

**FORM 4**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

OMB APPROVAL

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**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person*			2. Issuer Name and Ticker or Trading Symbol			5. Relationship of Reporting Person(s) to Issuer (Check all applicable)		
<u>DUNN DOUGLAS M</u>			<u>UNIVERSAL STAINLESS &amp; ALLOY PRODUCTS INC [ USAP ]</u>			<input checked="" type="checkbox"/> Director 10% Owner		
(Last)	(First)	(Middle)	3. Date of Earliest Transaction (Month/Day/Year)			Officer (give title below) Other (specify below)		
11817 OAKLAND HILLS DRIVE			01/23/2007					
(Street)			4. If Amendment, Date of Original Filed (Month/Day/Year)			6. Individual or Joint/Group Filing (Check Applicable Line)		
LAS VEGAS NV 89141-6014						<input checked="" type="checkbox"/> Form filed by One Reporting Person		
(City)	(State)	(Zip)				Form filed by More than One Reporting Person		

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed Of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
USAP Common Stock	01/23/2007		M		16,600	A	\$12.25	16,600	D	
USAP Common Stock	01/23/2007		S		14,000	D	\$42.48	2,600	D	
USAP Common Stock	01/23/2007		S		2,600	D	\$42.46	0	D	
USAP Common Stock	01/24/2007		M		3,400	A	\$12.25	3,400	D	
USAP Common Stock	01/24/2007		S		3,400	D	\$42.47	0	D	

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date						Title
USAP Common Stock	\$12.25	01/23/2007		M			16,600	(1)	05/21/2007	Common Stock	16,600	\$12.25	3,400	D	
USAP Common Stock	\$12.25	01/24/2007		M			3,400	(2)	05/22/2004	Common Stock	3,400	\$12.25	0	D	

**Explanation of Responses:**

1. 6,667 shares exercisable 05/22/1998 6,667 shares exercisable 05/22/1999 3,266 shares exercisable 05/22/2000

2. 3400 shares exercisable 05/22/2000

Paul A. McGrath (AIF)

01/25/2007

\*\* Signature of Reporting Person Date

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

\* If the form is filed by more than one reporting person, see Instruction 4 (b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB Number.