

**UNIVERSAL STAINLESS & ALLOY PRODUCTS, INC.**  
**(the “Company”)**

**AUDIT COMMITTEE CHARTER**

As Amended January 23, 2017

**PRIMARY PURPOSE**

The Audit Committee (the “Committee”) is a standing committee of the Board of Directors of the Company (the “Board”). The primary purpose of the Committee is to provide independent and objective oversight of the accounting functions and internal controls of the Company to ensure the objectivity of the Company’s financial statements and to provide the Board with reliable information obtained through direct personal contact with the Company’s independent registered public accounting firm, as engaged from time to time (the “Independent Accountants”), and the financial management of the Company in order to assist the Board in the discharge of its fiduciary obligations to the Company’s stockholders.

**SCOPE OF RESPONSIBILITY**

1. Maintain the sole authority and responsibility to select, evaluate and, where appropriate, replace, the Independent Accountants, including the qualifications, independence and performance thereof, and determine the compensation of the Independent Accountants.
2. Approve, in advance, any audit or non-audit services to be provided by the Independent Accountants.
3. Review the scope of any proposed audit to be performed and evaluate its effectiveness as it relates to the Company’s special areas of interest.
4. Review the results of the audit, as well as discuss the financial statements and any changes or improvements in the Company’s accounting practices and internal controls suggested by the Independent Accountants, with the Independent Accountants and the financial management of the Company.
5. Review the adequacy of the internal financial and operational controls of the Company with the Independent Accountants and keep the Board informed of its findings.
6. Review significant developments in accounting rules and review with management and the Independent Accountants recommended changes in the Company’s methods of accounting or financial statements resulting therefrom.
7. Provide oversight with respect to the Company’s internal audit services function.

8. Assist the Board with the evaluation of enterprise risk issues as requested by the Board from time to time.
9. Coordinate with the Company's management and the Board to help ensure that the Committee and the Board receive relevant information necessary to fulfill their duties and responsibilities with respect to oversight of risk management policies and procedures related to cybersecurity and other computerized information system controls, and consider proposals for improvement of such controls from time to time, as appropriate.
10. Fulfill such other responsibilities as may be delegated to the Committee by the Board from time to time.

### **GENERAL GUIDELINES**

1. Charter: The Committee will review and reassess the adequacy of this charter at least annually and recommend any proposed changes from time to time to the Board for approval.
2. Composition: The Committee will be comprised of three or more directors as determined by the Board from time to time. The members of the Committee will meet the independence and experience requirements of applicable Nasdaq (or any such other stock exchange on which the Company's securities trade at a given time) and Securities and Exchange Commission ("SEC") rules. At least one member of the Committee shall be an "audit committee financial expert" within the meaning of Section 407 of the Securities Exchange Act of 1934, as amended. The members of the Committee shall have adequate knowledge of the Company's history and business and the competitive environment in which it operates, as well as the fundamental accounting and financial principles and issues applicable to comparable companies.
3. Meetings: The Committee will meet at least four times a year, and special meetings will be called as circumstances require. At the discretion of the Chairman of the Committee (the "Chairman"), one or more officers, employees, advisors or guests of the Company may be invited to attend any meeting of the Committee; provided, however, that the Committee will meet privately with the Independent Accountants at least annually. A quorum of the Committee shall be declared when a majority of the appointed members of the Committee are in attendance at any such meeting. Actions of the Committee shall be taken by a vote of a majority of its members forming a quorum, except as otherwise provided herein. Written minutes will be kept for all such meetings. In the absence of the Secretary of the Company from any meeting of the Committee, the Committee may appoint another person, including a member thereof, to serve as secretary to the Committee at such meeting. One or more of the Committee's members may participate in a meeting of the Committee by means of conference telephone. The Committee may act by written consent action signed by all members. Any record of any action signed by all members of the Committee or minutes

signed by all members of the Committee or the Secretary of the Company shall be conclusive evidence of any such action.

4. Function of the Chairman: The Committee shall recommend, and the Board shall designate, one member of the Committee to serve as Chairman. The Chairman shall be responsible for establishing the agendas for meetings of the Committee. The Chairman shall conduct and preside at each meeting of the Committee.
5. Reporting to the Board: The Committee will report its activities to the full Board on a regular basis so that the Board is kept informed of its activities on a current basis.
6. Approval of Audit and Non-Audit Services. The Committee will approve, in advance, any audit and non-audit services to be provided by the Independent Accountants and shall determine the compensation of the Independent Accountants for such services.
7. Audit Plans: The Committee will review the annual audit plans with the Chief Financial Officer and the Independent Accountants, and discuss the degree of coordination of the respective plans.
8. Internal Controls: The Committee will review with the Independent Accountants the adequacy of the Company's internal controls. It will also request a letter from the Independent Accountants concerning any significant weaknesses or breaches of internal control discovered during the course of their audit.
9. Accounting Issues and Contingencies: The Committee will discuss with both management and the Independent Accountants any significant developments and changes in accounting rules (i.e., accounting standards or rules proposed by the Financial Accounting Standards Board ("FASB") or the SEC) and any other significant accounting issues. The Committee will also inquire about significant contingencies.
10. Complaint Procedures: The Committee shall establish procedures for the receipt, retention and treatment of complaints regarding accounting, internal controls, or auditing matters and for the confidential, anonymous submission by employees of concerns regarding alleged questionable accounting or auditing matters.
11. Oversight of Conflicts on Interest Issues: At the direction of the Board, the Committee shall review significant conflicts of interests involving directors or executive officers. The Committee shall review compliance with the Company's policies and procedures with respect to officers' expense accounts, including their use of corporate assets, and consider the results of any review of these areas by the internal auditors or Independent Accountants. The Committee shall review and approve, in advance, all "related party transactions" as described in SEC Regulation S-K, Item 404(a).

12. Investigative Authority: The Committee is authorized to confer with Company management and other employees to the extent that it may deem necessary or appropriate to fulfill its duties, and is authorized to conduct or authorize investigations into any matters within the scope of its responsibilities.
13. Independent Advisors: The Committee may from time to time engage independent counsel and other advisors as it may deem appropriate to assist the Committee in fulfilling its duties, provided that it shall keep the Board advised as to the nature and extent of such outside advice. The Company shall provide appropriate funding for the Committee to retain such advisors.
14. General Financial Oversight: In discharging its responsibility, the Committee is not itself responsible for the planning or conduct of audits or for any determination that the Company's financial statements are complete and accurate or in accordance with U.S. generally accepted accounting principles. The Company's management is responsible for the preparation, presentation and integrity of the Company's financial statements and for the appropriateness of the accounting principles and reporting policies that are used by the Company. The Independent Accountants are responsible for auditing the Company's financial statements and for reviewing the Company's unaudited interim financial statements.
15. Amendments and Future Delegations: By specific resolution from time to time, the Board may make further delegations to the Committee or amend or supplement any provision of this Charter. Except as directed otherwise by the Board or prohibited by any applicable law, regulation or stock exchange listing standard, the Committee may delegate any of its responsibilities to a subcommittee comprised of one or more members of the Committee.

## **INDEPENDENT ACCOUNTANTS OVERSIGHT**

The Committee shall have the sole authority and responsibility to select, evaluate and, where appropriate, replace, the Independent Accountants. The Committee shall evaluate the performance of the Independent Accountants on at least an annual basis. As part of its responsibilities to select and evaluate the Independent Accountants, the Committee may consider the following guidelines, as deemed appropriate by the Committee, together with any other factors which the Committee determines to consider in connection with its selection and evaluation of the Independent Accountants:

1. Opinions on the performance of the Independent Accountants by appropriate management personnel;
2. The proposed audit fee and explanation of fee changes;
3. Reports presented by the Independent Accountants regarding their independence; and

4. The professional competency of the firm through inquiry about its latest peer review and any significant litigation problems or disciplinary actions by the SEC or others.

In performing its evaluation of the Independent Accountants, the Committee shall ensure that the Independent Accountants deliver to the Committee a formal written statement delineating all relationships between the Company and the Independent Accountants. The Committee shall also engage in a dialogue with the accountants with respect to any disclosed relationships or services that may impact the objectivity and independence of the Independent Accountants. In response to such report, the Committee will take appropriate action to satisfy itself of the independent of the Independent Accountants.

### **PRE-AUDIT AND POST-AUDIT REVIEW GUIDELINES**

1. The Committee will receive and review a draft of the financial section of the annual report to stockholders, complete with footnotes, and the Management's Discussion and Analysis (MD&A) section which will be consistent with other sections of the annual report.
2. The Committee will request an explanation from management and the Independent Accountants about the effect of significant changes in accounting practices or policies.
3. The Committee will inquire of management and the Independent Accountants if there were any significant financial reporting issues discussed during the current audit and, if so, how they were resolved.
4. The Committee will review, with management and the Independent Accountants, new or revised accounting standards or rules proposed by FASB or the SEC and will evaluate whether any such standards or rules will have a significant effect on the Company's financial statements.
5. The Committee will determine whether there are any significant items in dispute with the IRS which might result or have resulted in litigation and will inquire as to the status of and review related tax reserves and interest accruals.
6. The Committee will meet privately with the Independent Accountants at least annually to determine the quality of the Company's financial, accounting and auditing personnel.
7. The Committee will request a letter from the Independent Accountants concerning any significant weaknesses or breaches in internal control discovered during their audit.
8. The Committee will discuss with management and the Independent Accountants the substance of any significant issues raised by outside counsel concerning litigation, contingencies or other claims; and how such matters affect the Company's financial statements.

9. The Committee will have a predetermined arrangement with the Independent Accountants that they will advise the Committee through its Chair and management of the Company of any matters identified through procedures followed for interim quarterly financial statements. Such notification is to be made prior to the related press release or, if not practicable, prior to filing the Quarterly Report on Form 10-Q.