

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

**COMPENSATION COMMITTEE CHARTER**

**Purpose**

The Compensation Committee (the “Committee”) of the Board of Directors of the Company (the “Board”) is appointed annually by the Board to discharge the Board’s responsibilities relating to compensation for the Company’s directors, Chairman and Chief Executive Officer (“CEO”) and all other executive officers of the Company (collectively, the “Executives”). The Committee has overall responsibility for evaluating and approving the structure, operation and effectiveness of the Company’s compensation plans, policies and programs.

**Committee Membership**

The Committee shall consist of no fewer than three members, one of whom shall serve as chairperson of the Committee. The members of the Committee shall be independent under applicable Nasdaq rules and shall be “outside directors” for purposes of Section 162(m) of the Internal Revenue Code and “non-employee directors” for purposes of Section 16b-3 of the Securities Exchange Act of 1934. The members of the Committee and the chairperson of the Committee shall be appointed at least annually by the Board. The Board may remove any member from the Committee at any time with or without cause.

**Meetings**

The Committee shall hold at least two meetings per fiscal year and such additional meetings as determined by the Committee or by its chairperson. When appropriate, and in no event less than once per year, the Committee shall meet in an executive session.

**Committee Authority and Responsibility**

1. The Compensation Committee shall approve all employment agreements for the Chairman and CEO and all Executives.
2. In accordance with his employment agreement, the Committee shall have direct responsibility for annually reviewing and approving corporate goals and objectives relevant to the Chairman and CEO’s compensation, evaluating the Chairman and CEO’s performance in light of those goals and objectives, and determining and approving the Chairman and CEO’s compensation level based on this evaluation. In determining the long-term incentive component of Chairman and CEO compensation, the Committee will consider the Company’s and the individual’s performance, relative shareholder return, the value of similar incentive awards to Chairmen and CEOs at comparable companies, and awards given in past years, among other factors deemed relevant by the Committee. The Chairman and CEO may not be present during voting or deliberations by the Committee on his or her compensation.
3. In accordance with their employment agreements, if any, the Compensation Committee shall annually review and approve, for all Executives (a) the annual base salary level, (b) the annual incentive opportunity level, (c) the long-term incentive opportunity level, (d) severance arrangements and change in control agreements/provisions in each case as, when and if appropriate, and (e) any special or supplemental benefits.

4. The Committee shall annually review management's recommendations and make recommendations to the Board with respect to the compensation of all directors and Executives, including all compensation, incentive compensation plans and equity-based plans as well as the individuals receiving awards under incentive and equity-based compensation plans; provided, however, that the Committee shall have full decision-making powers with respect to compensation intended to be performance-based compensation within the meaning of Section 162(m) of the Internal Revenue Code.
5. The Committee shall establish and maintain policies regarding the compensation of the Company's employees, including non-executive officers, as it relates to risk management and risk-taking incentives, and shall review and assess risks arising from such compensation policies.
6. The Committee shall administer the Company's Stock Incentive Plan.
7. The Committee shall also be responsible for reviewing and discussing with the Company's management the disclosure required by Item 407(e)(5) of Regulation S-K.
8. The Committee shall make a recommendation to the Board, or approve the frequency at which the Company should submit to shareholders an advisory vote on the compensation of the Company's named executive officers.
9. The Committee shall review the results of any advisory votes on the compensation of the Company's named executive officers and consider whether to make any adjustments to the Company's executive compensation policies and practices.
10. The Committee shall oversee the administration of the Company's stock ownership policy for directors and Executives.
11. The Committee shall review from time to time (and, in any event, at least annually) the Company's succession plan and report on such plan to the full Board.
12. The Committee may, in its sole discretion, retain or obtain the advice of compensation consultants, legal counsel or other advisers. The Committee shall be solely and directly responsible for the appointment, termination, compensation (payable by the Company) and oversight of the work of such compensation consultants, legal counsel and other advisers retained by the Committee. Before retaining or obtaining advice of any compensation consultant, legal counsel or other adviser to the Committee, other than in-house legal counsel, and from time to time thereafter, the Committee shall take into consideration the following factors:
  - (a) the provision of other services to the Company by the person that employs the compensation consultant, legal counsel or other adviser;
  - (b) the amount of fees received from the Company by the person that employs the compensation consultant, legal counsel or other adviser, as a percentage of the total revenue of the person that employs the compensation consultant, legal counsel or other adviser;
  - (c) the policies and procedures of the person that employs the compensation consultant, legal counsel or other adviser that are designed to prevent conflicts of interest;
  - (d) any business or personal relationship of the compensation consultant, legal counsel or other adviser with a member of the compensation committee;

(e) any stock of the Company owned by the compensation consultant, legal counsel or other adviser; and

(f) any business or personal relationship of the compensation consultant, legal counsel, other adviser or the person employing the adviser with an Executive Officer of the Company.

13. The Committee may form and delegate authority to subcommittees when appropriate.

14. The Committee shall make regular reports to the Board and such other reports as are requested by the Board.

15. The Committee shall review and reassess the adequacy of its charter annually and recommend any proposed changes to the Board for approval.

16. The Committee shall annually review its own performance. The Committee shall also perform such additional duties and have such additional responsibilities and functions as the Board may from time to time determine.