



Universal Stainless Announces \$13 Million Melt Shop Investment

BRIDGEVILLE, Pa., Jan. 29, 2009 -- Universal Stainless & Alloy Products, Inc. (Nasdaq:USAP) announced today that it will invest \$13 million in its Bridgeville melt shop over the next 15 months. The capital improvement will include major upgrades in equipment, automation and plant layout designed to:

- * Cut production cycle times and customer lead times,
- * Improve on-time delivery performance,
- * Increase material yields,
- * Reduce operating costs and
- * Enhance working capital management.

The equipment and infrastructure spending will be completed by the end of 2009 and the automation investment will be completed by the middle of 2010. The capital improvement is expected to begin producing cost savings in the 2009 fourth quarter. Once fully implemented, the capital improvement is expected to yield cost savings of more than \$7.5 million per year.

The major components of the capital improvement include:

- * Installation of a newly designed 50-ton electric arc furnace shell and purchase of state-of-the-art equipment designed to automate certain recurring operating processes.
- * Upgrade of the alloy addition equipment at the Argon-Oxygen Decarburization (AOD) unit.
- * Addition of new ladle preheating equipment.
- * Modify the plant layout and material handling systems within the melt shop and scrap yard to improve product flow.
- * Implementation of new melting and refining automation software.

The Company is working with PNC Bank to establish a new revolving credit and term loan facility. This new facility will replace the Company's existing revolving credit facility that expires June 30, 2009. The combination of existing cash balances, future cash flows and the new facility are expected to be more than sufficient to fund this capital project as well as other future cash needs for the Company.

Dennis Oates, President and Chief Executive Officer, commented: "We are committed to delivering unparalleled customer service through reliable on-time delivery, short lead times and quality products. Over the past several months, we have critically evaluated our ability to meet this commitment. These investments in our melt shop will enable us to meet our commitments to customers and provide further opportunity to enhance the profitable growth envisioned for our Company."

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 rollers, forgers, service centers, original equipment manufacturers and wire redrawers. More information is available at www.univstainless.com.

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, labor 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.

CONTACT: Universal Stainless & Alloy Products, Inc.
Richard M. Ubinger, Vice President of Finance,
Chief Financial Officer and Treasurer
(412) 257-7606

Comm-Partners LLC
June Filingeri, President
(203) 972-0186