

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): July 20, 2006

Universal Stainless & Alloy Products, Inc.

(Exact name of registrant as specified in its charter)

Delaware	000-25032	25-1724540
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(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

600 Mayer Street, Bridgeville, Pennsylvania	15017
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(Address of principal executive offices)	(Zip code)

Registrant's telephone number, including area code: (412) 257-7600

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2.):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operations and Financial Condition.

On July 20, 2006, Universal Stainless and Alloy Products, Inc. issued a press release regarding its earnings for the second quarter ended June 30, 2006. A copy of the press release is attached hereto.

The information in this Current Report on Form 8-K, including the attached press release, shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such a filing.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

UNIVERSAL STAINLESS & ALLOY PRODUCTS, INC.

By: /s/ Richard M. Ubinger

Vice President of Finance,
Chief Financial Officer and Treasurer

Dated: July 20, 2006

[GRAPHIC OMITTED]

CONTACTS: Richard M. Ubinger	June Filingeri
Vice President of Finance,	President
Chief Financial Officer and Treasurer	Comm-Partners LLC
(412) 257-7606	(203) 972-0186

FOR IMMEDIATE RELEASE

UNIVERSAL STAINLESS REPORTS RECORD SECOND QUARTER 2006 RESULTS

- EPS reaches \$0.69 on sales of \$48 million -
- Backlog rises to \$128 million -

BRIDGEVILLE, PA, July 20, 2006 - Universal Stainless & Alloy Products, Inc. (Nasdaq: USAP) reported today that net income for the second quarter of 2006 rose 41% to a record \$4.6 million, or \$0.69 per diluted share, on a 15% increase in sales, which reached a record \$48.0 million. This compares with net income of \$3.3 million, or \$0.50 per diluted share, and sales of \$41.9 million reported in the second quarter of 2005. Net income for the six-months ended June 30, 2006 was \$8.5 million, or \$1.29 per diluted share, on sales of \$93.0 million, in comparison to net income of \$6.2 million, or \$0.96 per diluted share, and sales of \$84.9 million in the year ago period.

Second quarter 2006 diluted EPS exceeded the Company's forecasted range of \$0.60 to \$0.65 and sales were at the high end of the expected range of \$43 to \$48 million.

President and CEO Mac McAninch commented: "Our growth momentum continued in the second quarter because of the strength of our markets, the benefits of our capital investment program and the effectiveness of our pricing strategy. Aerospace demand continues to be a powerful driver in our marketplace, especially in the requirement for remelted grades of steel, which is also reflected in our growing record backlog. We were better able to respond to that opportunity in the second quarter with the full benefit of our new vacuum-arc remelt (VAR) furnace, which contributed to record sales for both segments of our company. We are working to get our seventh VAR furnace operational before the end of August. Our capital investments and our workforce additions enabled us to meet our customer demand more effectively.

"Mr. McAninch concluded: "We expect our growth to continue in the third quarter and are optimistic about the balance of the year and beyond. Our optimism is based upon the positive outlook for all our end markets, the continuing acute needs of our customers and global opportunities for our products."

USAP REPORTS RECORD 2006 SECOND QUARTER RESULTS

- Page 2 -

Segment Review

In the second quarter of 2006, the Universal Stainless & Alloy Products segment had record sales of \$45.7 million and record operating income of \$5.8 million, yielding an operating margin of 13%. This compares with second quarter 2005 sales of \$37.2 million and operating income of \$3.6 million, or 10% of sales. In the first quarter of 2006, sales were \$39.1 million and operating income was \$4.9 million, or 13% of sales.

The 23% increase in sales from the 2005 second quarter and the 17% increase over the 2006 first quarter reflect the full-quarter contribution of a new vacuum-arc remelt furnace installed in December 2005 in the Company's Bridgeville facility as well as from two additional milling machines and a new plate flattener added in the 2006 first quarter. The increase in sales over the 2005 second quarter also was due to higher product prices and a continued favorable product mix, including strong growth in shipments of bar and plate

products to service centers and OEMs and of special shape products, which offset lower shipments to rerollers. Increased shipments to service centers and OEMs also contributed to the sales growth over the prior quarter. Operating income rose 60% from the 2005 second quarter and 18% from the 2006 first quarter due to the improved pricing and mix of products shipped and enhanced operating efficiency due to the capital investments.

The Dunkirk Specialty Steel segment reported second quarter 2006 record sales of \$16.2 million and record operating income of \$2.3 million, resulting in an operating margin of 14%. This compares with sales of \$12.4 million and operating income of \$1.8 million, or 15% of sales, in the second quarter of 2005. In the first quarter of 2006 sales were \$14.0 million and operating income of \$1.5 million, resulting in an operating margin of 10%.

Dunkirk's sales increased 31% over the 2005 second quarter and 16% over the 2006 first quarter due to improved feedstock supply from the Bridgeville facility and workforce additions that helped increase throughput. The sales growth over both prior periods also reflected higher selling prices and increased shipments of bar and wire products to service centers and OEMs. Those factors also contributed to a 23% increase in operating income over the 2005 second quarter and a 54% increase over the 2006 first quarter, which had been impacted by the higher cost of raw materials at the time of feedstock procurement.

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 third quarter 2006 sales will range from \$45 to \$50 million and that diluted EPS will range from \$0.65 to \$0.70. This compares with sales of \$43.1 million and diluted EPS of \$0.51 in the third quarter of 2005.

USAP REPORTS RECORD 2006 SECOND QUARTER RESULTS

- Page 3 -

The following factors were considered in developing these estimates:

- o The Company's total backlog at June 30, 2006 approximated \$128 million compared to \$118 million at March 31, 2006, reflecting robust aerospace demand and continued strong power generation, petrochemical and tool steel markets.
- o Sales from the Dunkirk Specialty Steel segment are expected to increase to \$17 million due to the increased capability of the Bridgeville facility to supply remelted steel feedstock as well as from the increased headcount.

Webcast

A simultaneous Webcast of the Company's conference call discussing the second quarter of 2006 and the third quarter outlook, scheduled at 10:00 a.m. (Eastern) today, will be available on the Company's website at www.univstainless.com, and thereafter archived on the website. A telephone replay of the conference call will be available beginning at 12:00 noon (Eastern) today and continuing through July 27th. It can be accessed by dialing 706-645-9291, passcode 2702994. This is a toll call.

About Universal Stainless & Alloy Products, Inc.

Universal Stainless & Alloy Products, Inc., headquartered in Bridgeville, Pa., manufactures and markets a broad line of 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, original equipment manufacturers and wire redrawers.

Forward-Looking Information Safe Harbor

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 significant fluctuations that may occur in raw material and energy prices, risks associated with the manufacturing process and production yields, risks related to property, plant and equipment and risks related to the ultimate outcome of the Company's current and future litigation and regulatory matters. 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.

- FINANCIAL TABLES FOLLOW -

UNIVERSAL STAINLESS & ALLOY PRODUCTS, INC.
FINANCIAL HIGHLIGHTS
(Dollars in thousands, except per share information)
(Unaudited)

CONSOLIDATED STATEMENT OF OPERATIONS

	For the Quarter Ended		For the Six-Months Ended	
	June 30,		June 30,	
	2006	2005	2006	2005
	----	----	----	----
Net Sales				

Stainless steel	\$ 35,015	\$ 34,205	\$ 68,433	\$ 67,824
Tool steel	7,410	4,359	13,237	10,376
High-strength low alloy steel	3,241	1,642	5,793	2,764
High-temperature alloy steel	1,744	711	4,113	1,736
Conversion services	504	850	1,233	1,964
Other	105	96	147	218
	-----	-----	-----	-----
Total net sales	48,019	41,863	92,956	84,882
Cost of products sold	37,692	34,197	74,012	70,607
Selling and administrative expenses	2,879	2,385	5,135	4,292
	-----	-----	-----	-----
Operating income	7,448	5,281	13,809	9,983
Interest expense	(269)	(200)	(535)	(372)
Other income	2	3	4	63
	-----	-----	-----	-----
Income before taxes	7,181	5,084	13,278	9,674
Income tax provision	2,585	1,831	4,780	3,483
	-----	-----	-----	-----
Net income	\$ 4,596	\$ 3,253	\$ 8,498	\$ 6,191
	=====	=====	=====	=====
Earnings per share - Basic	\$ 0.72	\$ 0.51	\$ 1.32	\$ 0.97
	=====	=====	=====	=====
Earnings per share - Diluted	\$ 0.69	\$ 0.50	\$ 1.29	\$ 0.96
	=====	=====	=====	=====
Weighted average shares of Common Stock outstanding				
Basic	6,426,374	6,363,831	6,421,848	6,357,189
Diluted	6,615,204	6,451,326	6,588,813	6,459,901

MARKET SEGMENT INFORMATION

	For the Quarter Ended		For the Six-Months Ended	
	June 30,		June 30,	
	2006	2005	2006	2005
	----	----	----	----
Net Sales				

Service centers	\$ 26,318	\$ 17,050	\$ 49,356	\$ 35,357
Rerollers	7,377	11,250	15,224	23,278
Forgers	6,857	7,907	14,421	14,170
Original equipment manufacturers	4,956	2,598	9,555	4,922
Wire redrawers	1,876	2,113	3,020	4,985
Conversion services	504	850	1,233	1,964
Other	131	95	147	206
	-----	-----	-----	-----
Total net sales	\$ 48,019	\$ 41,863	\$ 92,956	\$ 84,882
	=====	=====	=====	=====
Tons shipped	12,741	13,383	24,785	28,613
	=====	=====	=====	=====

BUSINESS SEGMENT RESULTS

Universal Stainless & Alloy Products Segment

	For the Quarter Ended June 30,		For the Six-Months Ended June 30,	
	2006 ----	2005 ----	2006 ----	2005 ----
Net Sales				

Stainless steel	\$ 22,444	\$ 23,536	\$ 46,011	\$ 45,313
Tool steel	7,254	4,247	12,614	10,154
High-strength low alloy steel	1,690	920	2,929	1,313
High-temperature alloy steel	718	703	1,759	1,728
Conversion services	384	705	922	1,656
Other	72	43	112	160
	-----	-----	-----	-----
	32,562	30,154	64,347	60,324
Intersegment	13,138	7,003	20,490	15,258
	-----	-----	-----	-----
Total net sales	45,700	37,157	84,837	75,582
Material cost of sales	20,346	18,454	37,754	38,280
Operation cost of sales	17,484	13,304	32,735	28,083
Selling and administrative expenses	2,026	1,755	3,555	2,896
	-----	-----	-----	-----
Operating income	\$ 5,844	\$ 3,644	\$ 10,793	\$ 6,323
	=====	=====	=====	=====

Dunkirk Specialty Steel Segment

	For the Quarter Ended June 30,		For the Six-Months Ended June 30,	
	2006 ----	2005 ----	2006 ----	2005 ----
Net Sales				

Stainless steel	\$ 12,571	\$ 10,669	\$ 22,422	\$ 22,511
Tool steel	156	112	623	222
High-strength low alloy steel	1,551	722	2,864	1,451
High-temperature alloy steel	1,026	8	2,354	8
Conversion services	120	145	311	308
Other	33	53	35	58
	-----	-----	-----	-----
	15,457	11,709	28,609	24,558
Intersegment	722	663	1,557	1,481
	-----	-----	-----	-----
Total net sales	16,179	12,372	30,166	26,039
Material cost of sales	8,938	6,442	16,909	13,556
Operation cost of sales	4,131	3,465	7,953	7,389
Selling and administrative expenses	853	630	1,580	1,396
	-----	-----	-----	-----
Operating income	\$ 2,257	\$ 1,835	\$ 3,724	\$ 3,698
	=====	=====	=====	=====

CONSOLIDATED BALANCE SHEET

June 30, December 31,
2006 2005

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Assets		

Cash	\$ 512	\$ 620
Accounts receivable, net	32,843	27,963
Inventory	59,129	51,398
Deferred taxes	1,398	1,084
Other current assets	1,452	1,706
	-----	-----
Total current assets	95,334	82,771
Property, plant & equipment, net	49,560	45,761
Other assets	498	495
	-----	-----
Total assets	\$ 145,392	\$ 129,027
	=====	=====
Liabilities and Stockholders' Equity		

Trade accounts payable	\$ 13,660	\$ 12,579
Deferred revenue	4,326	384
Accrued employment costs	3,981	2,958
Outstanding checks in excess of bank balance	3,386	3,101
Current portion of long-term debt	2,459	1,555
Other current liabilities	1,173	530
	-----	-----
Total current liabilities	28,985	21,107
Bank revolver	6,831	6,117
Long-term debt	10,018	11,200
Deferred taxes	9,609	9,600
	-----	-----
Total liabilities	55,443	48,024
Stockholders' equity	89,949	81,003
	-----	-----
Total liabilities and stockholders' equity	\$ 145,392	\$ 129,027
	=====	=====

CONSOLIDATED STATEMENT OF CASH FLOW DATA

For the Six-month Period Ended June 30,

	2006	2005
	----	----
Cash flows provided by operating activities:		
Net income	\$ 8,498	\$ 6,191
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation and amortization	1,639	1,532
Loss on retirement of fixed assets	-	342
Deferred tax (decrease) increase	(343)	412
Stock based compensation expense	126	-
Tax benefit from exercise of stock options	-	115
Excess tax benefits from share-based payment arrangements	(115)	-
Changes in assets and liabilities:		
Accounts receivable, net	(4,880)	(3,107)
Inventory	(7,731)	(9,955)
Trade accounts payable	1,081	4,731
Deferred revenue	3,942	151
Accrued employment costs	1,023	1,045
Other, net	899	890
	-----	-----
Cash flow provided by operating activities	4,139	2,347
	-----	-----
Cash flow used in investing activities:		
Capital expenditures	(5,290)	(2,931)
	-----	-----

Cash flow used in investing activities	(5,290)	(2,931)
	-----	-----
Cash flows used in financing activities:		
Revolving credit net borrowings	714	(4,057)
Proceeds from long-term debt	-	8,050
Long-term debt repayments	(278)	(618)
Net change in outstanding checks in excess of bank balance	285	(2,186)
Proceeds from issuance of common stock	207	312
Excess tax benefits from share-based payment arrangements	115	-
	-----	-----
Cash flow used in financing activities	1,043	1,501
	-----	-----
Net cash flow	\$ (108)	\$ 917
	=====	=====