

UNIVERSAL STAINLESS & ALLOY PRODUCTS, INC.

COMPENSATION COMMITTEE CHARTER

As Amended January 28, 2017

PRIMARY PURPOSE

The Compensation Committee (the “Committee”) is a standing committee of the Board of Directors of the Company (the “Board”). The primary purposes of the Committee are to (i) assist the Board in discharging the Board’s responsibilities relating to compensation for the Company’s directors, its Chief Executive Officer (the “CEO”) and all other executive officers of the Company (collectively, the “Executives”), taking into account the Company’s corporate goals and objectives; and (ii) evaluate, approve and make recommendations to the Board, as appropriate, with respect to the structure, operation and effectiveness of the Company’s compensation plans, policies and programs.

SCOPE OF RESPONSIBILITY

1. The Committee shall approve all employment agreements for the CEO and all Executives.
2. The Committee shall, at least annually, review and approve corporate goals and objectives relevant to the CEO’s compensation, evaluate the CEO’s performance in light of those goals and objectives and determine and approve the CEO’s compensation based on this evaluation. In determining the CEO’s compensation, the Committee will consider the Company’s and the CEO’s performance, relative shareholder return, the value of similar incentive awards to comparable officers at comparable companies and awards given in past years, among other factors deemed relevant by the Committee. The CEO may not be present during voting or deliberations by the Committee on his or her compensation.
3. For their employment agreements, if any, the Committee shall annually review and approve, for all Executives, (a) the annual base salary level, (b) the annual incentive opportunity level, (c) the long-term incentive opportunity level, (d) severance arrangements and change in control agreements/provisions, in each case as, when and if appropriate and (e) any special or supplemental benefits.
4. The Committee shall, at least annually, review management’s recommendations regarding, and approve, the compensation of all Executives, including all incentive compensation plans and equity-based plans. The Committee shall have full decision-making powers with respect

to compensation intended to qualify as performance-based compensation within the meaning of Section 162(m) of the Internal Revenue Code (“Section 162(m)”)¹.

5. The Committee shall establish and maintain policies regarding the compensation of the Company’s employees, including non-Executives, as it relates to risk management and risk-taking incentives, and shall review and assess risks arising from such compensation policies.
6. The Committee shall administer the Company’s equity compensation plans.
7. The Committee shall (i) review the Compensation Discussion and Analysis (“CD&A”) section proposed for inclusion in the Company’s Annual Report on Form 10-K (“Form 10-K”) and annual proxy statement and the related tabular and other disclosures about director and executive compensation, (ii) discuss the CD&A section with management and recommend to the Board whether such section should be included in the Form 10-K and annual proxy statement, (iii) furnish for inclusion in the Form 10-K and proxy statement its report with respect to such discussion and recommendation as required by applicable law, and (iv) if a proxy statement is to include a proposal to approve, by non-binding vote, the Company’s executive compensation or to recommend the frequency of such non-binding votes, make a recommendation to the Board on each such proposal, which shall be included in such proxy statement.
8. The Committee shall make a recommendation to the Board regarding, or approve, the frequency at which the Company should submit to the Company’s stockholders an advisory vote on the compensation of the Company’s named executive officers.
9. The Committee shall review the results of any advisory votes on the compensation of the Company’s named executive officers and consider whether to make any adjustments to the Company’s executive compensation policies and practices.

¹ 162(m) prohibits public companies from deducting more than \$1 million per year in comp. paid to the CEO and the next 3 most highly compensated officers (excluding the CFO).

- The principal exception to the \$1 million limit is for “performance-based compensation.”
 - Stock options and SARs automatically qualify as “performance-based compensation” if granted under a stockholder-approved plan with individual award limits (like USAP’s equity plans).
 - Cash awards and stock awards other than options and SARs (*e.g.*, RSUs and restricted stock) can qualify as “performance-based compensation” if the following requirements are met.
 - The comp. must be contingent on the attainment of one or more pre-established, objective performance goals.
 - The performance goals must be set by a committee of two or more outside directors (like USAP’s Comp. Comm.).
 - Before payment, stockholders must approve the compensation terms, including the applicable performance goals and the maximum amount payable to any covered employee (as has been done in USAP’s equity plans).
 - Before payment, the compensation committee must certify in writing that the performance goals and any other material terms were in fact satisfied.

10. The Committee shall oversee the administration of the Company's stock ownership policy for directors and Executives.
11. The Committee shall review from time to time (and, in any event, at least annually) the Company's management succession plan and report on such plan to the Board.
12. The Committee may, in its sole discretion, retain or obtain the advice of compensation consultants, legal counsel or other advisers. The Committee shall be solely and directly responsible for the appointment, termination, compensation (payable by the Company) and oversight of the work of such compensation consultants, legal counsel and other advisers retained by the Committee. Before retaining or obtaining advice of any compensation consultant, legal counsel or other adviser to the Committee, other than in-house legal counsel, and from time to time thereafter, the Committee shall take into consideration the following factors:
 - (a) the provision of other services to the Company by the person that employs the compensation consultant, legal counsel or other adviser;
 - (b) the amount of fees received from the Company by the person that employs the compensation consultant, legal counsel or other adviser, as a percentage of the total revenue of the person that employs the compensation consultant, legal counsel or other adviser;
 - (c) the policies and procedures of the person that employs the compensation consultant, legal counsel or other adviser that are designed to prevent conflicts of interest;
 - (d) any business or personal relationship of the compensation consultant, legal counsel or other adviser with a member of the Committee;
 - (e) any stock of the Company owned by the compensation consultant, legal counsel or other adviser; and
 - (f) any business or personal relationship of the compensation consultant, legal counsel, other adviser or the person employing the adviser with an Executive.
13. The Committee shall monitor the Company's compliance with the requirements under the Sarbanes-Oxley Act of 2002 relating to loans to directors and officers, and with all other applicable laws affecting employee compensation and benefits.
14. The Committee shall, at least annually, review and evaluate compensation paid to the Board members for their Board service, and shall recommend any changes to such compensation to the Board as the Committee deems appropriate.
15. The Committee shall make regular reports to the Board and such other reports as are requested by the Board.

16. The Committee shall fulfill such other responsibilities as may be delegated to the Committee by the Board from time to time.

GENERAL GUIDELINES

1. Charter: The Committee will review and reassess the adequacy of this charter at least annually and recommend any proposed changes from time to time to the Board for approval.
2. Composition: The Committee will be comprised of three or more directors as determined by the Board from time to time. The members of the Committee will meet the independence and experience requirements of applicable Nasdaq (or any such other stock exchange on which the Company's securities trade at a given time) and Securities and Exchange Commission rules. The members of the Committee also shall be "outside directors" for purposes of Section 162(m) and "non-employee directors" for purposes of Section 16b-3 of the Securities Exchange Act of 1934. The members of the Committee shall have adequate knowledge of the Company's history and business and the competitive environment in which it operates, as well as the fundamental compensation principals and issues applicable to comparable companies.
3. Meetings: The Committee will meet at least two times per year, and special meetings will be called as circumstances require. At the discretion of the Chairman of the Committee (the "Chairman"), one or more officers, employees, advisors or guests of the Company may be invited to attend any meeting of the Committee; provided, however, that the Committee will meet privately with the Company's independent accountants at least annually. A quorum of the Committee shall be declared when a majority of the appointed members of the Committee are in attendance at any such meeting. Actions of the Committee shall be taken by a vote of a majority of its members, except as otherwise provided herein. Written minutes will be kept for all such meetings. In the absence of the Secretary of the Company from any meeting of the Committee, the Committee may appoint another person, including a member thereof, to serve as secretary to the Committee at such meeting. One or more of the Committee's members may participate in a meeting of the Committee by means of conference telephone. The Committee may act by written consent action signed by all members. Any record of any action signed by all members of the Committee or minutes signed by all members of the Committee or the Secretary of the Company shall be conclusive evidence of any such action.
4. Function of the Chairman: The Committee shall recommend, and the Board shall designate, one member of the Committee to serve as Chairman. The Chairman shall be responsible for establishing the agendas for meetings of the Committee. The Chairman shall conduct and preside at each meeting of the Committee.

5. Investigative Authority: The Committee is authorized to confer with Company management and other employees to the extent that it may deem necessary or appropriate to fulfill its duties, and is authorized to conduct or authorize investigations into any matters within the scope of its responsibilities.

6. Amendments and Future Delegations: By specific resolution from time to time, the Board may make further delegations to the Committee or amend or supplement any provision of this Charter. Except as directed otherwise by the Board or prohibited by any applicable law, regulation or stock exchange listing standard, the Committee may delegate any of its responsibilities to a subcommittee comprised of one or more members of the Committee.