

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-8

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

UNIVERSAL STAINLESS & ALLOY PRODUCTS, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

25-1724540
(I.R.S. employer identification no.)

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

1996 Employee Stock Purchase Plan
(Full title of the plan)

Clarence M. McAninch
President and Chief Executive Officer
Universal Stainless & Alloy Products, Inc.
600 Mayer Street
Bridgeville, Pennsylvania 15017
(Name and address of agent for service)

(412) 257-7600
(Telephone number, including area code, of agent for service)

CALCULATION OF REGISTRATION FEE

Title of securities to be registered	Amount to be registered(1)	Proposed maximum offering price per share(2) (3)	Proposed maximum aggregate offering price(2) (3)	Amount of registration fee(2)
Common Stock, \$.001 par value per share	90,000	\$8.875	\$798,750	\$242.05

- (1) In addition, pursuant to Rule 416(c) under the Securities Act of 1933, as amended (the "Securities Act"), this Registration Statement also covers an indeterminate amount of interests to be offered or sold pursuant to the employee benefit plan described herein.
- (2) Of the shares being registered, 90,000 shares are to be offered at prices not presently determinable. Pursuant to paragraphs (c) and (h) of Rule 457 under the Securities Act, the proposed maximum offering price and the registration fee for the Registrant's Common Stock issuable under the plan are based upon the average of high and low prices of the Registrant's Common Stock reported on The Nasdaq National Market on September 30, 1996, within five business days prior to the date of the filing of this Registration Statement.
- (3) Estimated solely for the purposes of calculating the registration fee.

C/M: 11834.0002 390366.2

PART I
INFORMATION REQUIRED IN THE SECTION 10(a) PROSPECTUS

Item 1. Plan Information

The documents containing the information specified in this Item will be sent or given to employees who have been awarded options under the Universal Stainless & Alloy Products, Inc. 1996 Employee Stock Purchase Plan (the "Plan"), and are not being filed with, or included in, this Registration Statement on Form S-8 (the "Registration Statement"), in accordance with the rules and regulations of the Securities and Exchange Commission (the "Commission").

Item 2. Registrant Information and Employee Plan Annual Information

The documents containing the information specified in this Item will be sent or given to employees who have been awarded options under the Plan and are not being filed with, or included in, this Registration Statement, in accordance with the rules and regulations of the Commission.

PART II
INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

Item 3. Incorporation of Certain Documents by Reference

The following documents which heretofore have been filed with the Commission by UNIVERSAL STAINLESS & ALLOY PRODUCTS, INC., a Delaware corporation (the "Company" or "Registrant"), are incorporated by reference in this Registration Statement.

(a) The Company's annual report on Form 10-K for the fiscal year ended December 31, 1995, filed with the Commission on April 1, 1996, pursuant to Section 13 of the Securities Exchange Act of 1934, as amended (the "Exchange Act").

(b) (i) The Company's quarterly report on Form 10-Q for the fiscal quarter ended March 31, 1996.

(ii) The Company's quarterly report on Form 10-Q for the fiscal quarter ended June 30, 1996.

(c) The Company's current report on Form 8-K dated May 3, 1996, filed with the Commission on May 16, 1996.

All documents filed by the Registrant with the Commission pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date hereof and prior to the filing of a post-effective amendment, which indicates that all securities offered have been sold or which deregisters all such securities then remaining unsold, shall be deemed to be incorporated by reference herein and to be a part hereof from the date of filing of such documents. Any statement contained herein or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Registration Statement to the extent that a statement contained herein or in any other subsequently filed document which also is incorporated or deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Registration Statement.

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Item 4. Description of Securities

Not applicable.

Item 5. Interests of Named Experts and Counsel

Not applicable.

Item 6. Indemnification of Directors and Officers

Reference is made to Section 145 of the Delaware General Corporation

Law, as amended (the "DGCL"), which provides that a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed legal action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of such corporation), by reason of the fact that such person is or was a director, officer, employee or agent of such corporation, or is or was serving at the request of such corporation in such capacity of another corporation or business organization. The indemnity may include expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such director, officer, employee or agent in connection with such action, suit or proceeding if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interest of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe that such person's conduct was unlawful. A Delaware corporation may indemnify officers and directors in an action by or in the right of a corporation under the same conditions, except that no indemnification is permitted without judicial approval if the officer or director is adjudged to be liable to the corporation. Where an officer or director is successful on the merits or otherwise in the defense of any action referred to above, the corporation must indemnify him against the expenses that such officer or director actually and reasonably incurred in connection therewith.

Reference is also made to Section 102(b) (7) of the DGCL, which enables a corporation in its certificate of incorporation to eliminate or limit the personal liability of a director for monetary damages for violations of a director's fiduciary duty, except for liability (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the DGCL (providing for liability of directors for unlawful payment of dividends or unlawful stock purchases or redemptions) or (iv) for any transaction from which the director derived an improper personal benefit.

Articles Eleventh and Twelfth of the Registrant's Restated Certificate of Incorporation and Article IX, Section 1 of the Registrant's By-laws provide for the elimination of personal liability of a director for breach of fiduciary duty as permitted by Section 102(b) (7) of the DGCL, and provide that the Registrant indemnify its directors and officers to the full extent permitted by Section 145 of the DGCL.

Policies of insurance are maintained by the Registrant under which the officers and directors of the Registrant are insured, within the limits and subject to the limitations of the policies, against certain expenses in connection with the defense of, and certain liabilities which might be imposed as a result of actions, suits or proceedings to which such officers and directors are parties by reason of being or having been such officers or directors.

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Item 7. Exemption From Registration Claimed

Not applicable.

Item 8. Exhibits

4.1 1994 Stock Incentive Plan.

5.1 Opinion of Battle Fowler LLP regarding the legality of the securities being registered.

23.1 Consent of Price Waterhouse LLP.

23.2 Consent of Battle Fowler LLP (included in its opinion filed as Exhibit 5.1 hereto).

24.1 Power of Attorney (included in the signature pages hereto).

Item 9. Undertakings

(a) The Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:

- (i) To include any prospectus required by Section 10(a)(3) of the Securities Act;
- (ii) To reflect in the prospectus any facts or events arising after the effective date of this Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in this Registration Statement;
- (iii) To include any material information with respect to the plan of distribution not previously disclosed in this Registration Statement or any material change to such information in this Registration Statement;

provided, however, that paragraphs (a)(1)(i) and (a)(1)(ii) above do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by the Registrant pursuant to Section 13 or Section 15(d) of the Exchange Act that are incorporated by reference in this Registration Statement.

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered hereby which remain unsold at the termination of the offering.

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(b) The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the Registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Exchange Act (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Exchange Act) that is incorporated by reference in this Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Bridgeville, State of Pennsylvania, on this 4th day of October, 1996.

UNIVERSAL STAINLESS & ALLOY PRODUCTS, INC.

By: /s/ Clarence M. McAninch
Clarence M. McAninch
President and
Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Clarence M. McAninch and Daniel J. DeCola, Sr., his true and lawful attorney-in-fact and agents, each acting alone, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any or all amendments to this Registration Statement, including post-effective amendments, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he might or could do in person, and hereby ratifies and confirms all his said attorneys-in-fact and agents, each acting alone, or his substitute or substitutes may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the date indicated.

Name	Title	Date
/s/Clarence M. McAninch ----- Clarence M. McAninch	President, Chief Executive Officer and Director	October 4, 1996
/s/Daniel J. DeCola, Sr. ----- Daniel J. DeCola, Sr.	Vice President, Operations and Director	October 4, 1996
/s/Richard M. Ubinger ----- Richard M. Ubinger	Chief Financial Officer, Principal Accounting Officer and Treasurer	October 4, 1996
/s/Udi Toledano Udi Toledano	Director	October 4, 1996

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Name	Title	Date
/s/Orit Gadiesh Orit Gadiesh	Director	October 4, 1996
/s/George F. Keane George F. Keane	Director	October 4, 1996
/s/D. Leonard Wise D. Leonard Wise	Director	October 4, 1996

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EXHIBIT INDEX

Exhibit No.	Description of Exhibit
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UNIVERSAL STAINLESS & ALLOY PRODUCTS, INC.

1996 EMPLOYEE STOCK PURCHASE PLAN

I. PURPOSE

The Universal Stainless & Alloy Products, Inc. 1996 Employee Stock Purchase Plan (the "Plan") is intended to provide eligible employees of the Company and one or more of its Corporate Affiliates with the opportunity to acquire a proprietary interest in the Company through participation in a plan under Section 423 of the Internal Revenue Code of 1986, as amended (the "Code").

II. DEFINITIONS

For purposes of administration of the Plan the following terms shall have the meanings indicated:

Base Compensation means the regular base earnings paid to an Eligible Employee by one or more Participating Companies during such individual's period of participation in the Plan, plus (i) any salary deferral contributions made by such individual to the Company's 401(k) Plan during such period and (ii) all overtime payments, bonuses, commissions, and other incentive payments, but excluding all contributions (other than Code Section 125 or Section 401(k) contributions) made by the Company or its Corporate Affiliates for such individual's benefit under any employee benefit or welfare plan now or hereafter established.

Board means the Board of Directors of the Company.

Company means Universal Stainless & Alloy Products, Inc., a Delaware corporation, and any corporate successor to all or substantially all of the assets or voting stock of Universal Stainless & Alloy Products, Inc. which shall by appropriate action adopt the Plan.

Corporate Affiliate means any company that is either a "parent corporation" or a "subsidiary corporation" of the Company (as determined in accordance with Section 424(e) or (f), respectively, of the Code), including any parent or subsidiary corporation which becomes such after the Effective Date.

Effective Date means the first day of the initial purchase period scheduled to commence upon the later of (i) July 1, 1996 or (ii) the effective date of the S-8 Registration Statement covering the shares of Stock issuable under the Plan. However, any Corporate Affiliate which becomes a Participating Company in the Plan after the Effective Date shall designate a subsequent Effective Date with respect to its employee-Participants.

Eligible Employee means any employee of the Company or any other Participating Company person who is regularly employed for a period of more than twenty (20) hours per week and more than five (5) months per calendar year.

Participant means any Eligible Employee of a Participating Company who is actively participating in the Plan.

Participating Company means the Company and such Corporate Affiliate or Affiliates as may be authorized from time to time by the Board to offer the benefits of the Plan to their Eligible Employees. The Participating Companies in the Plan as of the Effective Date are listed in attached Schedule A.

Plan Administrator shall have the meaning given such term in Article III.

Stock means shares of the common stock of the Company, par value \$0.001 per share.

III. ADMINISTRATION

The Plan shall be administered by the Board of Directors of the Company (or a committee of "disinterested" directors no fewer in number than required by Rule 16b-3 of the Securities and Exchange Commission ("Rule 16b-3") as in effect with respect to the Company from time to time, which in either case is referred to as the "Board") in accordance with Rule 16b-3. The Board may from time to time select a committee or persons (the "Plan Administrators") to be responsible for any matters for which a "disinterested administrator" is not required by Rule 16b-3. Subject to the express provisions of the Plan, to the overall supervision of the Board, and to the limitations of Section 423 of the Code the Plan Administrator shall have full authority to administer and interpret the Plan (a) in order to comply with the requirements of Section 423 of the Code and (b) in any other manner it believes to be desirable, and any such interpretation shall be final and binding on all parties who have an interest in the Plan.

IV. PURCHASE PERIODS

A. Stock shall be offered for purchase under the Plan through a series of successive purchase periods until such time as (i) the maximum number of shares of Stock available for issuance under the Plan shall have been issued pursuant to purchase rights granted under the Plan or (ii) the Plan shall have been sooner terminated in accordance with Article VII.J.

B. Except as set forth in this paragraph, each purchase period shall have a duration of six months. The initial purchase period will begin upon the later of (i) July 1, 1996 or (ii) the effective date of the S-8 Registration Statement covering the shares of Stock issuable under the Plan, and will end on December 31, 1996. The second purchase period

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will begin on January 1, 1997 and end on June 30, 1997. Subsequent purchase periods will begin on the successive July 1 or January 1.

C. The Participant shall be granted a separate purchase right for each purchase period in which he or she participates. The purchase right shall be granted on the first business day of the purchase period and shall be automatically exercised on the last business day of the purchase period.

D. Under no circumstances shall any purchase rights granted under the Plan be exercised, nor shall any shares of Stock be issued hereunder, until such time as (i) the Plan shall have been approved by the Company's stockholders and (ii) the Company shall have complied with all applicable requirements of the Securities Act of 1933, as amended, all applicable listing requirements of any securities exchange on which the Stock is listed and all other applicable requirements established by law or regulation.

E. Except as required by Section 423 of the Code, the acquisition of Stock through participation in the Plan for any purchase period shall neither limit nor require the acquisition of Stock by the Participant in any subsequent purchase period.

V. ELIGIBILITY AND PARTICIPATION

A. Each Eligible Employee of a Participating Company may begin participation in the Plan on the first business day of any purchase period following his or her commencement of employment with the Company or any Corporate Affiliate.

B. In order to participate in the Plan, an Eligible Employee must complete the enrollment forms prescribed by the Plan Administrator (including a purchase agreement and a payroll deduction authorization) and file such forms with the Plan Administrator (or its designate) during the specified enrollment period for a purchase period. Any Participant whose purchase right expires and who has not withdrawn from the Plan will automatically be re-enrolled in the Plan and granted a new purchase right on the first business day of the

succeeding purchase period.

C. The payroll deduction authorized by a Participant for purposes of acquiring Stock under the Plan may be any whole percentage not in excess of ten (10%) percent of the Base Compensation paid to be Participant during the purchase period. The deduction rate so authorized shall continue in effect for the entire purchase period and for each successive purchase period, unless the Participant shall change the rate for a subsequent purchase period by filing the appropriate form with the Plan Administrator (or its designate) prior to the commencement of that purchase period. A Participant may discontinue his participation in the Plan as provided in Section VII, but no other change can be made during a purchase period and, specifically, a Participant may not alter the amount of the Participant's payroll deductions for such purchase period. Payroll deductions will automatically cease upon

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the termination of the Participant's purchase right in accordance with Section VII.D or E below.

VI. STOCK SUBJECT TO PLAN

A. The Stock purchasable by Participants under the Plan shall, solely in the Board's discretion, be made available from either authorized but unissued Stock or from reacquired Stock, including shares of Stock purchased on the open market. The total number of shares which may be issued under the Plan shall not exceed 90,000 shares (subject to adjustment under Section VI.B, below).

B. If any change is made to the Stock purchasable under the Plan by reason of any stock divided, stock split, combination of shares, recapitalization, or other change affecting the outstanding Common Stock of the Company as a class without receipt of consideration, appropriate adjustments shall be made by the Board to (i) the class and maximum number of shares issuable over the term of the Plan, (ii) the class and maximum number of shares purchasable per Participant under any one purchase right, and (iii) the class and number of shares and the price per share of the Stock subject to each purchase right at the time outstanding under the Plan.

VII. PURCHASE RIGHTS

Each Participant in the Plan for a particular purchase period shall have the right to purchase Stock upon the terms and conditions set forth below and shall execute a purchase agreement embodying such terms and conditions and such other provisions (not inconsistent with the Plan) as the Plan Administrator may deem advisable.

A. Purchase Price. The purchase price per share shall be the lesser of (i) 85 percent of the fair market value of a share of Stock on the date on which the purchase right is granted or (ii) 85 percent of the fair market value of a share of Stock on the date the purchase right is exercised. For purposes of determining such fair market value (and for all other valuation purposes under the Plan), the fair market value of a share of Stock on any date shall be the closing price per share of the Stock on such date, as reported on the NASDAQ National Market system. If there are no sales of Stock on such day, then the closing price for the Stock on the next preceding day for which such closing price is quoted shall be the fair market value.

B. Number of Purchasable Shares. The number of shares purchasable by a Participant upon the exercise of an outstanding purchase right shall be the number of whole shares obtained by dividing the amount collected from the Participant through payroll deductions during the purchase period for which such purchase right is outstanding, together with any amount carried over from the preceding purchase period pursuant to Section VII.F, by the purchase price in effect for the purchase period. However, the maximum number of

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shares purchasable by any Participant during any one purchase period shall not exceed one hundred (100) shares (subject to adjustment under Section VI.B).

Under no circumstances shall purchase rights be granted under the Plan to any Eligible Employee if such individual would, immediately after the grant, own, (within the meaning of Code Section 424(d), or hold outstanding options or other rights to purchase, stock possessing five (5%) percent or more of the total combined voting power or value of all classes of stock of the Company or any Corporate Affiliate.

C. Payment. Payment for Stock purchased under the Plan shall be effected by means of the Participant's authorized payroll deductions. Such deductions shall begin with the first pay check received after the commencement date of the relevant purchase period and shall terminate with the last pay check received during the relevant purchase period. The amounts so collected shall be credited to the Participant's individual account under the Plan, but no interest shall be paid on the balance from time to time outstanding in the account. The amounts collected from a Participant may be commingled with the general assets of the Company and may be used for general corporate purposes.

D. Termination of Purchase Rights.

(i) A Participant may terminate an outstanding purchase right under the Plan by filing a prescribed notification form with the Plan Administrator (or its designate) on or before ten (10) days before the end of any purchase period (or such date as may be established by the Plan Administrator from time to time). No further payroll deductions shall be collected from the Participant with respect to the terminated purchase right, and the Participant shall have the following election with respect to any payroll deductions for the purchase period collected prior to the termination date: (a) have the Company refund the payroll deductions which the Participant made in that purchase period with respect to the terminated purchase right or (b) have such payroll deductions held for the purchase of shares on the last business day of such purchase period. If no such election is made, then such payroll deductions shall automatically be refunded promptly after the close of such purchase period.

(ii) The termination of such purchase right shall be irrevocable. The Participant may not subsequently rejoin the purchase period for which such terminated purchase right was granted and may not participate in the next purchase period. Thereafter in order to resume participation in any subsequent purchase period, such individual must re-enroll in the Plan (by making a timely filing of a new purchase agreement and payroll deduction authorization).

E. Termination of Employment/Change of Status. Except as otherwise provided in this Section VII.E, if a Participant ceases to be employed by a Participating Company while his or her purchase right remains outstanding, or if there otherwise occurs a change in a Participant's employee status so that the participant is no longer an Eligible

Employee while holding a purchase right, then the purchase right shall immediately terminate upon the termination of employment or change in status, and all sums credited to the Participant's individual account under the Plan shall be promptly refunded to the Participant. However, if the Participant dies or becomes permanently disabled while employed by a Participating Company, or if the Participant ceases employment by reason of a leave of absence or retirement, then the Participant (or the person or persons to whom the rights of a deceased Participant under the Plan are transferred by will or the laws of inheritance) shall have the election, exercisable until the last business day of the purchase period in which the Participant retires, dies or becomes permanently disabled or in which the leave of absence becomes a termination of employment, to (i) withdraw all the funds credited to the Participants's account at the time of his or her termination of employment or (ii) have such funds held for the purchase of shares on the last business day of such purchase period. If no such election is made, then such funds shall be held for the purchase of shares on the last business day of such purchase period. In no event, however, shall payroll deductions be added to the Participant's account following termination of employment.

For purposes of the Plan: (i) unless the Plan Administrator determines otherwise, a leave of absence shall be considered a termination of employment only if (and at the time that) it exceeds 90 days and the Participant's right to re-employment is not guaranteed by stature or contract, (ii) the Participant shall be deemed to be permanently disabled if he/she is unable to engage in any substantial gainful employment by reason of any medically determinable physical or mental impairment expected to result in death or to be of continuous duration of at least twelve (12) months, and (iii) retirement is limited to terminations of employment occurring after a Participant has attained age sixty-five (65).

F. Stock Purchase. The Stock subject to the purchase right of each Participant (other than Participants whose purchase rights have previously terminated in accordance with Section VII.D or E above) shall automatically be purchased on the Participant's behalf on the last business day of the purchase period. The purchase shall be effected by applying the amount credited to each Participant's account on the last date of the purchase period to the purchase of whole shares of Stock (subject to the limitation in Section VII.B on the maximum number of purchasable shares) at the purchase price in effect for such purchase period. Any amount remaining in the Participant's account after such purchase shall be held for the purchase of Stock in the next purchase period. However, any amount not applied to the purchase of Stock by reason of the limitation in Section VII.B shall be refunded promptly after the close of the purchase period.

G. Proration of Purchase Rights. If the total number of shares of Stock which are to be purchased pursuant to outstanding purchase rights on any particular date exceeds the number of shares then available for issuance under the Plan, the Plan Administrator shall make a pro-rata allocation of the available shares on a uniform and nondiscriminatory basis, and any amounts credited to the accounts of Participants shall, to the extent not applied to the purchase of Stock, be refunded to the Participants.

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H. Rights as Stockholder. A Participant shall have no rights as a stockholder with respect to shares covered by his or her outstanding purchase right under the Plan until the shares are actually purchased on the Participant's behalf in accordance with Section VII.F. No adjustments shall be made for dividends, distributions or other rights for which the record date is before the date of such purchase.

In lieu of delivering a stock certificate to each Participant, the Plan Administrator may in its discretion implement a designated broker program and direct the Company to issue a single stock certificate to a broker designated by the Plan Administrator. Such designated broker shall establish an account for each Participant in the Plan and shall effect transfers and sales from each such account at the direction of the specified Participant. To facilitate the designated broker program, the Plan Administrator may require, as a condition to participation in the Plan, that a Participant agree to the issuance of his or her stock certificates directly to the designated broker.

I. Assignability. No purchase right granted under the Plan shall be assignable or transferable by the Participant other than by will or by the laws of descent and distribution, and during the Participant's lifetime, the purchase right shall be exercisable only by the Participant.

J. Merger or Liquidation of Company. In the event the Company or its stockholders enter into an agreement to dispose of all or substantially all of the assets or outstanding capital stock of the Company by means of:

(i) a sale, merger, or other reorganization (other than a reorganization effected primarily to change the State in which the Company is incorporated),

(ii) a reverse merger in which the Company is the surviving corporation but in which all of the Company's outstanding voting stock is transferred to the acquiring entity or its wholly owned subsidiary, or

(iii) a liquidation of the Company,

all outstanding purchase rights under the Plan shall automatically be exercised immediately before the effective date of such sale, merger, reorganization, reverse merger, or liquidation by applying all sums previously collected from Participants during the purchase period in which such transaction occurs to the purchase of whole shares of Stock, subject however, to the applicable limitations of Section VII.B.

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VIII. ACCRUAL LIMITATIONS

A. No participant shall be entitled to accrue rights to acquire Stock pursuant to any purchase right outstanding under the Plan if and to the extent such accrual, when aggregated with (i) rights to purchase Stock accrued under other purchase rights granted to the Participant under the Plan and (ii) similar rights accrued by the Participant under other employee stock purchase plans (within the meaning of Code Section 423) of the Company or its corporate Affiliates, would otherwise permit the Participant to purchase more than \$25,000 in value of stock of the Company or any Corporate Affiliate (determined on the basis of the fair market value of such stock on the date or dates such rights re granted to the Participant) for each calendar year such rights are at any time outstanding.

B. For purposes of applying the accrual limitations of Section VIII.A, the right to acquire Stock pursuant to each purchase right granted under the Plan shall accrue as follows:

(i) The right to acquire Stock under a purchase right shall accrue as and when the purchase right first becomes exercisable on the last business day of the purchase period for which the right is granted.

(ii) No right to acquire Stock under any outstanding purchase right shall accrue to the extent the Participant has already accrued in the same calendar year the right to acquire \$25,000 in value of Stock (determined on the basis of the fair market value on the date or dates of grant) pursuant to one or more other purchase rights granted to the Participant during such calendar year.

(iii) If (and to the extent that) by reason of the Section VIII.A limitations, the Participant's purchase right does not accrue on the last business day of the particular purchase period for which the right is granted, then the payroll deductions which the Participant made during that purchase period with respect to such purchase right shall be promptly refunded.

C. In the event of a conflict between the provisions of this Article VIII and one or more provisions of the Plan or any instrument issued thereunder, the provisions of this Article VIII shall be controlling.

IX. AMENDMENT AND TERMINATION

The Board may from time to time alter, amend, suspend, or discontinue the Plan; provided, however, that no such action shall adversely affect purchase rights at the time outstanding under the Plan and provided, further, that no such action of the Board may, without the approval of the Company's stockholders, increase the number of shares available under the Plan or the maximum number of shares that any one Participant may purchase under the Plan during a single purchase period (provided however, that the Plan Administrator

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shall have the authority to affect adjustments pursuant to Sections VI.B and VII.B without stockholder approval), alter the purchase price formula so as to

reduce the purchase price specified in the Plan, otherwise materially increase the benefits accruing to Participants under the Plan, or materially modify the requirements for eligibility to participate in the Plan.

X. GENERAL PROVISIONS

A. The Plan shall become effective on the Effective Date, provided that (i) no purchase rights shall be granted under the Plan until the Plan shall have been approved by the Company's stockholders and (ii) the Company shall have complied with all applicable listing requirements of any securities exchange on which the Stock is listed and all other applicable requirements established by law or regulation. In the event stockholder approval is not obtained, or such Company compliance is to effected, with twelve (12) months after the date on which the Plan is adopted by the Board, the Plan shall terminate and have no further force or effect and all sums collected from Participants during the initial purchase period hereunder shall be refunded.

B. The Plan shall terminate upon the earlier of (i) the last business days of the first purchase period ending in 2005 or (ii) the date on which all shares available for issuance under the Plan have been sold pursuant to purchase rights exercised under the Plan.

C. All costs and expenses incurred in the administration of the Plan shall be paid by the Company.

D. Neither the action of the company in establishing the Plan, nor any action taken under the Plan by the board or the Plan Administrator, nor any provision of the Plan itself shall be construed so as to grant any person the right to remain in the employ of the company or any Corporate Affiliate for any period of specific duration, and any person's employment may be terminated at any time, with or without cause.

E. The provisions of the Plan shall be governed by the laws of the Commonwealth of Pennsylvania without resort to the State's conflict of laws rule.

[Battle Fowler LLP letterhead]

October 4, 1996

Universal Stainless & Alloy Products, Inc.
600 Mayer Street
Bridgeville, PA 15017

Re: Universal Stainless & Alloy Products, Inc.
Registration Statement on Form S-8 Filed in
Connection with the 1996 Employee Stock Purchase Plan

Ladies and Gentlemen:

We have acted as counsel for Universal Stainless & Alloy Products, Inc., a Delaware corporation (the "Company"), in connection with the preparation and filing of a registration statement on Form S-8 (the "S-8 Registration Statement"), pursuant to which the Company proposes to offer and sell up to 90,000 shares ("Employee Shares") of its common stock, par value \$0.001 per share (the "Common Stock"). You have requested that we furnish our opinion as to the matters hereinafter set forth.

In this connection we have examined the following documents:

1. A copy of the Amended and Restated Certificate of Incorporation of the Company, as certified by the Secretary of State of the State of Delaware on September 3, 1996;
2. The By-Laws of the Company, as certified by the Secretary of the Company;
3. The minute books of the Company, including (a) the resolutions of the Board of Directors of the Company (the "Board"), dated March 29, 1996, approving the adoption of the Company's 1996 Employee Stock Purchase Plan (the "Plan"), (b) the resolutions of

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Universal Stainless & Alloy Products, Inc.

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the Board, dated September 25, 1996, (i) reserving the Employee Shares for future issuance pursuant to the Plan and (ii) authorizing, among other things, the issuance of the Employee Shares pursuant to the Plan and the filing of the S-8 Registration Statement;

4. The Plan;
5. The S-8 Registration Statement; and
6. Certificates or telegrams of public officials as to matters set forth therein and certificates of representatives of the Company as to matters set forth therein.

In rendering this opinion, we have assumed the capacity to sign and the genuineness of all signatures of all persons executing agreements, instruments or documents examined or relied upon by us, the authenticity of all agreements, instruments or documents submitted to us as originals and the conformity with the original agreements, instruments or documents of all agreements, instruments or documents submitted to us as copies.

With respect to matters of fact, we have relied upon the written statements and certificates of officers of the Company and certificates of public officials. We have not independently verified the accuracy of the matters set forth in the written statements or certificates upon which we have relied, including the organization, existence, good standing, assets, business or affairs of the Company, nor have we undertaken any lien, intellectual property, suit or judgment searches or searches of court dockets in any jurisdiction.

We are not admitted to the practice of law in any jurisdiction but the State of New York, and we do not express any opinion as to the laws of other states or jurisdictions other than the federal law of the United States and the General Corporation Law of the State of Delaware. No opinion is expressed as to the effect that the law of any other jurisdiction may have upon the subject matter of the opinion expressed herein under conflicts of law principles, rules and regulations or otherwise.

Except for the opinions set forth in the immediately following paragraph, we express no opinions and no opinions should be implied.

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Based upon and subject to the foregoing, we are of the opinion that the Employee Shares have been duly authorized for issuance pursuant to the Plan and, when issued and delivered against payment therefor and otherwise in the manner described in the Plan and in the resolutions of the Board authorizing the same, will be validly issued, fully paid and nonassessable.

We hereby consent to the filing of this opinion as an exhibit to the S-8 Registration Statement and to the use of the name of our firm therein. In giving this consent, we do not admit that we are within the category of persons whose consent is required by Section 7 of the Securities Act of 1933, as amended.

Very truly yours,

/s/ Battle Fowler LLP

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CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in this Registration Statement on Form S-8 of our report dated January 31, 1996, which appears on page 20 of the 1995 Annual Report to Shareholders of Universal Stainless & Alloy Products, Inc. (the Company), which is incorporated by reference in the Company's Annual Report on Form 10-K for the year ended December 31, 1995.

PRICE WATERHOUSE LLP
Pittsburgh, Pennsylvania
October 4, 1996

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