

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 20, 2005

Universal Stainless & Alloy Products, Inc.

(Exact name of registrant as specified in its charter)

Delaware	000-25032	25-1724540
-----	-----	-----
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

600 Mayer Street, Bridgeville, Pennsylvania	15017
-----	-----
(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 20, 2005, Universal Stainless and Alloy Products, Inc. issued a press release regarding its earnings for the fourth quarter ended December 31, 2004. 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.

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 20, 2005

[GRAPHIC OMITTED]

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

CONTACTS: Richard M. Ubinger
Vice President of Finance,
Chief Financial Officer and Treasurer
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FOR IMMEDIATE RELEASE

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UNIVERSAL STAINLESS REPORTS RECORD QUARTER AND ANNUAL SALES

- Full year sales reach record \$121 million, backlog continues to grow -

BRIDGEVILLE, PA, January 20, 2005 -- Universal Stainless & Alloy Products, Inc. (Nasdaq: USAP) today reported fourth quarter 2004 record sales of \$37.0 million and net income of \$2.6 million, or \$0.40 per diluted share. For the full year 2004, sales were a record \$120.6 million. Net income was \$7.1 million, or \$1.12 per diluted share, and included a total of \$1.1 million, or \$0.11 per diluted share, of other income from import duties received in 2004. Of that amount, \$507,000, or \$0.05 per diluted share, was received in the fourth quarter, as previously announced.

The 2004 fourth quarter results were in line with the Company's forecast of sales of \$32 to \$37 million and EPS of \$0.32 to \$0.37 before including the other income from import duties. In addition, fourth quarter earnings were reduced by a bad debt charge of \$282,000, equivalent to \$0.03 per diluted share, due to a financially distressed customer's inability to pay its outstanding receivable balance.

In 2003, sales for the fourth quarter and full year were \$18.8 million and \$69.0 million, respectively. The Company incurred a net loss of \$273,000, or \$0.04 per diluted share, in the 2003 fourth quarter and a net loss of \$1.4 million, or \$0.23 per diluted share, for the full year.

Commenting on the results, President and CEO Mac McAninch stated: "Our solid sales momentum allowed us to reach new company sales milestones in 2004. In the fourth quarter, sales to the power generation market climbed 22% and tool steel sales rose 38% compared with the prior quarter. Demand from all of our markets remained strong."

USAP REPORTS RECORD SALES

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Mr. McAninch continued: "Our cost recovery pricing initiatives in the fourth quarter helped to offset a 17% sequential increase in material costs and substantially higher electricity prices. Our recently announced base price increases are intended to offset higher energy and manufacturing costs, as well as support our capital investment program aimed at increasing throughput and efficiency."

Mr. McAninch added: "Our immediate priority is to increase our shipment levels in response to the growth in customer demand that has raised our backlog to a record \$72 million. Our capital investments in 2004, which are in place, have rectified production bottlenecks at Bridgeville. We are now turning our attention to improved scheduling and have added a production planning manager to take us to the next step."

Segment Review

In the fourth quarter of 2004, the Universal Stainless & Alloy Products segment had sales of \$32.7 million and operating income of \$2.3 million. This compares with sales of \$16.5 million and operating income of \$226,000 in the fourth quarter of 2003 and sales of \$31.2 million and operating income of \$2.9 million in the third quarter of 2004.

The 98% increase in sales compared with the 2003 fourth quarter reflected substantial growth in all customer categories. Fourth quarter 2004 sales increased 5% over the prior quarter, but higher electricity costs and increased S&A expenses caused by the bad debt charge resulted in a lower operating income compared with the prior quarter.

The Dunkirk Specialty Steel segment reported record sales of \$10.5 million and operating income of \$1.2 million. This compares with sales of \$4.5 million and an operating loss of \$428,000 in the fourth quarter of 2003 and sales of \$9.5 million and operating income of \$1.2 million in the prior quarter.

Dunkirk's sales rose 134% over the fourth quarter of 2003, as it continued its ramp-up in 2004. The 10% increase in fourth quarter sales over the prior quarter is primarily due to increased selling prices and surcharges to offset higher material costs. The operating income only improved slightly over the prior quarter due to a 22% increase in raw material costs.

USAP REPORTS RECORD SALES

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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 2005 sales will range from \$35 to \$40 million and that diluted EPS will range from \$0.35 to \$0.40. This compares with sales of \$21.3 million and diluted EPS of \$0.04 in the first quarter of 2004.

The following factors were considered in developing these estimates:

- o The Company's total backlog at December 31, 2004 approximated \$72 million compared to \$60 million at September 30, 2004 reflecting continued strength in all of the Company's markets.
- o The implementation of recent price increases will allow the Company to offset continuing manufacturing cost increases as well as support future capital improvements designed to increase production levels and efficiency.
- o Sales from the Dunkirk Specialty Steel segment are expected to approximate \$12 million as service center demand remains very strong.

Mr. McAninch concluded: "We are entering 2005 with a high level of optimism. Recovery in the aerospace market continues, demand for our power generation products is increasing rapidly, and the petrochemical market remains firm. At the same time, tool steel demand continues to be strong, which should bode well for the economy in the coming year."

Webcast

A simultaneous Webcast of the Company's conference call discussing the 2004 fourth quarter and the first quarter 2005 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 27th. It can be accessed by dialing 706-645-9291, passcode 3197137. 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 original equipment manufacturers, service centers, forgers, rerollers 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,	
	2004	2003	2004	2003
Net Sales	----	----	----	----

Stainless steel	\$ 28,944	\$ 14,482	\$ 94,530	\$ 52,546
Tool steel	5,890	2,345	17,075	9,673
High-strength low alloy steel	597	911	3,682	2,869
High-temperature alloy steel	673	732	2,468	2,482
Conversion services	751	234	2,386	1,079
Other	157	123	501	340
	-----	-----	-----	-----
Total net sales	37,012	18,827	120,642	68,989
Cost of products sold	31,396	17,617	102,972	65,534
Selling and administrative expenses	2,053	1,412	7,401	5,837
	-----	-----	-----	-----
Operating income (loss)	3,563	(202)	10,269	(2,382)
Interest expense	(120)	(94)	(422)	(383)
Other income	542	54	1,119	128
	-----	-----	-----	-----
Income (loss) before taxes	3,985	(242)	10,966	(2,637)
Income tax provision (benefit)	1,392	31	3,835	(1,220)
	-----	-----	-----	-----
Net income (loss)	\$ 2,593	\$ (273)	\$ 7,131	\$ (1,417)
	=====	=====	=====	=====
Earnings (loss) per share - Basic	\$ 0.41	\$ (0.04)	\$ 1.13	\$ (0.23)
	=====	=====	=====	=====
Earnings (loss) per share - Diluted	\$ 0.40	\$ (0.04)	\$ 1.12	\$ (0.23)
	=====	=====	=====	=====
Weighted average shares of Common Stock outstanding				
Basic	6,318,951	6,289,538	6,304,909	6,287,088
Diluted	6,427,348	6,289,538	6,379,579	6,287,088

MARKET SEGMENT INFORMATION

	For the Quarter Ended		For the Year Ended	
	December 31,		December 31,	
	2004	2003	2004	2003
Net Sales	----	----	----	----

Service centers	\$ 16,645	\$ 6,817	\$ 52,261	\$ 29,150
Rerollers	8,735	6,955	30,200	20,240
Forgers	6,827	2,719	22,008	9,773
Original equipment manufacturers	2,248	1,280	8,349	5,124

Wire redrawers	1,662	713	5,008	3,328
Conversion services	751	234	2,386	1,079
Other	144	109	430	295
	-----	-----	-----	-----
Total net sales	\$ 37,012	\$ 18,827	\$ 120,642	\$ 68,989
	=====	=====	=====	=====
Tons shipped	13,662	9,468	48,350	35,126
	=====	=====	=====	=====

BUSINESS SEGMENT RESULTS

Universal Stainless & Alloy Products Segment

	For the Quarter Ended December 31,		For the Year Ended December 31,	
	2004	2003	2004	2003
	----	----	----	----
Net Sales				

Stainless steel	\$ 19,739	\$ 11,081	\$ 65,208	\$ 35,946
Tool steel	5,770	2,173	16,672	9,097
High-strength low alloy steel	189	488	1,576	1,672
High-temperature alloy steel	656	502	2,182	1,965
Conversion services	605	210	1,961	926
Other	129	100	427	302
	-----	-----	-----	-----
	27,088	14,554	88,026	49,908
Intersegment	5,620	1,963	20,208	9,677
	-----	-----	-----	-----
Total net sales	32,708	16,517	108,234	59,585
Material cost of sales	16,044	7,095	49,967	22,982
Operation cost of sales	12,788	8,201	45,521	32,934
Selling and administrative expenses	1,581	995	5,253	3,918
	-----	-----	-----	-----
Operating income (loss)	\$ 2,295	\$ 226	\$ 7,493	\$ (249)
	=====	=====	=====	=====

Dunkirk Specialty Steel Segment

	For the Quarter Ended December 31,		For the Year Ended December 31,	
	2004	2003	2004	2003
	----	----	----	----
Net Sales				

Stainless steel	\$ 9,205	\$ 3,401	\$ 29,322	\$ 16,600
Tool steel	120	172	403	576
High-strength low alloy steel	408	423	2,106	1,197
High-temperature alloy steel	17	230	286	517
Conversion services	146	24	425	153
Other	28	23	74	38
	-----	-----	-----	-----
	9,924	4,273	32,616	19,081
Intersegment	535	198	2,107	794
	-----	-----	-----	-----
Total net sales	10,459	4,471	34,723	19,875
Material cost of sales	5,739	2,357	17,834	11,080
Operation cost of sales	3,008	2,125	11,653	9,009
Selling and administrative expenses	472	417	2,148	1,919
	-----	-----	-----	-----
Operating income (loss)	\$ 1,240	\$ (428)	\$ 3,088	\$ (2,133)
	=====	=====	=====	=====

CONSOLIDATED BALANCE SHEET

	December 31, 2004 ----	December 31, 2003 ----
Assets		

Cash	\$ 241	\$ 4,735
Accounts receivable, net	24,562	12,690
Inventory	38,318	22,281
Other current assets	3,418	4,285
	-----	-----
Total current assets	66,538	43,991
Property, plant & equipment, net	40,716	40,176
Other assets	586	758
	-----	-----
Total assets	\$ 107,840 =====	\$ 84,925 =====
Liabilities and Stockholders' Equity		

Accounts payable	\$ 11,666	\$ 6,685
Bank overdrafts	2,638	813
Accrued employment costs	1,830	833
Current portion of long-term debt	2,044	1,944
Other current liabilities	442	302
	-----	-----
Total current liabilities	18,620	10,577
Bank revolver	8,635	-
Long-term debt	3,555	5,599
Deferred taxes	10,093	9,313
	-----	-----
Total liabilities	40,903	25,489
Stockholders' equity	66,937	59,436
	-----	-----
Total liabilities and stockholders' equity	\$ 107,840 =====	\$ 84,925 =====

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

	2004 ----	2003 ----
Cash flows from operating activities:		
Net income (loss)	\$ 7,131	\$ (1,417)
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation and amortization	3,061	3,093
Deferred taxes	724	996
Tax benefit from exercise of stock options	51	-
Changes in assets and liabilities:		
Accounts receivable, net	(11,872)	(1,140)
Inventory	(16,037)	436
Trade accounts payable	4,981	2,561
Accrued employment costs	997	(186)
Refundable taxes	1,443	(729)
Other, net	(196)	164
	-----	-----
Cash flow from (due to) operating activities	(9,717)	3,778
	-----	-----
Cash flow from investing activities:		
Capital expenditures	(3,586)	(1,193)

Cash flow due to investing activities	----- (3,586) -----	----- (1,193) -----
Cash flows from financing activities:		
Net borrowings under revolving line of credit	8,635	-
Deferred financing costs	(26)	-
Proceeds from deferred loan agreement	-	200
Repayments of long-term debt	(1,944)	(1,948)
Net change in bank overdrafts	1,825	538
Proceeds from issuance of common stock	319	52
	-----	-----
Cash flow from (due to) financing activities	8,809	(1,158)
	-----	-----
Net cash flow	\$ (4,494) =====	\$ 1,427 =====