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, 2002

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 ______

As of August 8, 2002, there were 6,280,536 outstanding shares of the Registrant's Common Stock, $.001 par value.

UNIVERSAL STAINLESS & ALLOY PRODUCTS, INC.

This Quarterly Report on Form 10-Q contains historical information and forward-looking statements. Statements looking forward 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 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 acquisition of the Empire Specialty Steel assets, and the successful start-up of Dunkirk Specialty Steel, LLC, risks associated with the receipt, pricing and timing of future customer orders, risks related to the financial viability of customers, risks associated with the manufacturing process and production yields, risks associated with the negotiation of a new collective bargaining agreement with the hourly employees at the Bridgeville facility, and risks related to property, plant and equipment. 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.

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

	2002	2001	2002	2001
Net sales	$ 21,422	$ 24,233	$ 39,018	$ 45,492
Cost of products sold	18,574	19,207	32,819	36,328
Selling and administrative expenses	1,537	1,816	2,910	3,374
Operating income	1,311	3,210	3,289	5,790
Interest expense and other financing costs	(118)	(160)	(228)	(341)
Other income	31	2	62	22
Income before taxes	1,224	3,052	3,123	5,471
Income taxes	447	1,144	1,140	2,051
Net income	$ 777	$ 1,908	$ 1,983	$ 3,420
Earnings per common share				
Basic	$ 0.13	$ 0.31	$ 0.32	$ 0.56
Diluted	$ 0.12	$ 0.31	$ 0.32	$ 0.56

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

UNIVERSAL STAINLESS & ALLOY PRODUCTS, INC.

CONSOLIDATED CONDENSED BALANCE SHEETS
(Dollars in Thousands)

	June 30, 2002 (Unaudited)	December 31, 2001
ASSETS		
Current assets		
Cash and cash equivalents	$ 8,735	$ 5,454
Accounts receivable (less allowance for doubtful accounts of $334 and $434)	15,001	13,257
Inventory	20,526	17,900
Other current assets	2,364	1,482
Total current assets	46,626	38,093
Property, plant and equipment, net	41,492	41,202
Other assets	177	151
Total assets	$ 88,295	$ 79,446
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Trade accounts payable	$ 6,231	$ 4,597
Outstanding checks in excess of bank balance	1,659	857
Current portion of long-term debt	1,871	1,832
Accrued employment costs	1,350	1,562
Other current liabilities	477	590
Total current liabilities	11,588	9,438
Long-term debt	8,440	6,490
Deferred taxes	7,609	7,146
Total liabilities	27,637	23,074
Commitments and contingencies	--	--
Stockholders' equity		
Senior Preferred Stock, par value $.001 per share; liquidation value $100 per share; 2,000,000 shares authorized; 0 shares issued and outstanding	--	--

Common Stock, par value $.001 per share; 10,000,000 shares authorized; 6,550,436 and 6,347,172 shares issued	7	6
Additional paid-in capital	28,243	25,941
Retained earnings	34,039	32,056
Treasury Stock at cost; 269,900 common shares held	(1,631)	(1,631)
Total stockholders' equity	60,658	56,372
Total liabilities and stockholders' equity	$ 88,295	$ 79,446

The accompanying notes are an integral part of these consolidated 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,	
	2002	2001
Cash flow from operating activities:		
Net income	$ 1,983	$ 3,420
Adjustments to reconcile to net cash and cash equivalents provided by operating activities:		
Depreciation and amortization	1,539	1,310
Deferred taxes	543	472
Tax benefit from exercise of stock options	428	--
Changes in assets and liabilities:		
Accounts receivable, net	(1,744)	(4,323)
Inventory	1,332	(2,272)
Trade accounts payable	1,634	1,641
Accrued employment costs	(212)	537
Other, net	(908)	982
Net cash provided by operating activities	4,595	1,767
Cash flows from investing activities:		
Acquisition of assets and real property through purchase agreements	(1,283)	--
Capital expenditures	(1,810)	(2,395)
Net cash used in investing activities	(3,093)	(2,395)
Cash flows from financing activities:		
Proceeds from the exercise of stock options	1,852	--
Proceeds from issuance of Common Stock	23	26
Borrowings under revolving line of credit	--	8,710
Repayments under revolving line of credit	--	(8,516)
Proceeds from long-term debt	--	139
Repayments of long-term debt	(898)	(909)
Increase in outstanding checks in excess of bank balance	802	197
Net cash provided by (used in) financing activities	1,779	(353)
Net increase (decrease) in cash and cash equivalents	3,281	(981)
Cash and cash equivalents at beginning of period	5,454	1,109
Cash and cash equivalents at end of period	$ 8,735	$ 128
Supplemental disclosure of cash flow information:		
Interest paid	$ 165	$ 298
Income taxes paid	$ 1,262	$ 1,264

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

UNIVERSAL STAINLESS & ALLOY PRODUCTS, INC.

NOTES TO THE UNAUDITED CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

Basis of Presentation

1) The accompanying unaudited consolidated condensed financial statements of operations for the three- and six-month periods ended June 30, 2002 and 2001, balance sheets as of June 30, 2002 and December 31, 2001, and statements of cash flows for the six-month periods ended June 30, 2002 and 2001 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, 2001. 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 financial position at June 30, 2002 and December 31, 2001 and the consolidated results of operations and of cash flows for the periods ended June 30, 2002 and 2001, and are not necessarily indicative of the results to be expected for the full year.

Acquisition

2) On February 8, 2002, the Company, through its wholly owned subsidiary, Dunkirk Specialty Steel, LLC ("Dunkirk Specialty Steel"), entered into a Personal Property Asset Purchase Agreement and a Real Property Purchase Agreement (the "Purchase Agreements") with the New York Job Development Authority (the "JDA") to acquire certain assets and real property formerly owned by Empire Specialty Steel, Inc. at its idled production facility located in Dunkirk, New York. These transactions were completed on February 14, 2002, and the plant became operational on March 14, 2002. Pursuant to the Purchase Agreements, Dunkirk Specialty Steel paid $1.1 million in cash and issued two ten-year, 5% interest bearing notes payable to the JDA for the combined amount of $3.0 million. No principal or interest payments are due under the notes during the first year. The purchase price, including related acquisition costs and adjustments for the discounted value of the JDA notes, of $4,140,000 was allocated as follows (dollars in thousands):

Inventory	$3,958
Assets Held for Sale	182

	$4,140
	========

Common Stock

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-month period ended June 30,		For the Six-month period ended June 30,	
	2002	2001	2002	2001
Weighted average number of shares of Common Stock outstanding	6,176,813	6,081,274	6,127,043	6,081,251
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	117,924	22,439	87,612	16,053
Weighted average number of shares of Common Stock outstanding, as adjusted	6,294,737	6,103,713	6,214,655	6,097,304

Inventory

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

	June 30, 2002	December 31, 2001
Raw materials and supplies	$ 1,998	$ 1,880
Semi-finished and finished steel products	15,970	13,593
Operating materials	2,558	2,427
Total inventory	$20,526	$17,900

Property, Plant and Equipment

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

	June 30, 2002	December 31, 2001
Land and land improvements	$ 822	$ 822
Buildings	5,471	4,701
Machinery and equipment	46,591	43,572
Construction in progress	631	2,641
	53,515	51,736
Accumulated depreciation	(12,023)	(10,534)
Property, plant and equipment, net	$ 41,492	$ 41,202

Environmental

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, 2001.

Business Segments

7.) Statement of Financial Accounting Standards (SFAS) 131, "Disclosures about Segments of an Enterprise and Related Information", requires companies to disclose segment information on the same basis as that used internally by executive management to evaluate segment performance.

The Company is comprised of two business segments: Universal Stainless & Alloy Products, which consists of the Bridgeville and Titusville facilities and Dunkirk Specialty Steel, the Company's wholly owned subsidiary located in Dunkirk, New York.

The Company manufactures and markets semi-finished and finished specialty steel products, including stainless steel, tool steel and certain other alloyed steels. Universal Stainless' manufacturing process involves melting, remelting, treating and hot and cold rolling of semi-finished and finished specialty steels. Dunkirk Specialty Steel's manufacturing process involves hot rolling and finishing of specialty steel bar, rod and wire.

Sales between the segments are generally made at market-related prices. Other income, net, represents interest income. Corporate assets are primarily cash and cash equivalents, prepaid insurance costs, investment in Dunkirk Specialty Steel and corporate operating assets.

Segment Data (dollars in thousands):

	For the Three-Month Period Ended June 30,		For the Six-Month Period Ended June 30,	
	2002	2001	2002	2001

Net sales				
Universal Stainless & Alloy Products	$20,882	$24,233	$38,520	$45,492
Dunkirk Specialty Steel	2,173	--	2,379	--
Intersegment	(1,633)	--	(1,881)	--
Consolidated net sales	21,422	24,233	39,018	45,492
Operating income (loss)				
Universal Stainless & Alloy Products	1,699	3,229	4,192	5,824
Dunkirk Specialty Steel	(376)	--	(882)	--
Corporate costs	(12)	(19)	(21)	(34)
Total operating income	1,311	3,210	3,289	5,790
Interest expense and other financing costs	(118)	(160)	(228)	(341)
Other income	31	2	62	22
Consolidated income before taxes	$ 1,224	$ 3,052	$ 3,123	$ 5,471

	June 30, 2002	December 31, 2001
Total assets:		
Universal Stainless & Alloy Products	$71,023	$73,225
Dunkirk Specialty Steel	6,573	--
Corporate assets	10,699	6,221
Consolidated total assets	$88,295	$79,446

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

Results of Operations

An analysis of the Company's operations for the three-and six-month periods ended June 30, 2002 and 2001 are as follows (dollars in thousands):

	For the Three-Month Period Ended June 30,		For the Six-Month Period Ended June 30,	
	2002	2001	2002	2001
Net sales				
Stainless steel	$17,625	$21,200	$31,085	$38,623
Tool steel	1,950	848	3,284	2,365
High temperature alloy steel	721	326	2,464	935
High-strength low alloy steel	615	1,103	1,189	1,768
Conversion services	434	693	829	1,564
Other	77	63	167	237
Total net sales	21,422	24,233	39,018	45,492
Cost of products sold	18,574	19,207	32,819	36,328
Selling and administrative expenses	1,537	1,816	2,910	3,374
Operating income	$ 1,311	$ 3,210	$ 3,289	$ 5,790

Three-and six-month periods ended June 30, 2002 as compared to the similar periods in 2001

The decrease in net sales for the three-and six-month periods ended June 30, 2002 as compared to the similar periods in 2001 reflects lower demand for power generation and aerospace products resulting from production cutbacks of power generation equipment and commercial aircraft. These declines were partially offset by an increase in demand for tool steel and commodity reroller products. Management believes that the increased demand for tool steel products indicates the anticipation of an improving economy, while the increased demand for commodity reroller products reflects the impact of the tariffs imposed by President Bush in March, 2002 on imported specialty steel products. The Company shipped approximately 12,600 tons and 12,300 tons for the three-month periods ended June 30, 2002 and 2001 respectively, and 21,000 tons and 23,300 tons for the six-month periods ended June 30, 2002 and 2001, respectively.

Cost of products sold, as a percentage of net sales, was 86.7% and 79.3% for the three-month periods ended June 30, 2002 and 2001, respectively, and was 84.1% and 79.9% for the six-month periods ended June 30, 2002 and 2001, respectively. This increase is primarily due to the shift in product mix and the start-up costs incurred relating to Dunkirk Specialty Steel, the Company's wholly owned subsidiary which acquired the assets of Empire Specialty Steel on February 14, 2002 and became operational March 14, 2002.

Selling and administrative expenses decreased by $279,000 in the three-month period ended June 30, 2002 as compared to June 30, 2001 and decreased by $464,000 for the six-month period ended June 30, 2002 as compared to June 30, 2001. This is primarily due to the recognition of a $300,000 bad debt charge incurred in the three-month period ended June 30, 2001, a $190,000 severance obligation to its former Vice President of Operations and a $100,000 investment firm fee charged in the three-month period ended March 31, 2001.

Interest expense and other financing costs decreased by $42,000 in the three-month period ended June 30, 2002 as compared to the three-month period ended June 30, 2001 and decreased by $113,000 in the six-month period ended June 30, 2002 as compared to the six-month period ended June 30, 2001. The decreases were primarily due to a reduction in borrowings under the revolving line of credit with PNC Bank and lower interest rates between the two periods, partially offset by the interest expense recognized on the debt issued in conjunction with the acquisition of the Empire Specialty Steel assets.

The effective income tax rate utilized in the three-and six-month periods ended June 30, 2002 and 2001 was 36.5% and 37.5%, respectively. The effective income tax rate utilized in the current period reflects the anticipated effect of the Company's permanent tax deductions against expected income levels in 2002.

Business Segment Results

An analysis of the net sales and operating income for the reportable segments for the three-and six-month periods ended June 30, 2002 and 2001 is as follows (dollars in thousands):

	For the Three-Month Period Ended June 30,		For the Six-Month Period Ended June 30,	
	2002	2001	2002	2001
Net sales				
Universal Stainless & Alloy Products	$20,882	$24,233	$38,520	$45,492
Dunkirk Specialty Steel	2,173	--	2,379	--
Intersegment	(1,633)	--	(1,881)	--
Consolidated net sales	21,422	24,233	39,018	45,492
Operating income (loss)				
Universal Stainless & Alloy Products	1,699	3,229	4,192	5,824
Dunkirk Specialty Steel	(376)	--	(882)	--
Corporate costs	(12)	(19)	(21)	(34)
Total operating income	$ 1,311	$ 3,210	$ 3,289	$ 5,790

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Universal Stainless & Alloy Products Segment

Net sales for the three-and six-month periods ended June 30, 2002 for this segment, which aggregates the Bridgeville and Titusville facilities, were $3.4 and $7.0 million lower, respectively, than the same periods a year ago. This decrease reflects lower demand for power generation and aerospace products, partially offset by an increase in demand for tool steel products and for commodity reroller products, including shipments to the Dunkirk Specialty Steel segment.

Operating income for the Universal Stainless & Alloy Products segment decreased by $1.5 million in the three-month period ended June 30, 2002 as compared to June 30, 2001 and decreased by $1.6 million for the six-month period ended June 30, 2002 as compared to June 30, 2001. This decrease was due primarily to the shift in product mix.

Dunkirk Specialty Steel Segment

On February 8, 2002, the Company, through its wholly owned subsidiary, Dunkirk Specialty Steel, entered into a Property Asset Purchase Agreement and a Real Property Purchase Agreement (the "Purchase Agreements") with the JDA to acquire certain assets and real property formerly owned by Empire Specialty Steel, Inc. at its idled production facility located in Dunkirk, New York. These transactions were completed on February 14, 2002. Dunkirk Specialty Steel manufactures and markets finished bar, rod and wire specialty steel products. The facility became operational on March 14, 2002.

Net sales for the three-and six-month periods ended June 30, 2002 for this segment were $2.2 and $2.4 million, respectively. This primarily reflects sales to service centers. The operating loss for the Dunkirk Specialty Steel segment was $376,000 for the three-month period ended June 30, 2002 and $882,000 for the six-month period ended June 30, 2002, which primarily relates to the start-up costs incurred since February 14, 2002.

Financial Condition

The Company has financed its 2002 operating activities through cash flows from operations and cash on hand at the beginning of the period. At June 30, 2002, working capital approximated $35.0 million, as compared to $28.7 million at December 31, 2001. The ratio of current assets to current liabilities was 4.0:1 at June 30, 2002 and December 31, 2001. The debt to capitalization was 14.5% at June 30, 2002 and 12.9% at December 31, 2001.

The Company's capital expenditures, excluding the Dunkirk, NY acquisition, approximated $1.8 million for the six-month period ended June 30, 2002, which primarily related to the Bridgeville and Dunkirk facilities. At June 30, 2002, the Company had outstanding purchase commitments in addition to the expenditures incurred to date of approximately $2.7 million. The Company expended $1.3 million in connection with the Personal Property Asset and Real Property Purchase Agreements entered into with the JDA to acquire certain assets and real property formerly owned by Empire Specialty Steel, Inc. As of June 30, 2002, the Company had $6.5 million available for borrowings under a revolving line of credit with PNC Bank. On May 31, 2002, the Company entered into a fourth amendment to the second amended and restated credit agreement with PNC Bank which extended the term of the existing $6.5 million revolving credit facility to April 30, 2004.

The Company issued 200,000 shares of Common Stock in the three-month period ended June 30, 2002 associated with the exercise of stock options. The Company received $1.9 million in cash and will receive a tax benefit of $428,000.

There were no shares of Common Stock repurchased by the Company during the six-month period ended June 30, 2002. The Company is authorized to repurchase an additional 45,100 shares of Common Stock as of June 30, 2002.

The Company anticipates that it will fund its 2002 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.

2002 Outlook

The Company estimates that its sales for the third quarter of 2002 will be between $18 and $22 million, versus sales of $23.3 million in the prior year period. Diluted earnings per share for the third quarter of 2002 are currently projected to range from $0.09 to $0.14, compared with $0.38 reported in the third quarter of 2001. The following factors were considered in developing these estimates:

- The Company's backlog approximated $21 million on June 30, 2002 as compared to $23 million on March 31, 2002.

- Sales to the Company's reroller customers are expected to remain strong, with commodity products again dominating the mix. Sales to the OEM and forger markets are expected to be lower than in the prior year period as a result of reduced demand from the power generation and aerospace industries. Service center sales are expected to rise, primarily resulting from the growth expected at Dunkirk Specialty Steel.

- Sales from Dunkirk Specialty Steel are expected to reach approximately $5 million in the third quarter, compared with $2.2 million in the second quarter and $206,000 in the first quarter of 2002. Dunkirk is expected to reduce its level of operating losses during the third quarter as it approaches its profitability threshold of $2 million in monthly sales.

- The Company is continuing negotiations of a new labor agreement with its hourly employees at the Bridgeville facility to replace the existing agreement that expires August 31, 2002. In the event that a new agreement between the parties is not reached prior to the expiration of the current agreement, a work stoppage on the part of the represented employees is a possibility and could have a material adverse affect on the Company's financial results.

New Accounting Pronouncements

In April 2002, the Financial Accounting Standards Board ("FASB") issued Statement No. 145, "Rescission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13, and Technical Corrections". In June 2002, the FASB issued Statement No. 146, "Accounting for Exit or Disposal Activities". These statements will be adopted in 2003 and are not expected to impact the Company's results of operations or financial condition.

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, 2001, except as provided in this Form 10-Q.

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 21, 2002, for the purpose of electing a board of directors, approving certain amendments to the Company's 1994 Stock Incentive Plan, and ratifying 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"
D. Dunn	5,621,898	489,850
G. Keane	5,630,798	480,950
C. McAninch	5,524,698	587,050
U. Toledano	5,630,798	480,950
D. Wise	5,630,698	481,050

The amendments to the Company's 1994 Stock Incentive Plan were approved by the following vote:

Shares Voted "For"	Shares Voted "Against"	Shares "Abstaining"
3,138,617	652,170	351,090

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

Shares Voted "For"	Shares Voted "Against"	Shares "Abstaining"
6,047,744	8,279	55,725

Item 5. OTHER INFORMATION

D. Leonard Wise tendered his resignation as a Director of the Company effective June 16, 2002. The Board has not replaced Mr. Wise as of this date.

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

a. Exhibits.

10.26 Fourth Amendment to Second Amended and Restated Credit Agreement dated May 31, 2002 by and between the Company and PNC Bank, National Association (filed herewith).

b. No reports on Form 8-K were filed during the second quarter of 2002.

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 8, 2002

/s/ C. M. McAninch

Clarence M. McAninch
President, Chief Executive Officer and Director (Principal Executive Officer)

Date: August 8, 2002

/s/ Richard M. Ubinger

Richard M. Ubinger
Vice President of Finance,
Chief Financial Officer and Treasurer
(Principal Financial and Accounting Officer)

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Universal Stainless & Alloy Products, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned, in the capacities and on the dates indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

UNIVERSAL STAINLESS & ALLOY PRODUCTS, INC.

Date: August 8, 2002	/s/ C. M. McAninch
	Clarence M. McAninch President, Chief Executive Officer and Director (Principal Executive Officer)
Date: August 8, 2002	/s/ Richard M. Ubinger
	Richard M. Ubinger Vice President of Finance, Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer)

Exhibit 10.26

FOURTH AMENDMENT
TO SECOND AMENDED AND RESTATED CREDIT AGREEMENT

This FOURTH AMENDMENT TO SECOND AMENDED AND RESTATED CREDIT AGREEMENT (this "Amendment") is made as of April 30, 2002, and entered into by and between UNIVERSAL STAINLESS & ALLOY PRODUCTS, INC., a corporation organized and existing under the laws of the state of Delaware (the "Borrower") and PNC BANK, NATIONAL ASSOCIATION (the "Bank") and amends that certain Second Amended and Restated Credit Agreement dated as of January 30, 1998 by and between the Borrower and the Bank (the Second Amended and Restated Credit Agreement, as amended prior to the date hereof, is hereinafter referred to as the "Original Credit Agreement").

W I T N E S S E T H :

WHEREAS, the Borrower and the Bank entered into the Original Credit Agreement; and

WHEREAS, upon the request of the Borrower, the Bank has agreed to modify the Original Credit Agreement, all as more particularly set forth herein.

NOW THEREFORE, in consideration of the foregoing premises, the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and with the intent to be legally bound hereby, the parties hereto agree as follows:

ARTICLE I
AMENDMENTS TO ORIGINAL CREDIT AGREEMENT

Section 1.01 Amendments to Section 1.1 of the Original Credit Agreement. (a) The following defined terms and the definitions therefor are hereby added to Section 1.1 of the Original Credit Agreement and inserted in correct alphabetical order:

Dunkirk: Dunkirk Specialty Steel, LLC, a limited liability company and wholly-owned subsidiary of the Borrower.

Dunkirk Acquisition. The purchase by Dunkirk from the New York Job Development Authority of certain assets formerly owned by Empire Specialty Steel, Inc. on or about February 14, 2002.

Fourth Amendment: The Fourth Amendment to Second Amended and Restated Credit Agreement entered into by and between the Borrower and the Bank and dated as of April 30, 2002.

Fourth Amendment Effective Date: April 30, 2002, or such later date as all of the conditions set forth in the Fourth Amendment have either been satisfied by the Borrower or waived in writing by the Bank.

(b) The definition for the following defined terms contained in the Original Credit Agreement are hereby amended and restated in their entirety as follows:

Government Loan: Any BIDP Loan, EDF Loan, EDS Loan, Melf Loan, Redevelopment Authority Loan or any loan from the New York Job Development Authority in connection with the Dunkirk Acquisition.

Revolving Credit Termination Date: April 30, 2004, as such date may be extended upon the terms and conditions set forth in Section 2.1f, or if any such day is not a Business Day, the Business Day next preceding such date.

Section 1.02 Amendment to Section 4.1 of the Existing Agreement. Section 4.1 of the Existing Agreement is hereby amended by deleting the reference therein to "State of Delaware" and substituting therein a reference to "jurisdiction of their respective incorporation or organization, as the case maybe" in replacement thereof.

Section 1.03 Amendment to Section 4.3 of the Existing Agreement. Section 4.3 of the Existing Agreement is hereby amended by deleting the reference therein to

"Holdings" and substituting therein a reference to "Holdings and Dunkirk" in replacement thereof.

Section 1.04 Amendment to Section 4.13(viii) of the Existing Agreement. Section 4.13(viii) of the Existing Agreement is hereby amended by deleting the reference therein to "Permitted Encumbrances" and substituting therein a reference to "Permitted Encumbrances or Encumbrances contemplated by Section 6.3(iv) hereof" in replacement thereof.

Section 1.05 Amendment to Section 6.1 of the Original Credit Agreement. Section 6.1 of the Original Credit Agreement is hereby amended and restated to read as follows

6.1 Indebtedness. The Borrower shall not nor shall the Borrower permit Holdings to create, incur, assume, cause, permit or suffer to exist or remain outstanding, any Indebtedness, except for:

(i) Indebtedness owed by the Borrower to the Bank;

(ii) Indebtedness in existence as of the date hereof as set forth on Schedule 6.1, including all extensions and renewals thereof; provided, however that no such extension or renewal may involve an increase in the principal amount of such Indebtedness or any other significant change in the terms thereof;

(iii) Indebtedness due under Governmental Loans; provided, however that (A) the outstanding principal amount of all such Indebtedness shall not exceed, in the aggregate at any one time outstanding, $6,500,000, (B) all such Indebtedness (other than Indebtedness to the New York Job Development Authority incurred in connection with the Dunkirk Acquisition) must (I) be subject to an Intercreditor Agreement or (II) be subordinated to the repayment of the Obligations, as to security and repayment, in a manner in form and substance satisfactory to the Bank, and (C) after the Bridgeville Property Acquisition no such Indebtedness may be secured by an Encumbrance on the

Bridgeville Property;

(iv) Indebtedness incurred by the Borrower, other than Indebtedness enumerated in items (i) through (iii) above, incurred after the date hereof; provided, however, that the outstanding principal amount of such Indebtedness shall not exceed, in the aggregate at any one time, $1,500,000, and, provided further however, after the Bridgeville Property Acquisition no such Indebtedness may be secured by an Encumbrance on the Bridgeville Property;

(v) Subordinated Indebtedness incurred by the Borrower and due to Holdings pursuant to the Holdings Credit Agreement; and

(vi) Indebtedness incurred to finance a Funded Acquisition which indebtedness, if not a Government Loan, must be subordinated to the Bank as to security and payment in a manner in form and substance reasonably satisfactory to the Bank; provided, however, after the Bridgeville Property Acquisition no such Indebtedness may be secured by an Encumbrance on the Bridgeville Property.

Section 1.06 Amendment to Section 6.9 of the Existing Agreement. Section 6.9 of the Existing Agreement is hereby amended by deleting the first reference to "Holdings" therein and substituting therein a reference to "any Subsidiary of the Borrower" in replacement thereof.

Section 1.07 Amendment to Section 6.10(v) of the Existing Agreement. Section 6.10(v) of the Existing Agreement is hereby amended by deleting the reference therein to "Holdings shall not" and substituting therein a reference to "no subsidiary of the Borrower shall" in replacement thereof.

Section 1.08 Amendment to Sections 4.1, 4.4, 4.10, 4.11, 4.21, 4.23, 5.2, 5.3, 5.4, 5.5, 5.6, 6.1, 6.2, 6.3, 6.10 and 8.1 of the Original Credit Agreement. Sections 4.1, 4.4, 4.10, 4.11, 4.21, 4.23, 5.2, 5.3, 5.4, 5.5, 5.6, 6.1, 6.2, 6.3, 6.10 and 8.1 of the Original Credit Agreement are each hereby amended by deleting the references contained therein to "Holdings" and substituting in replacement thereof references to "each Subsidiary of the Borrower" or, to the extent the context may so require, "any Subsidiary of the Borrower", mutatis mutandis.

Section 1.09 No Other Amendments. The amendments to the Original Credit Agreement set forth herein do not either implicitly or explicitly alter, waive or amend, except as expressly provided in this Amendment, the provisions of the Original Credit Agreement. The amendments set forth herein do not waive, now or in the future, compliance with any other covenant, term or condition to be performed or complied with nor do they impair any rights or remedies of the Bank under the Original Credit Agreement with respect to any such violation. Nothing in this Amendment shall be deemed or construed to be a waiver or release of, or a limitation upon, the Bank's exercise of any of its rights and remedies under the Original Credit Agreement or any other document or instrument delivered in connection therewith, whether arising as a consequence of any Events of Default which may now exist or otherwise, and all such rights and remedies are hereby expressly reserved.

ARTICLE II
BORROWER'S SUPPLEMENTAL REPRESENTATIONS

Section 2.01 Incorporation by Reference. As an inducement to the Bank to enter into this Amendment, the Borrower hereby repeats herein for the benefit of the Bank each of the representations and warranties made by the Borrower in the Original Credit Agreement, as amended hereby, except that for purposes hereof such representations and warranties shall be deemed to extend to and cover this Amendment.

ARTICLE III
CONDITIONS PRECEDENT

Section 3.01 Conditions Precedent. Each of the following shall be a condition precedent to the effectiveness of this Amendment:

(a) The Bank shall have received, on or before the Fourth Amendment Effective Date, the following items, each, unless otherwise indicated, dated on or before the Fourth Amendment Effective Date and in form and substance satisfactory to the Bank:

(i) A duly executed counterpart original of this Amendment;

(ii) A certificate from the Secretary of the Borrower certifying that the Articles of Incorporation and Bylaws of the Borrower previously delivered to the Bank are true, complete, and correct;

(iii) A certificate from the Secretary of the Borrower certifying the corporate resolutions of the Borrower authorizing the execution and delivery of this Amendment and the officers of the Borrower authorized to execute and deliver this Amendment on behalf of the Borrower; and

(iv) Such other instruments, documents and opinions of counsel as the Bank shall reasonably require, all of which shall be satisfactory in form and content to the Bank

(b) The following statements shall be true and correct on the Fourth Amendment Effective Date:

(i) the representations and warranties made pursuant to this Amendment and in the other Loan Documents, as amended hereby. are true and correct on and as of the Fourth Amendment Effective Date as though made on and as of such date;

(ii) no petition by or against the Borrower or any Subsidiary of the Borrower has at any time been filed under the United States Bankruptcy Code or under any similar act;

(iii) no Event of Default or event which with the giving of notice, the passage of time or both would become an Event of Default has occurred and is

continuing, or would result from the execution of or performance under this Amendment;

(iv) no material adverse change in the properties, business, operations, financial condition or prospects of the Borrower has occurred which has not been disclosed in writing to the Bank; and

(v) the Borrower has in all material respects performed all agreements, covenants and conditions required to be performed on or prior to the date hereof under the Original Credit Agreement and the other Loan Documents.

ARTICLE IV
GENERAL PROVISIONS

Section 4.01 Ratification of Terms. Except as expressly amended by this Amendment, the Original Credit Agreement and each and every representation, warranty, covenant, term and condition contained therein is specifically ratified and confirmed. The Borrower hereby confirms that any collateral for the Obligations, including but not limited to liens, Encumbrances, security interests, mortgages and pledges granted by the Borrower or third parties, shall continue unimpaired and in full force and effect. The Borrower expressly ratifies and confirms the confession of judgment and waiver of jury trial provisions contained in the Original Credit Agreement and the other Loan Documents.

Section 4.02 References. All notices, communications, agreements, certificates, documents or other instruments executed and delivered after the execution and delivery of this Amendment in connection with the Original Credit Agreement, any of the other Loan Documents or the transactions contemplated thereby may refer to the Original Credit Agreement without making specific reference to this Amendment, but nevertheless all such references shall include this Amendment unless the context requires otherwise. From and after the Fourth Amendment Effective Date, all references in the Original Credit Agreement and each of the other Loan Documents to the Original Credit Agreement shall be deemed to be references to the Original Credit Agreement, as amended hereby.

Section 4.03 Incorporation Into Original Credit Agreement. This Amendment is deemed incorporated into the Original Credit Agreement. To the extent that any term or provision of this Amendment is or may be deemed expressly inconsistent with any term or provision of the Original Credit Agreement, the terms and provisions hereof shall control.

Section 4.04 Counterparts. This Amendment may be executed in different counterparts, each of which when executed by the Borrower and the Bank shall be regarded as an original, and all such counterparts shall constitute one amendment.

Section 4.05 Capitalized Terms. Except for proper nouns and as otherwise defined herein, capitalized terms used herein as defined terms shall have the same meanings herein as are ascribed to them in the Original Credit Agreement, as amended hereby.

Section 4.06 Taxes. The Borrower shall pay any and all stamp and other taxes and fees payable or determined to be payable in connection with the execution, delivery, filing and recording of this Amendment and such other documents and instruments as are delivered in connection herewith and agrees to save the Bank harmless from and against any and all liabilities with respect to or resulting from any delay in paying or omission to pay such taxes and fees.

Section 4.07 Costs and Expenses. The Borrower will pay all costs and expenses of the Bank (including, without limitation, the reasonable fees and the disbursements of the Bank's counsel, Tucker Arensberg, P.C.) in connection with the preparation, execution and delivery of this Amendment and the other documents, instruments and certificates delivered in connection herewith.

Section 4.08 GOVERNING LAW. THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS HEREUNDER SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE COMMONWEALTH OF PENNSYLVANIA WITHOUT REGARD TO THE PROVISIONS THEREOF REGARDING CONFLICTS OF LAW.

Section 4.09 Headings. The headings of the sections in this Amendment are for purposes of reference only and shall not be deemed to be a part hereof.

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IN WITNESS WHEREOF, the parties hereto, with the intent to be legally bound hereby, have caused this Fourth Amendment to Second Amended and Restated Credit Agreement to be duly executed by their respective proper and duly authorized officers as a document under seal, as of the day and year first above written.

ATTEST:	UNIVERSAL STAINLESS & ALLOY PRODUCTS, INC.
	(SEAL)
/s/ Paul A. McGrath	By: /s/ Richard M. Ubinger
Name: Paul A. McGrath	Name: Richard M. Ubinger
Title: Secretary	Title: Chief Financial Officer
	PNC BANK, NATIONAL ASSOCIATION
	(SEAL)
	By: /s/ David B. Gookin
	Name: David B. Gookin
	Title: Vice President