UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended June 30, 1999

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period from ______ to ______
Commission File Number 0-25032

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

DELAWARE	25-1724540
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

600 Mayer Street
Bridgeville, PA 15017
(Address of principal executive offices, including zip code)

(412) 257-7600
(Telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ______

The number of shares outstanding of the registrant's classes of common stock as of August 6, 1999:

Title of Class	Shares Outstanding
Common Stock, $.001 par value	6,104,454

UNIVERSAL STAINLESS & ALLOY PRODUCTS, INC.

This Quarterly Report on Form 10-Q contains historical information and forward-looking statements. Forward-looking statements are included in this Form 10-Q pursuant to the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. They involve known and unknown risks and uncertainties such as but not limited to expected market conditions and Year 2000 readiness, that may cause the Company's actual results to differ from the discussions of future performance included herein. In the context of forward-looking information provided in this Form 10-Q and in other reports, please refer to the discussion of risk factors detailed in, as well as the other information contained in, the Company's filings with the Securities and Exchange Commission during the past 12 months.

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PART II. OTHER INFORMATION

Part I. Financial Information

Item 1. Financial Statements

UNIVERSAL STAINLESS & ALLOY PRODUCTS, INC.

CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
(Dollars in Thousands, Except Per Share Information)
(Unaudited)

	For the Three-Months Ended June 30,		For the Six-Months Ended June 30,	
	1999	1998	1999	1998
Net sales	$15,485	$21,163	$29,973	$43,512
Cost of products sold	13,940	17,332	26,901	35,799
Selling and administrative expenses	970	1,336	1,984	2,476
Operating income	575	2,495	1,088	5,237
Other income (expense), net	(180)	(58)	(326)	75
Income before taxes	395	2,437	762	5,312
Income taxes	146	902	282	1,966
Net income	$ 249	$ 1,535	$ 480	$ 3,346

Earnings per common share				
Basic	$ 0.04	$ 0.24	$ 0.08	$ 0.53
Diluted	$ 0.04	$ 0.24	$ 0.08	$ 0.52

The accompanying notes are an integral part of these financial statements.

UNIVERSAL STAINLESS & ALLOY PRODUCTS, INC.

CONSOLIDATED CONDENSED BALANCE SHEETS
(Dollars in Thousands)

	June 30, 1999 (Unaudited)	December 31, 1998
ASSETS		
Current assets		
Cash and cash equivalents	$ 1,268	$ 1,437
Accounts receivable (less allowance for doubtful accounts of $388 and $358)	10,929	8,843
Inventory	15,498	16,182
Other current assets	1,304	1,980
Total current assets	28,999	28,442
Property, plant and equipment, net	37,116	35,710
Other assets	288	298
Total assets	$66,403	$64,450
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Trade accounts payable and bank overdrafts	$ 5,918	$ 4,311
Current portion of long-term debt	1,824	1,117
Accrued employment costs	985	957
Other current liabilities	421	228
Total current liabilities	9,148	6,613
Long-term debt	10,926	11,841
Deferred taxes	4,133	3,431
Total liabilities	24,207	21,885
Commitments and contingencies	--	--
Stockholders' equity		
Senior Preferred Stock, par value $.001 per share; liquidation value $100 per share; 2,000,000 shares authorized; and 0 shares issued and outstanding	--	--
Common Stock, par value $.001 per share; 10,000,000 shares authorized; 6,325,254 and 6,320,036 shares issued	6	6
Additional paid-in capital	25,813	25,787
Retained earnings	17,730	17,250
Treasury Stock at cost; 217,500 and 75,000 common shares held	(1,353)	(478)
Total stockholders' equity	42,196	42,565
Total liabilities and stockholders' equity	$66,403	$64,450

The accompanying notes are an integral part of these financial statements.

UNIVERSAL STAINLESS & ALLOY PRODUCTS, INC.

CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(Dollars in Thousands)
(Unaudited)

	For the Six-month period ended June 30,	
	1999	1998

Cash flow from operating activities:		
Net income	$ 480	$ 3,346
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation and amortization	1,014	686
Deferred taxes	702	550
Changes in assets and liabilities:		
Accounts receivable, net	(2,086)	(2,277)
Inventory	684	(1,136)
Trade accounts payable and bank overdrafts	1,607	7
Accrued employment costs	28	(81)
Other, net	879	(624)
Net cash provided by operating activities	3,308	471
Cash flow from investing activities:		
Capital expenditures	(2,420)	(7,229)
Net cash used in investing activities	(2,420)	(7,229)
Cash flow from financing activities:		
Borrowings from long-term debt	--	6,346
Proceeds from issuance of Common Stock	26	215
Net borrowing under revolving line of credit	--	427
Long-term debt payments	(208)	(180)
Deferred financing costs	--	(49)
Purchase of Treasury Stock	(875)	--
Net cash provided by (used in) financing activities	(1,057)	6,759
Net increase (decrease) in cash and cash equivalents	(169)	1
Cash and cash equivalents at beginning of period	1,437	177
Cash and cash equivalents at end of period	$ 1,268	$ 178
Supplemental disclosure of cash flow information:		
Interest paid (net of capitalization)	$ 345	$ 81
Income taxes paid	$ 3	$ 1,730

The accompanying notes are an integral part of these financial statements

UNIVERSAL STAINLESS & ALLOY PRODUCTS, INC.

NOTES TO THE UNAUDITED CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

1) The accompanying unaudited, consolidated condensed financial statements of operations for the three- and six-month periods ended June 30, 1999 and 1998, balance sheets as of June 30, 1999 and December 31, 1998, and statements of cash flows for the six-month periods ended June 30, 1999 and 1998 have been prepared in accordance with generally accepted accounting principles for interim financial information. Accordingly, these statements should be read in conjunction with the audited financial statements as of and for the year ended December 31, 1998. In the opinion of management, the accompanying unaudited, condensed consolidated financial statements contain all adjustments, all of which were of a normal recurring nature, necessary to present fairly, in all material respects, the consolidated results of operations and of cash flows for the periods ended June 30, 1999 and 1998, and are not necessarily indicative of the results to be expected for the full year.

2) In 1998, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 131, "Disclosures about Segments of an Enterprise and Related Information." SFAS No. 131 requires that all public companies report information about operating segments in annual financial statements and requires that those companies report selected information about operating segments in interim financial reports. Operating segments are determined utilizing the "management approach" which is based on the way the chief operating decision maker organizes segments within a company for making operating decisions and assessing performance. The Company operates as a single segment, and as such, no additional financial disclosure has been presented in the Company's interim financial statements.

3) The reconciliation of the weighted average number of shares of Common Stock outstanding utilized for the earnings per common share computations are as follows:

	For the Three-Months Ended June 30,	For the Six-Months Ended June 30,

	1999	1998	1999	1998
Weighted average number of shares of Common Stock outstanding	6,102,593	6,311,203	6,132,954	6,303,356
Assuming exercise of stock options and warrants reduced by the number of shares which could have been purchased with the proceeds from exercise of such stock options and warrants	--	61,539	--	102,355
Weighted average number of shares of Common Stock outstanding, as adjusted	6,102,593	6,372,742	6,132,954	6,405,711

4) The major classes of inventory are as follows (dollars in thousands):

	June 30, 1999	December 31, 1998
Raw materials and supplies	$ 2,320	$ 2,358
Semi-finished steel products	10,468	11,152
Operating materials	2,710	2,672
Total inventory	$15,498	$16,182

5) Property, plant and equipment consists of the following (dollars in thousands):

	June 30, 1999	December 31, 1998
Land and land improvements	$ 1,024	$ 822
Buildings	2,810	2,591
Machinery and equipment	35,950	31,903
Construction in progress	1,595	3,655
	41,379	38,971
Accumulated depreciation	(4,263)	(3,261)
Property, plant and equipment, net	$37,116	$35,710

6) The Company has reviewed the status of its environmental contingencies and believes there are no significant changes from that disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 1998.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

An analysis of the Company's operations for the three- and six-month periods ended June 30, 1999 and 1998 were as follows (dollars in thousands):

	Three-Month Period Ended June 30,		Six-Month Period Ended June 30,	
	1999	1998	1999	1998

Net sales				
Stainless steel	$12,383	$16,006	$24,258	$31,692
Tool steel	1,478	1,709	2,935	4,693
High temperature alloy steel	556	1,311	1,202	2,645
Conversion services	669	1,216	1,142	2,540
Other	399	921	436	1,942
Total net sales	$15,485	$21,163	$29,973	$43,512
Cost of products sold				
Raw materials	5,699	8,231	10,662	16,947
Other	8,241	9,101	16,239	18,852
Total cost of products sold	13,940	17,332	26,901	35,799
Selling and administrative expenses	970	1,336	1,984	2,476
Operating income	$ 575	$ 2,495	$ 1,088	$ 5,237

THREE- AND SIX-MONTH PERIODS ENDED JUNE 30, 1999 AS COMPARED TO THE SIMILAR PERIODS IN 1998

The decrease in net sales for the three- and six-month periods ended June 30, 1999 as compared to the similar periods in 1998 reflects decreased shipments within each product line primarily due to increased imports. The Company shipped approximately 11,354 tons and 13,665 tons for the three-month periods ended June 30, 1999 and 1998 respectively, and 21,514 tons and 28,299 tons for the six-month periods ended June 30, 1999 and 1998, respectively. The decrease in net sales was further impacted by lower selling prices due to price competition created by increased import levels.

Cost of products sold, as a percentage of net sales, was 90.0% and 81.9% for the three-month periods ended June 30, 1999 and 1998, respectively, and was 89.8% and 82.3% for the six-month periods ended June 30, 1999 and 1998, respectively. This increase is primarily due to the impact of lower pricing and competition described above, increased scrap costs and increased production costs per ton as a result of operating at lower levels. Mechanical problems at the Bridgeville bar mill during the three-month period ended March 31, 1999 and start-up costs incurred at the Bridgeville round bar finishing facility also contributed to the increased production costs in 1999.

Selling and administrative expenses decreased $366,000 in the three-month period ended June 30, 1999 as compared to June 30, 1998 and decreased $492,000 for the six-month period ended June 30, 1999 as compared to June 30, 1998. The decreases are primarily due to lower charges to the cash incentive plans, sales commissions and insurance costs.

Other income (expense), net decreased by $122,000 in the three-month period ended June 30, 1999 as compared to the three-month period ended June 30, 1998 and decreased $401,000 in the six-month period ended June 30, 1999 as compared to the six-month period ended June 30, 1998. The decreases were primarily due to interest expense associated with increased borrowings. In addition, other income (expense), net for the six-month period ended June 30, 1998 was offset by a $200,000 government grant received in connection with the expansion of operations at the Bridgeville facility.

The effective income tax rate utilized in the three-and six-month periods ended June 30, 1999 and 1998 was 37.0%.

FINANCIAL CONDITION

The Company has financed its 1999 operating activities through cash flows from operations and cash on hand at the beginning of the period. The ratio of current assets to current liabilities decreased from 4.3:1 at December 31, 1998 to 3.2:1 at June 30, 1999. The percentage of debt to capitalization was 23% at December 31, 1998 and at June 30, 1999. The decrease in the ratio of current assets to current liabilities is primarily due to an increase in accounts payable, an increase in the current portion of long-term debt and the repurchase of Common Stock. The Company repurchased 142,500 shares of Common Stock at an average price of $6.14 per share during the six-month period ended June 30,

1999. The Company is authorized to repurchase an additional 97,500 shares of Common Stock.

The Company's capital expenditures approximated $2.4 million for the six-month period ended June 30, 1999, which primarily related to the completion of the round bar finishing facility located at the Bridgeville facility. At June 30, 1999, the Company had outstanding purchase commitments in addition to the expenditures incurred to date of approximately $0.3 million. These expenditures are expected to be funded substantially from internally generated funds and additional borrowings. As of June 30, 1999, the Company has $6.5 million available for borrowings under a revolving line of credit with PNC Bank.

The Company anticipates that it will continue to fund its 1999 working capital requirements, its capital expenditures, and the stock repurchase program primarily from funds generated from operations and borrowings. The Company's long-term liquidity requirements, including capital expenditures, are expected to be financed by a combination of internally generated funds, borrowings and other sources of external financing if needed.

YEAR 2000 READINESS DISCLOSURE

The following statements are provided pursuant to the provisions of the Year 2000 Information and Readiness Disclosure Act of 1998.

Since inception in August 1994, the Company has been engaged in a program to modernize and replace its computerized production control and management information systems. Although not the primary purpose of the program, the new systems were designed to avoid any Year 2000 problems that might otherwise arise. In addition, the Company has identified and tested all other critical pieces of equipment and has not identified any non-compliance issues that can not be corrected by September 30, 1999. Therefore, the Company believes that its internal systems will be Year 2000 compliant in all material respects without incurring significant expenditures. It is anticipated that any necessary expenditures will be financed with cash from operations.

The Company currently believes the most significant impact of the Year 2000 issue could be an interrupted supply of goods and services from the Company's vendors and an interrupted supply of orders from the Company's customers. In order to assess the state of readiness, surveys sent to all major vendors and customers confirmed that efforts to become Year 2000 compliant are, at a minimum, in process. A follow-up survey was sent in July 1999 to confirm that our major vendors and customers are Year 2000 compliant. While no contingency plans have been established at the present time, the Company is assessing areas which require contingency planning and expects to have necessary contingency plans in place by September 30, 1999.

1999 OUTLOOK

Price increases initiated in April 1999 have been difficult to implement due to the continued impact of imports. While scrap costs are expected to remain high due to foreign demand, domestic pricing should improve as the Asian economies strengthen and imports decline. In addition, the Bridgeville bar mill and round bar finishing facility are now fully operational which will permit the Company to progressively increase its presence in the finished round bar market.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

The Company has reviewed the status of its market risk and believes there are no significant changes from that disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 1998.

Part II. OTHER INFORMATION

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

The Annual Meeting of Stockholders of Universal Stainless & Alloy

Products, Inc. was held on May 25, 1999, for the purpose of electing a board of directors and approving the appointment of auditors. Proxies for meeting were solicited pursuant to section 14(a) of the Securities Exchange Act of 1934 and there was no solicitation in opposition to management's solicitation.

All of the management's nominees for directors as listed in the proxy statement were elected by the following vote:

	Shares Voted "For"	Shares "Withheld"	Shares Not Voted
D. Dunn	4,886,255	295,690	1,138,091
G. Keane	4,886,155	295,790	1,138,091
C. McAninch	4,886,255	295,690	1,138,091
U. Toledano	5,075,755	106,090	1,138,091
D. Wise	4,886,255	295,690	1,138,091

The appointment of PricewaterhouseCoopers LLP as independent auditors was approved by the following vote:

Shares Voted "For"	Shares Voted "Against"	Shares "Abstaining"	Shares Not Voted
5,177,545	3,300	1,100	1,138,091

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

a. Exhibits

27.1 Financial Data Schedule

b. The Company filed no reports on Form 8-K for the quarter ended June 30, 1999.

SIGNATURES

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 thereunto duly authorized.

UNIVERSAL STAINLESS & ALLOY PRODUCTS, INC.

Date: August 12, 1999 /s/ Clarence M. McAninch

Clarence M. McAninch
President and Chief Executive Officer

Date: August 12, 1999 /s/ Richard M. Ubinger

Richard M. Ubinger
Chief Financial Officer and Treasurer
(Principal Accounting Officer)

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This schedule contains summary financial information extracted from the June 30, 1999 Financial Statements included in the Company's Form 10-Q and is qualified in its entirety by reference to such Form 10-Q.
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