTED NET INCOME	CHARITABLE PURPOSES
-----	-----	-----	-----	-----
LEGAL FEES	1,419.	NONE	NONE	1,419.
-----	-----	-----	-----	-----
TOTALS	1,419.	NONE	NONE	1,419.
	=====	=====	=====	=====

FORM 990PF, PART I - ACCOUNTING FEES

DESCRIPTION -----	REVENUE AND EXPENSES PER BOOKS -----	NET INVESTMENT INCOME -----	ADJUSTED NET INCOME -----	CHARITABLE PURPOSES -----
AUDIT, COMPILATION AND TAX	31,045.	15,523.	NONE	15,522.
TOTALS	31,045.	15,523.	NONE	15,522.

FORM 990PF, PART I - OTHER PROFESSIONAL FEES

DESCRIPTION -----	REVENUE AND EXPENSES PER BOOKS -----	NET INVESTMENT INCOME -----	ADJUSTED NET INCOME -----	CHARITABLE PURPOSES -----
FISCAL AGENTS	33,160.	33,160.	NONE	NONE
TOTALS	33,160.	33,160.	NONE	NONE

FORM 990PF, PART I - TAXES

=====

DESCRIPTION -----	REVENUE AND EXPENSES PER BOOKS -----	NET INVESTMENT INCOME -----	ADJUSTED NET INCOME -----	CHARITABLE PURPOSES -----
PAYROLL TAXES	7,735.	460.	NONE	7,275.
FEDERAL EXCISE TAX	11,251.	NONE	NONE	NONE
	-----	-----	-----	-----
TOTALS	18,986.	460.	NONE	7,275.
	=====	=====	=====	=====

FORM 990PF, PART I - OTHER EXPENSES

=====

DESCRIPTION -----	REVENUE AND EXPENSES PER BOOKS -----	NET INVESTMENT INCOME -----	ADJUSTED NET INCOME -----	CHARITABLE PURPOSES -----
INSURANCE	4,020.	240.	NONE	3,780.
OFFICE EXPENSES	6,530.	389.	NONE	6,141.
SECURITY	15,360.	914.	NONE	14,446.
TELEPHONE	1,402.	83.	NONE	1,319.
DUES AND SUBSCRIPTIONS	1,893.	NONE	NONE	1,893.
COMPUTER MAINTENANCE	1,200.	NONE	NONE	1,200.
OFFICE TEMP	4,178.	249.	NONE	3,929.
TOTALS	----- 34,583. =====	----- 1,875. =====	----- NONE =====	----- 32,708. =====

FORM 990PF, PART I - CONTRIBUTIONS, GIFTS, GRANTS PAID

RECIPIENT NAME AND ADDRESS -----	RELATIONSHIP TO SUBSTANTIAL CONTRIBUTOR AND FOUNDATION STATUS OF RECIPIENT -----	PURPOSE OF GRANT OR CONTRIBUTION -----	AMOUNT -----
<u>GRANTS PAID</u>			
SEE STATEMENT 14			1,360,300.
		TOTAL CONTRIBUTIONS PAID	1,360,300.

FORM 990PF, PART II - PREPAID EXPENSES AND DEFERRED CHARGES

DESCRIPTION -----	BEGINNING BOOK VALUE -----	ENDING BOOK VALUE -----	ENDING FMV ---
PREPAID INSURANCE	1,072.	2,130.	2,130.
ACCRUED FEDERAL EXCISE TAX	33,022.	21,771.	21,771.
	-----	-----	-----
TOTALS	34,094.	23,901.	23,901.
	=====	=====	=====

FORM 990PF, PART II - CORPORATE STOCK

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DESCRIPTION	BEGINNING BOOK VALUE	ENDING BOOK VALUE	ENDING FMV
-----	-----	-----	---
SEE STATEMENT 9A	12,500,938.	11,400,266.	38,569,208.
TOTALS	12,500,938.	11,400,266.	38,569,208.
	=====	=====	=====

ALLEGHENY FOUNDATION

Schedule of Investments

December 31, 2003

<u>Investments</u>	<u>Shares or par value</u>	<u>Cost</u>	<u>Fair value</u>
Common stocks:			
Abbott Laboratories Inc.	26,000	362,187	1,211,600
Advanced Medical Optics	2,222	2,755	43,662
Allergan, Inc.	10,000	75,828	768,100
Altria Group Inc.	177,100	2,791,823	9,637,782
BP Amoco PLC	100,572	763,649	4,963,228
Beckman Coulter, Inc.	3,664	21,057	186,241
Bristol-Myers Squibb Co.	12,000	225,928	343,200
Brown Forman Corp.	11,000	767,650	1,027,950
Chevron-Texaco Corp.	2,000	186,520	172,780
Coca-Cola Co.	20,000	332,693	1,015,000
Darden Restaurants Inc.	42,000	29,245	883,680
Dominion Resources, Inc.	3,683	105,753	235,086
Duke Power Co.	68,000	810,068	1,390,600
Exxon Mobil Corp.	14,700	618,017	602,700
FPL Group, Inc.	25,000	862,881	1,635,500
Fortune Brands Inc.	50,500	842,816	3,610,245
General Electric Co.	10,300	486,676	319,094
General Mills, Inc.	20,000	49,791	906,000
Glaxo SmithKline ADR	45,520	149,176	2,122,142
Hershey Foods Corp.	10,000	195,312	769,900
International Business Machines Corp.	16,000	436,903	1,482,880
Kraft Foods Inc.	2,300	70,430	74,106
Meadwestvaco Corp.	51,560	218,010	1,533,910
Medco Health Solutions	1,206	37,324	40,992
Pfizer Inc.	10,000	407,900	353,300
Progress Energy Inc.	20,000	375,707	905,200
Wyeth	53,000	162,720	2,249,850
Zimmer Holdings Inc.	1,200	11,447	84,480
Total Investments - Corporate Stock		<u>11,400,266</u>	<u>38,569,208</u>

FORM 990PF, PART VIII - LIST OF OFFICERS, DIRECTORS, AND TRUSTEES

NAME AND ADDRESS -----	TITLE AND TIME DEVOTED TO POSITION -----	COMPENSATION -----	CONTRIBUTIONS TO EMPLOYEE BENEFIT PLANS -----	EXPENSE ACCT AND OTHER ALLOWANCES -----
RICHARD M. SCAIFE 301 GRANT STREET ONE OXFORD CENTER, SUITE 3900 PITTSBURGH, PA 15219	CHAIRMAN	1,500.	NONE	NONE
RALPH H. GOETTLER 301 GRANT STREET ONE OXFORD CENTER, SUITE 3900 PITTSBURGH, PA 15219	TRUSTEE	1,500.	NONE	NONE
DORIS O'DONNELL 301 GRANT STREET ONE OXFORD CENTER, SUITE 3900 PITTSBURGH, PA 15219	TRUSTEE	1,500.	NONE	NONE
ARTHUR P. ZIEGLER, JR. 301 GRANT STREET ONE OXFORD CENTER, SUITE 3900 PITTSBURGH, PA 15219	TRUSTEE	1,500.	NONE	NONE
MARGARET R. SCAIFE 301 GRANT STREET ONE OXFORD CENTER, SUITE 3900 PITTSBURGH, PA 15219	TRUSTEE	1,500.	NONE	NONE
GEORGE A. WEYMOUTH 301 GRANT STREET ONE OXFORD CENTER, SUITE 3900 PITTSBURGH, PA 15219	TRUSTEE	NONE	NONE	NONE
MATTHEW A. GROLL	EXECUTIVE DIRECTOR	37,292.	9,023.	NONE

FORM 990PF, PART VIII - LIST OF OFFICERS, DIRECTORS, AND TRUSTEES

NAME AND ADDRESS	TITLE AND TIME DEVOTED TO POSITION	COMPENSATION	CONTRIBUTIONS TO EMPLOYEE BENEFIT PLANS	EXPENSE ACCT AND OTHER ALLOWANCES
----- 301 GRANT STREET ONE OXFORD CENTER, SUITE 3900 PITTSBURGH, PA 15219	TRUSTEE	1,500.	NONE	NONE
JOANNE B. BEYER 301 GRANT STREET ONE OXFORD CENTER, SUITE 3900 PITTSBURGH, PA 15219				
	GRAND TOTALS	46,292.	9,023.	NONE

ALLEGHENY FOUNDATION
Schedule of Gains (Losses) for Tax on Investments Income
Twelve months ended December 31, 2003

(a)	(b)	(c)	(d)	(e)	(f)	(h)	(i)	(j)	(k)	(l)	(m)
Kind of property	Description	How acquired P- purchase D- donated	Date acquired	Date sold/ matured	Gross sale price	Cost or other basis and expense of sale	Gain (loss) (f) less (h)	Fair market value as of December 31, 1969	Adjusted cost basis	Excess of (l) over (k)	Losses from column (j) and gains excess (f) over (l)
Security	AT&T Corp	P	3/23/00	03/05/03	\$ 18,370	82,792	(64,422)	N/A	N/A	N/A	\$ (64,422)
	Comcast Corporation	P	3/23/00	03/05/03	46,014	138,416	(92,402)	N/A	N/A	N/A	(92,402)
	Wal-Mart Stores, Inc	P	3/23/02	03/05/03	799,950	1,065,584	(265,634)	N/A	N/A	N/A	(265,634)
Security	Merck	D	10/19/87	12/16/03	441,100	85,920	355,180	N/A	N/A	N/A	355,180
					<u>\$ 1,305,434</u>	<u>1,372,712</u>	<u>(67,278)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>\$ (67,278)</u>

ALLEGHENY FOUNDATION
Form 990-PF
EIN: 25-6012303
Year Ended December 31, 2003

Information Regarding Grant and Loan Program

The Allegheny Foundation concentrates its giving in the Western Pennsylvania area and confines most of its grant awards to programs for historic preservation, civic development, education, youth development, and animal welfare. The Foundation does not make grants to individuals.

Initial inquiries to the Foundation should be in letter form signed by the Organization's President, or authorized representative, and have the approval of the Organization's Board of Directors. The letter should include a concise description of the specific program for which funds are requested. Additional information must include a budget for the program and for the organization, the latest audited financial statement and annual report. A copy of the Organization's current ruling letter evidence tax exemption under Section 501(c)(3) and 509(a) of the Internal Revenue Code is required. Additional information may be requested, if needed, for further evaluation.

The Foundation normally considers grants at an annual meeting held in December. However, requests may be submitted at any time and will be acted upon as expeditiously as possible.

Grant applications should be addressed to:

Mr. Matthew A. Groll
Executive Director
Allegheny Foundation
301 Grant Street
One Oxford Centre
Suite 3900
Pittsburgh, Pennsylvania 15219-6401

ALLEGHENY FOUNDATION

Schedule of Grants

	Payable, December 31, 2002	January 1 to December 31, 2003		Payable, December 31, 2003
		Approved	Paid	
Allegheny Institute for Public Policy, Pittsburgh, Pennsylvania General support	\$ —	50,000	25,000	25,000
American Legislative Exchange Council, Washington, D.C. "Report Card on American Education"	—	35,000	15,000	20,000
The Animal Rescue League of Western Pennsylvania, Inc., Pittsburgh, Pennsylvania Program support	—	10,000	10,000	—
Boys & Girls Clubs of Western Pennsylvania, Pittsburgh, Pennsylvania Summer program	—	40,000	—	40,000
Brownsville Area Revitalization Corporation, Brownsville, Pennsylvania Newspapers in Education and capital support	—	36,800	21,800	15,000
Carnegie Library of Homestead, Munhall, Pennsylvania Capital support	—	12,000	12,000	—
Center for the Study of Popular Culture, Los Angeles, California Project support	—	50,000	50,000	—
Children Requiring a Caring Kommunity Harrisburg, North Carolina General support	—	50,000	25,000	25,000
Cornerstone Church of Muskegon, Muskegon, Michigan General support	—	1,000	1,000	—
Crime Prevention Offices of Western Pennsylvania, Gibsonia, Pennsylvania Program support	—	5,000	5,000	—
The Extra Mile Education Foundation, Inc., Pittsburgh, Pennsylvania Operation support	—	25,000	—	25,000
Former Agents of the FBI Foundation, Quantico, Virginia Project support	—	25,000	25,000	—
The Frick Art and Historical Center, Inc., Pittsburgh, Pennsylvania Exhibition support	—	40,000	40,000	—
The Garden Club of McKeesport, McKeesport, Pennsylvania Capital support	—	1,000	1,000	—
Goodwill Industries of Pittsburgh, Pittsburgh, Pennsylvania General support	—	50,000	50,000	—

ALLEGHENY FOUNDATION

Schedule of Grants

	Payable, December 31, 2002	January 1 to December 31, 2003		Payable, December 31, 2003
		Approved	Paid	
Greater Pittsburgh Community Food Bank, Duquesne, Pennsylvania General support	\$ —	25,000	25,000	—
Humane Society of Westmoreland County, Greensburg, Pennsylvania General support	—	5,000	—	5,000
Institute for Functional Medicine, Gig Harbor, Washington Project support	—	50,000	25,000	25,000
Intercollegiate Studies Institute, Inc., Wilmington, Delaware Preparatory School Lecture Program	50,000	25,000	50,000	25,000
Johnstown Flood Museum Association, Johnstown, Pennsylvania General support	—	10,000	10,000	—
Kiskiminetas Springs School, Saltsburg, Pennsylvania General support	50,000	—	50,000	—
Ladew Topiary Gardens, Inc., Monkton, Maryland General support	—	10,000	—	10,000
Light of Life Rescue Mission, Inc., Pittsburgh, Pennsylvania General support	—	10,000	10,000	—
Lincoln Institute of Public Opinion Research, Inc., Harrisburg, Pennsylvania General support	—	50,000	—	50,000
Loyalhanna Watershed and Environmental Association, Inc., Ligonier, Pennsylvania Project support	—	2,500	2,500	—
The Maldon Institute, Washington, D.C. General operating support	—	20,000	20,000	—
Manchester Craftsmen's Guild, Pittsburgh, Pennsylvania Program support	50,000	—	50,000	—
The Mount Vernon Ladies' Association of the Union, Mount Vernon, Virginia Program support	—	250,000	100,000	150,000
National Academy of Social Insurance, Washington, D.C. Nathan J. Stark Internship for Nonprofit Development	—	20,000	20,000	—

ALLEGHENY FOUNDATION

Schedule of Grants

	Payable, December 31, 2002	January 1 to December 31, 2003		Payable, December 31, 2003
		Approved	Paid	
National Association for Olmsted Parks, Buffalo, New York Project support	\$ —	10,000	—	10,000
Northeastern Educational Television of Ohio Inc., Kent, Ohio General support	—	5,000	5,000	—
Pennsylvania Trolley Museum, Inc., Washington, Pennsylvania Capital support	300,000	200,000	400,000	100,000
Philanthropy Roundtable, Washington, D.C. General support	—	10,000	—	10,000
Pittsburgh History and Landmarks Foundation, Pittsburgh, Pennsylvania Allegheny County Courthouse Restoration Fund Program support	—	15,000	15,000	—
The Pittsburgh Parks Conservancy, Pittsburgh, Pennsylvania General support	25,000	75,000	75,000	25,000
Point Park University, Pittsburgh, Pennsylvania Project support	—	100,000	100,000	—
River City Brass Band, Pittsburgh, Pennsylvania General support	—	25,000	—	25,000
Soldiers' and Sailors' Memorial Hall and Museum Trust, Inc., Pittsburgh, Pennsylvania Program support	—	25,000	25,000	—
Tutwiler Community Education Center, Inc., Tutwiler, Mississippi General support	—	10,000	10,000	—
UCLA Foundation, Los Angeles, California Program support	—	50,000	50,000	—
Western Pennsylvania Model Railroad Museum, Gibsonia, Pennsylvania Project support	—	5,000	5,000	—
Westmoreland County Food Bank, Delmont, Pennsylvania Operation support	—	20,000	20,000	—
	<u>\$ 475,000</u>	<u>1,482,300</u>	<u>1,360,300</u>	<u>597,000</u>

FEDERAL FOOTNOTES

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GRANTS PAID

ALL OF THE GRANTEES SHOWN ON THE ATTACHED STATEMENT OF GRANTS ARE EXEMPT UNDER INTERNAL REVENUE CODE SECTION 501(C) (3) AND HAVE THE STATUS OF PUBLIC CHARITIES WITHIN THE MEANING OF INTERNAL REVENUE CODE SECTION 509(A) (1), (2), OR (3).

FEDERAL FOOTNOTES

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EXPENSE ALLOCATION

COMPENSATION OF OFFICERS, TRUSTEES, AND OTHER EMPLOYEES AS WELL AS THE RELATED EMPLOYEE BENEFITS ARE ALLOCATED BASED ON TIME SPENT IN CARRYING OUT THE FOUNDATION'S EXEMPT PURPOSE VERSUS TIME SPENT IN THE PRODUCTION OF INCOME. PROFESSIONAL FEES ARE ALLOCATED BASED ON SERVICES PERFORMED FOR THE FOUNDATION. DEPRECIATION IS TAKEN ON PROPERTY USED IN PRODUCING INCOME. THE REMAINING EXPENSES ARE CLASSIFIED BASED ON THE SALARY ALLOCATION DESCRIBED ABOVE.