

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): January 18, 2007

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 January 18, 2007, Universal Stainless and Alloy Products, Inc. issued a press release regarding its earnings for the fourth quarter ended December 31, 2007. A copy of the press release is attached hereto as Exhibit 99.1.

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.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

99.1 Press Release dated January 18, 2007

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: January 18, 2007

[GRAPHIC OMITTED][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 SALES AND EARNINGS
FOR FOURTH QUARTER AND FULL YEAR 2006
- Fourth Quarter EPS Reaches \$0.97 on \$56 Million in Sales -
- Full-Year Sales Top \$200 Million and EPS Climbs to \$3.12 -

BRIDGEVILLE, PA, January 18, 2007 - Universal Stainless & Alloy Products, Inc. (Nasdaq: USAP) reported today that sales for the fourth quarter of 2006 rose 33% to a record \$55.8 million compared with \$42.0 million in the same period of 2005. Fourth quarter 2006 net income rose 80% to a record \$6.4 million, or \$0.97 per diluted share. This compares with net income of \$3.6 million, or \$0.55 per diluted share, reported in the fourth quarter of 2005. For the full year 2006, sales rose 20% to a record \$203.9 million compared with \$170.0 million in 2005. Net income for 2006 increased 58% to a record \$20.6 million, or \$3.12 per diluted share compared with \$13.1 million, or \$2.02 per diluted share reported for 2005.

The 2006 fourth quarter and full year results included \$465,000 of other income from the receipt of 2006 import duties, equivalent to \$0.05 per diluted share, and a reduction in the annual income tax rate to 35.2% from 36.0%, equivalent to \$0.04 per diluted share. The 2005 fourth quarter and full year results included import duties of \$358,000, equivalent to \$0.04 per diluted share, and a reduction in the annual income tax rate to 35.4% from 36.0%, equivalent to \$0.02 per diluted share.

The Company's fourth quarter 2006 results exceeded its forecast of sales in the range of \$45 to \$50 million and diluted EPS in the range of \$0.70 to \$0.75.

Chairman and CEO Mac McAninch commented: "We achieved record results in the fourth quarter of 2006 as we have each quarter this year due to the strength of our niche markets coupled with our targeted investments in capital equipment and personnel, which have enabled us to take advantage of market opportunities. Substantial aerospace demand continued to be the major force driving our growth in the fourth quarter accompanied by increased year-over-year sales to the petrochemical and power generation markets. In fact, the sizeable increase in our fourth quarter forger sales was for billet product to be used for power generation applications. While our sales of tool steel slowed in the second half of 2006, we view this as temporary because of the favorable outlook for heavy equipment manufacturers later in 2007."

USAP REPORTS RECORD 2006 FOURTH QUARTER RESULTS

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Mr. McAninch continued: "Both of our operating segments reached important milestones for the full year. Sales at our Universal Stainless segment reached \$179 million, while Dunkirk's sales crossed the \$70 million threshold for the first time. These record results mainly reflect our successful shift to higher value-added products as well as higher nickel prices which increased the surcharge passed on to our customers."

Mr. McAninch concluded: "We are entering 2007 with a great deal of optimism for further growth due to the continued strength of our markets. We continue to focus on initiatives to build the Company. We have expanded our executive team with the addition of Ken Matz as our new president, which we announced earlier this week. We also will continue to re-invest in our Company to meet the needs of our customers, to further increase our value-added sales and to build additional value for our shareholders."

Segment Review

In the fourth quarter of 2006, the Universal Stainless & Alloy Products segment had sales of \$47.1 million and operating income of \$4.9 million, yielding an operating margin of 10%. This compares with fourth quarter 2005 sales of \$37.7 million and operating income of \$4.7 million, or 12% of sales. In the third quarter of 2006, sales were \$47.2 million and operating income was \$4.0 million, or 9% of sales. The reduction in operating margin in the 2006 fourth quarter in comparison to the prior year quarter is due to higher material costs incurred, as the price of nickel continued to rise throughout the quarter.

The 25% increase in sales from the 2005 fourth quarter reflects the contribution of the new vacuum-arc remelt furnaces installed in 2005 and 2006, the addition of two milling machines and a plate flattener, and efficiency improvements in Bridgeville. It also was due to higher product prices and a favorable product mix including increased shipments to forgers and of bar products to service centers. Fourth quarter 2006 sales were level with the 2006 third quarter as lower sales of semi-finished product to rerollers and of tool steel plate to service centers were offset by increased sales to forgers.

The Dunkirk Specialty Steel segment reported record sales for the 2006 fourth quarter of \$20.3 million and record operating income of \$4.0 million, resulting in an operating margin of 20%. This compares with sales of \$13.0 million and operating income of \$1.3 million, or 10% of sales, in the fourth quarter of 2005. In the third quarter of 2006 sales were \$19.8 million and operating income was \$3.8 million, or 19% of sales.

Dunkirk's 56% increase in sales and 212% rise in operating income over the 2005 fourth quarter were due to the improved VAR remelted feedstock supply from Bridgeville, workforce additions, the timing of feedstock procurement and rising nickel prices that affected the surcharge mechanism. The year-over-year growth in sales reflected increases in nearly every customer category, with sales to redrawers up 40%, to service centers up 60% and to OEMs up 70%. Sales rose 2% over the 2006 third quarter and operating income increased 4% from the 2006 third quarter due to the effect of higher nickel prices.

USAP REPORTS RECORD 2006 FOURTH QUARTER RESULTS

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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 first quarter 2007 sales will range from \$52 to \$57 million and that diluted EPS will range from \$0.82 to \$0.87. This compares with sales of \$44.9 million and diluted EPS of \$0.59 in the first quarter of 2006.

The following factors were considered in developing these estimates:

- o The Company's total backlog at December 31, 2006 remained at high levels, approximating \$120 million compared to \$124 million at September 30, 2006.
- o The Company expects to continue to work down its backlog and improve its on-time delivery performance in the 2007 first quarter because it is shipping more remelted products from its seventh VAR furnace installed in August and is continuing to improve manufacturing processes and efficiency company-wide.
- o End market demand is expected to remain strong in the 2007 first quarter. Nickel prices are expected to remain level with the 2006 fourth quarter.
- o Sales from the Dunkirk Specialty Steel segment are expected to approximate \$20 million in the first quarter of 2007 based on its backlog of \$51 million at December 31, 2006. Its operating income as a percentage of sales is expected to approximate the average for 2006 of 16%, as the majority of its feedstock to support these sales reflect the higher nickel prices reached in the second half of 2006.

Webcast

A simultaneous Webcast of the Company's conference call discussing the fourth quarter of 2006 and the first quarter 2007 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 January 25th. It can be accessed by dialing 706-645-9291, passcode 5578498. 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 Year Ended	
	December 31,		December 31,	
	2006	2005	2006	2005
	----	----	----	----
Net Sales				

Stainless steel	\$ 41,474	\$ 32,191	\$ 151,633	\$ 135,588
Tool steel	4,744	5,556	23,389	20,737
High-strength low alloy steel	6,145	2,336	16,467	6,606
High-temperature alloy steel	2,792	1,371	9,837	3,694
Conversion services	443	497	2,137	3,030
Other	209	92	410	367
	-----	-----	-----	-----
Total net sales	55,807	42,043	203,873	170,022
Cost of products sold	43,758	34,653	160,682	140,952
Selling and administrative expenses	2,619	2,106	10,792	8,441
	-----	-----	-----	-----
Operating income	9,430	5,284	32,399	20,629
Interest expense	(296)	(256)	(1,106)	(851)
Other income	516	374	522	437
	-----	-----	-----	-----
Income before taxes	9,650	5,402	31,815	20,215
Income tax provision	3,222	1,826	11,201	7,159
	-----	-----	-----	-----
Net income	6,428	\$ 3,576	\$ 20,614	\$ 13,056
	=====	=====	=====	=====
Earnings per share - Basic	\$ 0.99	\$ 0.56	\$ 3.20	\$ 2.05
	=====	=====	=====	=====
Earnings per share - Diluted	\$ 0.97	\$ 0.55	\$ 3.12	\$ 2.02

	=====	=====	=====	=====
Weighted average shares of Common Stock outstanding				
Basic	6,516,880	6,403,185	6,451,037	6,375,257
Diluted	6,658,566	6,507,520	6,612,530	6,479,114

MARKET SEGMENT INFORMATION

	For the Quarter Ended December 31,		For the Year Ended December 31,	
	2006	2005	2006	2005
	----	----	----	----
Net Sales				

Service centers	\$ 25,760	\$ 19,817	\$ 101,510	\$ 73,213
Forgers	13,504	7,172	38,539	29,914
Rerollers	8,193	6,214	33,273	39,254
Original equipment manufacturers	4,392	5,922	18,368	13,992
Wire redrawers	3,330	2,329	9,660	10,263
Conversion services	443	497	2,137	3,030
Other	185	92	386	356
	-----	-----	-----	-----
Total net sales	\$ 55,807	\$ 42,043	\$ 203,873	\$170,022
	=====	=====	=====	=====
Tons shipped	12,064	10,668	50,	51,233
	=====	=====	=====	=====

BUSINESS SEGMENT RESULTS

Universal Stainless & Alloy Products Segment

	For the Quarter Ended December 31,		For the Year Ended December 31,	
	2006	2005	2006	2005
	----	----	----	----
Net Sales				

Stainless steel	\$ 28,019	\$ 21,666	\$ 102,372	\$ 90,530
Tool steel	4,281	5,324	21,747	20,047
High-strength low alloy steel	3,141	1,312	8,177	3,199
High-temperature alloy steel	1,097	1,019	3,787	3,254
Conversion services	287	412	1,530	2,534
Other	174	78	325	295
	-----	-----	-----	-----
Intersegment	36,999	29,811	137,938	119,859
	10,143	7,893	41,232	33,399
	-----	-----	-----	-----
Total net sales	47,142	37,704	179,170	153,258
Material cost of sales	23,489	16,412	85,298	75,568
Operation cost of sales	17,090	15,151	66,790	56,885
Selling and administrative expenses	1,713	1,467	7,392	5,791
	-----	-----	-----	-----
Operating income	\$ 4,850	\$ 4,674	\$ 19,690	\$ 15,014
	=====	=====	=====	=====

Dunkirk Specialty Steel Segment

	For the Quarter Ended December 31,		For the Year Ended December 31,	
	2006	2005	2006	2005
	----	----	----	----
Net Sales				

Stainless steel	\$ 13,455	\$ 10,525	\$ 49,261	\$ 45,058
Tool steel	463	232	1,642	690
High-strength low alloy steel	3,004	1,024	8,290	3,407
High-temperature alloy steel	1,695	352	6,050	440
Conversion services	156	85	607	496
Other	35	14	85	72
	-----	-----	-----	-----
	18,808	12,232	65,935	50,163
Intersegment	1,446	750	4,320	2,848
	-----	-----	-----	-----
	20,254	12,982	70,255	53,011
Total net sales				
Material cost of sales	10,949	7,750	38,705	29,496
Operation cost of sales	4,438	3,324	16,654	14,141
Selling and administrative expenses	906	639	3,400	2,650
	-----	-----	-----	-----
Operating income	\$ 3,961	\$ 1,269	\$ 11,496	\$ 6,724
	=====	=====	=====	=====

CONSOLIDATED BALANCE SHEET

	December 31,	December 31,
	2006	2005
	----	----
Assets		

Cash	\$ 2,909	\$ 620
Accounts receivable, net	33,308	27,963
Inventory	66,019	51,398
Other current assets	3,044	2,790
	-----	-----
Total current assets	105,280	82,771
Property, plant & equipment, net	49,251	45,761
Other assets	584	495
	-----	-----
Total assets	\$ 155,115	\$ 129,027
	=====	=====
Liabilities and Stockholders' Equity		

Trade accounts payable	\$ 13,123	\$ 12,579
Accrued employment costs	4,121	2,958
Outstanding checks in excess of bank balance	3,427	3,101
Current portion of long-term debt	2,364	1,555
Other current liabilities	1,902	914
	-----	-----
Total current liabilities	24,937	21,107
Bank revolver	8,392	6,117
Long-term debt	8,836	11,200
Deferred taxes	8,402	9,600
	-----	-----
Total liabilities	50,567	48,024
Stockholders' equity	104,548	81,003
	-----	-----
Total liabilities and stockholders' equity	\$ 155,115	\$ 129,027
	=====	=====

CONSOLIDATED STATEMENT OF CASH FLOW DATA
For the Year Ended December 31,

	2006 ----	2005 ----
Cash flows provided by operating activities:		
Net income	\$ 20,614	\$ 13,056
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation and amortization	3,337	3,085
Loss on retirement of fixed assets	911	705
Deferred tax decrease	(1,836)	(90)
Stock based compensation expense	27	-
Tax benefit from exercise of stock options	-	207
Excess tax benefits from share-based payment arrangements	(1,073)	-
Changes in assets and liabilities:		
Accounts receivable, net	(5,345)	(3,401)
Inventory	(14,621)	(13,080)
Trade accounts payable	54	913
Accrued employment costs	1,163	1,128
Other, net	2,334	808
	-----	-----
Cash flow provided by operating activities	6,301	3,331
	-----	-----
Cash flow used in investing activities:		
Acquisition of assets and real property through purchase agreements	-	(344)
Capital expenditures	(7,716)	(8,464)
	-----	-----
Cash flow used in investing activities	(7,716)	(8,808)
	-----	-----
Cash flows provided by financing activities:		
Revolving credit net borrowings	2,275	(2,518)
Proceeds from long-term debt	-	8,050
Deferred financing costs	-	(48)
Long-term debt repayments	(1,555)	(89)
Net change in outstanding checks in excess of bank balance	326	463
Proceeds from issuance of common stock	1,585	803
Excess tax benefits from share-based payment arrangements	1,073	-
	-----	-----
Cash flow provided by financing activities	3,704	5,856
	-----	-----
Net cash flow	\$ 2,289	\$ 379
	=====	=====