

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): October 23, 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 October 23, 2007, Universal Stainless and Alloy Products, Inc. issued a press release regarding its earnings for the third quarter ended September 30, 2007. 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.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

99.1 Press Release dated October 23, 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: October 23, 2007

[GRAPHIC OMITTED][GRAPHIC OMITTED]

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FOR IMMEDIATE RELEASE

UNIVERSAL STAINLESS REPORTS THIRD QUARTER 2007 RESULTS
- DILUTED EPS IS \$0.81 ON SALES OF \$62 MILLION -

BRIDGEVILLE, PA, OCTOBER 23, 2007 - UNIVERSAL STAINLESS & ALLOY PRODUCTS, INC. (NASDAQ: USAP) reported today that sales for the third quarter of 2007 rose 13% to \$62.0 million compared with \$55.1 million in the third quarter of 2006. Net income for the 2007 third quarter was \$5.5 million, or \$0.81 per diluted share, compared with \$5.7 million, or \$0.86 per diluted share in the third quarter of 2006.

The 2007 third quarter results included a charge of \$1.4 million, equivalent to \$0.14 per diluted share, for an increase to the Company's LCM (Lower of Cost or Market) reserve mainly due to a continued decline in nickel prices in the quarter. This was offset by an estimated FIFO (First-In First-Out inventory accounting method) benefit of \$1.5 million, equivalent to \$0.15 per diluted share, at the Dunkirk segment. The estimated FIFO gain in the third quarter of 2006 was \$0.5 million, equivalent to \$0.05 per diluted share. The Company noted that it has adjusted its 2007 estimated annual income tax rate to 34.0% from 35.0% based on the federal and state income tax returns filed in September 2007. The cumulative effect of the estimated change in the annual income tax rate was equivalent to \$0.04 per diluted share in the 2007 third quarter. The impact of this change in comparison to the 2006 third quarter was equivalent to \$0.06 per diluted share. Net income for the 2006 third quarter has been adjusted for the retrospective application of an accounting pronouncement as detailed in the financial tables.

Sales for the third quarter of 2007 exceeded the Company's forecasted range of \$52 to \$57 million and diluted EPS was within the expected range of \$0.77 to \$0.82.

For the first nine months of 2007, sales rose 22% to \$180.3 million and net income increased 27% to \$18.1 million, or \$2.67 per diluted share, compared to the same period of 2006.

USAP REPORTS RESULTS FOR 2007 THIRD QUARTER

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Chairman and CEO Mac McAninch commented: "We are pleased with our performance in the third quarter, which included year-over-year sales growth to each of our end markets, with the exception of petrochemical, where sales rose sequentially. We are benefiting from the ongoing strength of our markets, the capital investments we have continued to make, and our expanded focus on operational improvement and customer satisfaction."

Mr. McAninch continued: "Our progress in the third quarter was achieved despite industry crosscurrents created by the turbulence in the price of nickel and mixed economic indicators. These conditions have led to restrained demand from service centers. Our fourth quarter forecast reflects these conditions, as well as the normal conservative order patterns at year-end."

Mr. McAninch concluded: "As we look to 2008, we remain as positive as ever about the prospects within each of our end markets. We expect aerospace and power generation demand to remain very strong for the next several years. The high price of oil would appear to bode well for petrochemical demand and the heavy equipment market should continue to benefit from global growth. We plan to make further capital investments that will enable us to capitalize on our market opportunities, better serve our customers and drive our growth to new levels."

SEGMENT REVIEW

In the third quarter of 2007, the UNIVERSAL STAINLESS & ALLOY PRODUCTS

SEGMENT had sales of \$55.9 million and operating income of \$4.2 million, yielding an operating margin of 8%. This included a charge of \$772,000 for the aforementioned LCM reserve attributable to the segment. In the third quarter of 2006, sales were \$47.2 million and operating income was \$4.1 million, or 9% of sales. In the second quarter of 2007, sales were \$55.1 million and operating income was \$5.8 million, or 11% of sales. This included \$1.3 million of costs related to a legal settlement and a portion of an inventory adjustment mainly due to increased LCM reserves resulting from a sharp decline in nickel prices at the end of the second quarter.

The 19% increase in sales from the 2006 third quarter reflected a 30% increase in sales to forgers, a 25% increase in sales of tool steel plate to service centers, and an 82% increase in sales of special shapes to OEMs. It also included a 30% increase in shipments to the Dunkirk operation. Results were aided by the addition of a seventh vacuum-arc remelt (VAR) furnace, which became operational in January of 2007, and by surcharges because of higher nickel prices at the beginning of the quarter. Changes in the price of nickel affected operating margin comparisons with both the third quarter of 2006 and the second quarter of 2007. There was also a shift in product mix compared with the second quarter of 2007, with sales of reroll products up 18%, while sales of bar products to service centers were down 27%.

USAP REPORTS RESULTS FOR 2007 THIRD QUARTER

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The DUNKIRK SPECIALTY STEEL SEGMENT reported sales of \$21.3 million and operating income of \$3.0 million for the third quarter of 2007, resulting in an operating margin of 14%. The operating income included the LCM charge attributable to the segment totaling \$635,000, which was more than offset by the estimated \$1.5 million FIFO benefit from the timing of surcharges and the changing price of nickel. In the third quarter of 2006, sales were \$19.8 million and operating income was \$3.8 million, or 19% of sales, and included an estimated FIFO benefit of \$0.5 million. In the second quarter of 2007, sales were also \$21.3 million, while operating income was \$3.7 million, or 17% of sales, and included \$492,000 of costs related to the second quarter inventory adjustment attributable to the segment offset by an estimated \$1.2 million FIFO benefit.

Dunkirk's 7% increase in sales over the 2006 third quarter included a 27% increase in sales to service centers mainly of bar products, which more than offset lower sales of rod/wire products to redrawers

THE COMPANY NOTED THAT IT IS CURRENTLY NEGOTIATING A NEW COLLECTIVE BARGAINING AGREEMENT THAT COVERS THE HOURLY EMPLOYEES AT ITS DUNKIRK FACILITY. THE CURRENT AGREEMENT EXPIRES ON OCTOBER 31, 2007.

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 fourth quarter 2007 sales will range from \$45 to \$50 million and that diluted EPS will range from \$0.60 to \$0.65. This compares with sales of \$55.8 million and adjusted diluted EPS of \$0.94, in the fourth quarter of 2006.

The following factors were considered in developing these estimates:

- o The Company's total backlog at September 30, 2007 was approximately \$88 million compared to \$103 million at June 30, 2007, mainly reflecting the reduced order levels from service centers and the effect of lower nickel costs on sales prices. These factors also led to lower inventory levels in the third quarter of 2007, which had the effect of increasing cash flow from operations to a record \$15.4 million and free cash flow (cash from operations minus capital expenditures) to \$11.8 million, equivalent to \$1.75 per diluted share.
- o The EPS forecast for the fourth quarter of 2007 does not assume any FIFO benefit due to the decline in the market value of nickel. The FIFO benefit in the fourth quarter of 2006 was approximately \$1.1 million, equivalent to \$0.11 per diluted share.

- o Sales from the Dunkirk Specialty Steel segment are expected to approximate \$19 million in the fourth quarter of 2007.

USAP REPORTS RESULTS FOR 2007 THIRD QUARTER

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WEBCAST

 A simultaneous Webcast of the Company's conference call discussing the third quarter of 2007 and the fourth 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 October 30th. It can be accessed by dialing 706-645-9291, passcode 19618885. 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. 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.

- 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 Nine-Months Ended	
	September 30,		September 30,	
	2007	2006	2007	2006
	----	----	----	----
NET SALES				
Stainless steel	\$ 45,510	\$ 41,726	\$ 130,208	\$ 110,159
Tool steel	7,281	5,408	20,822	18,645
High-strength low alloy steel	6,006	4,529	19,812	10,322
High-temperature alloy steel	2,637	2,932	7,737	7,045

Conversion services	446	461	1,427	1,694
Other	128	54	297	201
	-----	-----	-----	-----
Total net sales	62,008	55,110	180,303	148,066
Cost of products sold	50,875	42,910	143,337	116,721
Selling and administrative expenses	2,990	3,038	8,951	8,173
	-----	-----	-----	-----
Operating income	8,143	9,162	28,015	23,172
Interest expense	(181)	(275)	(603)	(810)
Other income	26	2	36	6
	-----	-----	-----	-----
Income before taxes	7,988	8,889	27,448	22,368
Income tax provision	2,521	3,200	9,332	8,052
	-----	-----	-----	-----
Net income	\$ 5,467	\$ 5,689	\$ 18,116	\$ 14,316
	=====	=====	=====	=====
Earnings per share - Basic	\$ 0.82	\$ 0.88	\$ 2.73	\$ 2.23
	=====	=====	=====	=====
Earnings per share - Diluted	\$ 0.81	\$ 0.86	\$ 2.67	2.17
	=====	=====	=====	\$ =====
Weighted average shares of Common Stock outstanding				
Basic	6,656,753	6,443,570	6,640,238	6,429,089
Diluted	6,783,147	6,615,719	6,772,963	6,597,185

NOTE: 2006 results have been adjusted to reflect the retrospective application of the January 1, 2007 change in accounting for major maintenance expenses from the accrue-in-advance method to the deferral method in accordance with the FASB Staff Position entitled "Accounting for Planned Major Maintenance Activities," issued in September 2006. The effect of the change in accounting is summarized below:

	For the Quarter Ended September 30, 2006		For the Nine-Months Ended September 30, 2006	
	As Reported	As Adjusted	As Reported	As Adjusted
	-----	-----	-----	-----
Operating income:				
Universal Stainless & Alloy				
Products Segment	\$ 4,047	\$ 4,097	\$ 14,840	\$ 15,029
Dunkirk Specialty Steel Segment	3,811	3,763	7,535	7,549
Intersegment elimination	1,302	1,302	594	594
	-----	-----	-----	-----
	\$ 9,160	\$ 9,162	\$ 22,969	\$ 23,172
	=====	=====	=====	=====
Net income	\$ 5,688	\$ 5,689	\$ 14,186	\$ 14,316
	=====	=====	=====	=====
Diluted earnings per share	\$ 0.86	\$ 0.86	\$ 2.15	\$ 2.17
	=====	=====	=====	=====

BUSINESS SEGMENT RESULTS

UNIVERSAL STAINLESS & ALLOY PRODUCTS SEGMENT

	For the Quarter Ended September 30,		For the Nine-Months Ended September 30,	
	2007	2006	2007	2006
	----	----	----	----
NET SALES				
Stainless steel	\$ 31,211	\$ 28,342	\$ 87,011	\$ 74,353
Tool steel	6,748	4,852	19,018	17,466
High-strength low alloy steel	2,560	2,107	10,382	5,036
High-temperature alloy steel	1,207	931	3,353	2,690
Conversion services	305	321	957	1,243
Other	107	39	229	151
	-----	-----	-----	-----
	42,138	36,592	120,950	100,939
Intersegment	13,797	10,599	38,244	31,089
	-----	-----	-----	-----

Total net sales	55,935	47,191	159,194	132,028
Material cost of sales	32,170	24,055	83,085	61,809
Operation cost of sales	17,506	16,915	52,556	49,511
Selling and administrative expenses	2,022	2,124	6,311	5,679
	-----	-----	-----	-----
Operating income	\$ 4,237	\$ 4,097	\$ 17,242	\$ 15,029
	=====	=====	=====	=====

DUNKIRK SPECIALTY STEEL SEGMENT

	For the Quarter Ended		For the Nine-Months Ended	
	September 30,		September 30,	
	2007	2006	2007	2006
	----	----	----	----
NET SALES				
Stainless steel	\$ 14,299	\$ 13,384	\$ 43,197	\$ 35,806
Tool steel	533	556	1,804	1,179
High-strength low alloy steel	3,446	2,422	9,430	5,286
High-temperature alloy steel	1,430	2,001	4,384	4,355
Conversion services	141	140	470	451
Other	21	15	68	50
	-----	-----	-----	-----
	19,870	18,518	59,353	47,127
Intersegment	1,398	1,317	3,676	2,874
	-----	-----	-----	-----
Total net sales	21,268	19,835	63,029	50,001
Material cost of sales	13,130	10,847	36,374	27,756
Operation cost of sales	4,145	4,311	13,451	12,202
Selling and administrative expenses	968	914	2,640	2,494
	-----	-----	-----	-----
Operating income	\$ 3,025	\$ 3,763	\$ 10,564	\$ 7,549
	=====	=====	=====	=====

MARKET SEGMENT INFORMATION

	For the Quarter Ended		For the Nine-Months Ended	
	September 30,		September 30,	
	2007	2006	2007	2006
	----	----	----	----
NET SALES				
Service centers	\$ 31,451	\$ 26,394	\$ 93,154	\$ 75,750
Forgers	13,852	10,614	40,170	25,035
Rerollers	10,199	9,856	26,049	25,080
Original equipment manufacturers	4,452	4,421	13,869	13,976
Wire redrawers	1,424	3,310	5,337	6,330
Conversion services	446	461	1,427	1,694
Other	184	54	297	201
	-----	-----	-----	-----
Total net sales	\$ 62,008	\$ 55,110	\$ 180,303	\$ 148,066
	=====	=====	=====	=====
Tons shipped	11,372	13,636	33,856	38,421
	=====	=====	=====	=====

CONSOLIDATED BALANCE SHEET

	September 30,	December 31,
	2007	2006
	----	----
ASSETS		
Cash	\$ 8,130	\$ 2,909
Accounts receivable, net	39,285	33,308
Inventory	62,949	66,019
Deferred taxes	3,004	1,544
Other current assets	1,928	1,606
	-----	-----
Total current assets	115,296	105,386
Property, plant & equipment, net	52,888	49,251
Other assets	629	584
	-----	-----
Total assets	\$ 168,813	\$ 155,221
	=====	=====

LIABILITIES AND STOCKHOLDERS' EQUITY		
Trade accounts payable	\$ 13,675	\$ 13,123
Outstanding checks in excess of bank balance	3,791	3,427
Accrued employment costs	5,893	4,121
Current portion of long-term debt	2,380	2,364
Other current liabilities	1,479	1,902
	-----	-----
Total current liabilities	27,218	24,937
Bank revolver	-	8,392
Long-term debt	7,049	8,836
Deferred taxes	9,493	8,402
	-----	-----
Total liabilities	43,760	50,567
Stockholders' equity	125,053	104,654
	-----	-----
Total liabilities and stockholders' equity	\$ 168,813	\$ 155,221
	=====	=====

CONSOLIDATED STATEMENT OF CASH FLOW DATA
For the Nine-month Period Ended September 30,

	2007	2006
	----	----
Cash flows provided by operating activities:		
Net income	\$ 18,116	\$ 14,316
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation and amortization	2,764	2,460
Deferred tax decrease	(448)	(806)
Stock based compensation expense	332	193
Excess tax benefits from share-based payment arrangements	(976)	(179)
Changes in assets and liabilities:		
Accounts receivable, net	(5,977)	(9,821)
Inventory	3,070	(12,057)
Trade accounts payable	552	5,766
Deferred revenue	207	2,498
Accrued employment costs	1,772	1,961
Other, net	86	1,177
	-----	-----
Cash flow provided by operating activities	19,498	5,508
	-----	-----
Cash flow used in investing activities:		
Capital expenditures	(6,429)	(5,587)
	-----	-----
Cash flow used in investing activities	(6,429)	(5,587)
	-----	-----
Cash flows used in financing activities:		
Revolving credit net repayments	(8,392)	1,036
Long-term debt repayments	(1,771)	(914)
Net change in outstanding checks in excess of bank balance	364	(554)
Proceeds from issuance of common stock	975	326
Excess tax benefits from share-based payment arrangements	976	179
	-----	-----
Cash flow (used in) provided by financing activities	(7,848)	73
	-----	-----
Net cash flow	\$ 5,221	\$ (6)
	=====	=====