



Universal Stainless Reports Sharply Higher First Quarter 2001 Earnings

Announces Outlook for 2001 Second Quarter

BRIDGEVILLE, Pa., April 19, 2001 -- Universal Stainless & Alloy Products, Inc. (Nasdaq:USAP) today announced that net income for the first quarter ended March 31, 2001, increased to \$1.5 million, or \$0.25 per diluted share. This represents a 69% improvement over net income reported before an accounting change affecting the prior year period as described below. Earnings before interest, taxes, depreciation and amortization (EBITDA) in the 2001 first quarter were \$3.2 million, equivalent to \$0.53 per diluted share. Sales increased from \$18 million in the first quarter of 2000 to \$21 million in the first quarter of 2001. Commenting on these results, President and CEO Mac McAninch stated, "Our strategy of focusing on niche markets within the aerospace, petrochemical and power generation industries enabled us to achieve strong first quarter results and overcome the challenges of increased imports and a slowing economy. Sales of products shipped to the forging and OEM markets increased to \$4.6 million and \$4.3 million, respectively, in the first quarter of 2001, representing increases of 27% and 188% over the year-ago period. Increased imports and the slowing economy resulted in a 30% reduction in sales of commodity products and a 32% reduction in sales of tool steel products."

Mr. McAninch continued, "Our natural gas costs increased by more than \$800,000 in the first quarter of 2001 in comparison to the first quarter of 2000 because of higher rates. The natural gas surcharge, which took effect with shipments beginning on February 1, 2001, offset approximately \$150,000 of this increased cost."

The Company noted that its 2001 first quarter selling and administrative costs increased by \$455,000 from the year-ago period and included a \$190,000 obligation to its former Vice President of Operations, as well as increased business insurance and employment costs related to the Company's improved business conditions.

The financial results for the 2000 first quarter included the effect of conforming to the Securities and Exchange Commission's (SEC) Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements" (SAB 101). The application of the SEC's guidance to language in the Company's previous Standard Terms and Conditions of Sale required Universal Stainless to defer revenue recognition until cash was collected, even though risk of loss passed to the buyer at time of shipment. In the fourth quarter of 2000, management modified the Company's Standard Terms and Conditions of Sale to more closely reflect the substance of its sales transactions and permit the recognition of revenue on a basis consistent with past practices. The financial results, before and after the effect of SAB 101 on 2000 results, are as follows:

	Quarter Ended March 31, 2000			
	Quarter Ended March 31, 2001	As Previously Reported	Accounting Change Adjustment	As Adjusted
Net sales	\$21,259,000	\$18,089,000	\$ (319,000)	\$17,770,000
EBITDA	\$ 3,237,000	\$ 2,141,000	\$ 357,000	\$ 2,498,000
Income before cumulative effect of accounting change	\$ 1,512,000	\$ 896,000	\$ 232,000	\$ 1,128,000
Cumulative effect of accounting change			\$(1,546,000)	\$(1,546,000)
Net income	\$ 1,512,000	\$ 896,000	\$(1,314,000)	\$ (418,000)
Earnings per diluted share	\$ 0.25	\$ 0.15	\$ (0.22)	\$ (0.07)

Business Outlook

The following statements are based on the Company's current expectations. These statements are forward-looking, and actual

results may differ materially.

The Company estimates that its sales for the second quarter of 2001 will be within the range of \$20 million to \$24 million, representing an increase over the prior year period sales of \$19 million. Diluted earnings per share for the second quarter of 2001 are currently projected to range from \$0.23 to \$0.28. The following factors were considered in developing these estimates:

- The Company's backlog approximated \$35 million on March 31, 2001, as compared to \$21 million on December 31, 2000. The mix of orders booked for delivery in the second quarter by market segment is in line with the 2001 first quarter shipments.
- The Company believes that the high level of demand for its forging and OEM products will continue throughout 2001, while orders for its commodity and tool steel products are expected to remain at existing levels due to current economic conditions and imports.
- The higher rates for natural gas and the need to assess a surcharge are expected to continue. The Company's second quarter estimates also take into account possible electrical and natural gas curtailments throughout the summer months.

The Company's budget for capital expenditures in 2001 is \$9 million. This includes the completed installation of the billet grinder and Oliver plate saw that will provide additional market opportunities for the Company. The Company has also agreed to purchase a new electro-slag remelt furnace that is expected to increase its ESR remelting capacity by approximately 33% once it is fully operational, and two additional annealing furnaces.

Mr. McAninch concluded, "The continued strength of the power generation, petrochemical and aerospace markets, and the addition of our new equipment will create opportunities to increase our sales. I am gratified with the level of orders received to date in 2001. We will continue to seek new opportunities to meet the needs of our current and prospective customers."

Webcast

A simultaneous Webcast of the Company's conference call discussing the 2001 first quarter results and the second quarter outlook, scheduled at 11 a.m. (EDT) today, will be available on the Company's Website at www.univstainless.com. The Webcast also will be archived on the Website.

About Universal Stainless & Alloy Products, Inc.

Universal Stainless & Alloy Products, Inc., headquartered in Bridgeville, Pa., manufactures and markets semi-finished and finished specialty steels, including stainless steel, tool steel and certain other alloyed steels. The Company's products are sold to rerollers, forgers, service centers and original equipment manufacturers, which primarily include the power generation and aerospace industries.

Except for historical information contained herein, the statements in this release are forward-looking statements that are made pursuant to the "safe harbor" provision of the Private Securities Litigation Reform Act of 1995. Forward-looking statements involve known and unknown risks and uncertainties, that may cause the Company's actual results in future periods to differ materially from forecasted results. Those risks include, among others, risks associated with the receipt, pricing and timing of future customer orders; risks associated with the manufacturing process and production yields; and risks related to property, plant and equipment. Certain of these risks and other risks are described in the Company's filings with the Securities and Exchange Commission (SEC) over the last 12 months, copies of which are available from the SEC or may be obtained upon request from the Company.

UNIVERSAL STAINLESS & ALLOY PRODUCTS, INC.

FINANCIAL HIGHLIGHTS

(Dollars in thousands, except per share information)

(Unaudited)

CONSOLIDATED STATEMENT OF OPERATIONS

For the Quarter Ended
March 31,

	2001	2000
Net sales	\$ 21,259	\$ 17,770
Cost of products sold	17,121	14,727
Selling and administrative expenses	1,558	1,102
Operating income	2,580	1,941
Interest expense	(181)	(222)
Other income	20	16
Income before taxes	2,419	1,735
Income taxes	907	607
Income before cumulative effect of accounting change	1,512	1,128
Cumulative effect of accounting change, net of tax	--	(1,546)
Net income (loss) as restated	\$ 1,512	\$ (418)
Basic earnings per share:		
Income before cumulative effect of accounting change	\$ 0.25	\$ 0.19
Net income (loss)	\$ 0.25	\$ (0.07)
Diluted earnings per share:		
Income before cumulative effect of accounting change	\$ 0.25	\$ 0.19
Net income (loss)	\$ 0.25	\$ (0.07)
Weighted average shares of Common Stock outstanding		
Basic	6,081,228	6,072,516
Diluted	6,090,895	6,076,084
Tons shipped	11,066	10,840
EBITDA	\$ 3,237	\$ 2,498

CONSOLIDATED BALANCE SHEET DATA
(Dollars in thousands)

	March 31, 2001	December 31, 2000
Current assets	\$37,214	\$34,063
Property, plant & equipment, net	39,939	39,090
Other assets	598	594

	\$77,751	\$73,747
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Current liabilities	\$12,513	\$10,505
Long-term debt	8,468	8,199
Deferred taxes	6,491	6,276
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Total liabilities	27,472	24,980
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Stockholders' equity	50,279	48,767
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	\$77,751	\$73,747
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