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 September 30, 2000

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 November 13, 2000, there were 6,076,839 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 such as but not limited to expected market conditions that may cause the Company's actual results to differ from future performance suggested 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.

PART I. FINANCIAL INFORMATION

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-month period ended September 30,		For the Nine-month period ended September 30,	
	2000	1999	2000	1999
Net sales	$20,809	$16,110	$57,910	$46,083
Cost of products sold	16,839	14,210	47,469	41,111
Selling and administrative expenses	1,271	1,007	3,806	2,991
Operating income	2,699	893	6,635	1,981
Interest expense and other financing costs	(233)	(179)	(667)	(514)
Other income (expense), net	(26)	9	(48)	18
Income before taxes	2,440	723	5,920	1,485
Income taxes	1,002	268	2,220	550
Net income	$ 1,438	$ 455	$ 3,700	$ 935
Earnings per common share				
Basic	$ 0.24	$ 0.07	$ 0.61	$ 0.15
Diluted	$ 0.24	$ 0.07	$ 0.61	$ 0.15

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

UNIVERSAL STAINLESS & ALLOY PRODUCTS, INC.

CONSOLIDATED CONDENSED BALANCE SHEETS
(Dollars in Thousands)

	September 30, 2000 (Unaudited)	December 31, 1999
ASSETS		
Current assets		
Cash and cash equivalents	$ 303	$ 868
Accounts receivable (less allowance for doubtful accounts of $463 and $418)	15,107	12,113
Inventory	19,109	15,730
Other current assets	1,266	1,564
Total current assets	35,785	30,275
Property, plant and equipment, net	38,383	36,989
Other assets	647	915
Total assets	$74,815	$68,179
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Trade accounts payable and bank overdrafts	$ 7,927	$ 6,584
Current portion of long-term debt	1,818	1,836
Accrued employment costs	1,752	727
Other current liabilities	613	328
Total current liabilities	12,110	9,475
Long-term debt	9,374	10,005
Deferred taxes	5,953	5,046
Total liabilities	27,437	24,526
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; 6,334,739 and 6,330,416 shares issued	6	6
Additional paid-in capital	25,863	25,838
Retained earnings	23,053	19,353
Treasury Stock at cost; 257,900 common shares held	(1,544)	(1,544)
Total stockholders' equity	47,378	43,653
Total liabilities and stockholders' equity	$74,815	$68,179

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 Nine-month period ended September 30, 2000	1999
Cash flow from operating activities:		
Net income	$ 3,700	$ 935
Adjustments to reconcile to net cash and cash equivalents provided by operating activities:		
Depreciation and amortization	1,820	1,549
Deferred taxes	927	1,087
Changes in assets and liabilities:		
Accounts receivable, net	(2,994)	(2,533)
Inventory	(3,379)	(975)
Trade accounts payable and bank overdrafts	1,343	2,578
Accrued employment costs	1,025	(156)
Other, net	867	523
Net cash provided by operating activities	3,309	3,008
Cash flow from investing activities:		
Capital expenditures	(3,250)	(2,825)
Net cash used in investing activities	(3,250)	(2,825)
Cash flow from financing activities:		
Proceeds from issuance of Common Stock	25	26
Net borrowing under revolving line of credit	724	285
Long-term debt payments	(1,373)	(662)
Purchase of Treasury Stock	--	(973)
Net cash used in financing activities	(624)	(1,324)
Net decrease in cash	(565)	(1,141)
Cash and cash equivalents at beginning of period	868	1,437
Cash and cash equivalents at end of period	$ 303	$ 296
Supplemental disclosure of cash flow information:		
Interest paid (net of amount capitalized)	$ 551	$ 560
Income taxes paid	$ 1,081	$ 158

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 nine-month periods ended September 30, 2000 and 1999, balance sheets as of September 30, 2000 and December 31, 1999, and statements of cash flows for the nine-month periods ended September 30, 2000 and 1999 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, 1999. 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 September 30, 2000 and December 31, 1999 and the consolidated results of operations and of cash flows for the periods ended September 30, 2000 and 1999, and are not necessarily indicative of the results to be expected for the full year.

2) 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 September 30, 2000	1999	For the Nine-month period ended September 30, 2000	1999
Weighted average number of shares of Common Stock outstanding	6,076,839	6,097,417	6,073,973	6,121,108
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	4,888	--	4,121	--
Weighted average number of shares of Common Stock outstanding, as adjusted	6,081,727	6,097,417	6,078,094	6,121,108

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

	September 30, 2000	December 31, 1999
Raw materials and supplies	$ 1,942	$ 2,427
Semi-finished and finished steel products	14,014	10,208
Operating materials	3,153	3,095
Total inventory	$19,109	$15,730

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

	September 30, 2000	December 31, 1999
Land and land improvements	$ 822	$ 822
Buildings	3,889	3,337
Machinery and equipment	39,686	37,329
Construction in progress	1,115	835
	45,512	42,323
Accumulated depreciation	(7,129)	(5,334
Property, plant and equipment, net	$38,383	$36,989

5) 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, 1999.

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 nine-month periods ended September 30, 2000 and 1999 are as follows (dollars in thousands):

	For the Three-Month Period Ended September 30,		For the Nine-Month Period Ended September 30,	
	2000	1999	2000	1999
Net sales				
Stainless steel	$17,110	$13,555	$47,279	$37,813
Tool steel	1,794	1,347	6,049	4,282
High temperature alloy steel	503	447	1,268	1,649
Conversion services	814	365	1,602	1,507
Other	588	396	1,712	832
Total net sales	$20,809	$16,110	$57,910	$46,083
Cost of products sold				
Raw materials	7,277	6,004	20,819	16,665
Other	9,562	8,206	26,650	24,446
Total cost of products sold	16,839	14,210	47,469	41,111
Selling and administrative expenses	1,271	1,007	3,806	2,991
Operating income	$ 2,699	$ 893	$ 6,635	$ 1,981

Three- and nine-month periods ended September 30, 2000 as compared to the similar periods in 1999

The increase in net sales for the three- and nine-month periods ended September 30, 2000 as compared to the similar periods in 1999 reflects an improved sales mix of products and price increases to cover higher material and energy costs. The Company shipped approximately 11,600 tons and 10,600 tons for the three-month periods ended September 30, 2000 and 1999, respectively, and 32,100 tons for each of the nine-month periods ended September 30, 2000 and 1999. The improved sales mix of products was primarily due to increased shipments of power generation, aerospace and petrochemical products to the Company's reroller and forging market customers, and tool steel and bar mill products to the Company's service center customers. In addition, sales revenue from special shape products shipped to original equipment manufacturers increased by 19% and 42% for the three-and nine-month periods ended September 30, 2000 in comparison to the similar periods in 1999.

Cost of products sold, as a percentage of net sales, was 80.9% and 88.2% for the three-month periods ended September 30, 2000 and 1999, respectively, and was 82.0% and 89.2% for the nine-month periods ended September 30, 2000 and 1999, respectively. This decrease is primarily due to the impact of the change in the mix of products shipped, improved operating results at the bar mill and higher sales prices.

Selling and administrative expenses increased $264,000 in the three-month period ended September 30, 2000 and $815,000 for the nine-month period ended September 30, 2000 as compared to year-ago periods. The increases reflect higher employment costs and a non-recurring pre-tax bad debt charge of $142,000 recognized in the three-month period ended June 30, 2000.

Interest expense and other financing costs increased by $54,000 in the three-month period ended September 30, 2000 as compared to the three-month period ended September 30, 1999 and increased $153,000 in the nine-month period ended September 30, 2000 as compared to the nine-month period ended September 30, 1999. The increases were primarily due to a reduction in capitalized interest, higher interest rates on the PNC Term Loan and interest expense associated with increased borrowings from the PNC revolving credit facility ("PNC Line").

During the three-month period ended September 30, 2000, the Company increased the estimated annual effective income tax rate to 37.6%. This compares to a rate of 37.0% used for the three- and nine-month periods ended September 30, 1999. 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 2000.

FINANCIAL CONDITION

The Company has financed its 2000 operating activities through cash flows from operations, cash on hand and borrowings from the PNC Line. At September 30, 2000, working capital approximated $23.7 million, as compared to $20.8 million at December 31, 1999. The ratio of current assets to current liabilities decreased from 3.2:1 at December 31, 1999 to 3.0:1 at September 30, 2000. The debt to capitalization was 19% at September 30, 2000 and 21% at December 31, 1999. The decrease in the ratio of current assets to current liabilities is primarily due to a decrease in cash and an increase in liabilities to fund operations due to an increase in product demand and higher raw material and energy costs.

The Company's capital expenditures approximated $3.3 million for the nine-month period ended September 30, 2000, which primarily relates to the installation of a new billet grinder, overhead crane and building repairs at the Bridgeville facility. At September 30, 2000, 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 September 30, 2000, the Company has $5.8 million available for borrowings under the PNC Line.

There were no shares of Common Stock repurchased by the Company during the nine-month period ended September 30, 2000. The Company is authorized to repurchase an additional 57,100 shares of Common Stock as of September 30, 2000.

The Company anticipates that it will continue to fund its 2000 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.

2000 OUTLOOK

The current backlog continues to reflect strong demand for power generation, aerospace and petrochemical products. However, the combination of increased imports and higher than normal inventory levels is resulting in a softening of the service center market. While this will have an impact on revenues for the three-month period ended December 31, 2000, we believe the current year levels of profitability can be sustained.

NEW ACCOUNTING PRONOUNCEMENTS

Financial Accounting Standards Board ("FASB") Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities" was issued in June 1998, and amended in June 1999 and in June 2000, pursuant to FASB Statement No. 137, "Accounting for Derivative Instruments and Hedging Activities: Deferral of the Effective Date of FASB Statement No. 133" and FASB Statement No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities: an amendment of FASB No. 133", respectively. These statements require that an entity recognize certain derivative instruments as either assets or liabilities in the statement of financial position and measure those instruments at fair value. The adoption of these statements, beginning January 1, 2001, is not expected to impact the Company's results of operations or financial condition.

In December 1999, the SEC issued Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements" (SAB 101), which provides guidance on the recognition, presentation and disclosure of revenue in financial statements. SAB 101 is not expected to have a material impact on 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, 1999.

Part II. OTHER INFORMATION

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 September 30, 2000.

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: November 13, 2000	/s/ Clarence M. McAninch
	Clarence M. McAninch President, Chief Executive Officer and Director (Principal Executive Officer)
Date: November 13, 2000	/s/ Richard M. Ubinger
	Richard M. Ubinger Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer)

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This schedule contains summary financial information extracted from the September 30, 2000 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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