



Universal Stainless Reports Record 2001 Sales and Earnings

Full Year Net Income Rises 51% to \$1.25 Per Diluted Share; Fourth Quarter Diluted EPS of \$0.31 Exceeds Expectations; Book Value Per Share Reaches \$9.28

BRIDGEVILLE, Pa., Jan. 22, 2002 -- Universal Stainless & Alloy Products, Inc. (Nasdaq:USAP) today announced that net income for the year ended December 31, 2001 rose 51% to a record \$7.6 million or \$1.25 per diluted share, compared with \$5.1 million or \$0.83 per diluted share in 2000. Earnings before interest, taxes, depreciation and amortization (EBITDA) in 2001 were \$15.4 million, equivalent to \$2.53 per diluted share. Net sales for 2001 increased 20% to \$90.7 million, also a Company record, from \$75.9 million reported in the prior year, before an accounting adjustment described below.

President and CEO Mac McAninch stated: "Our 2001 fourth quarter and full year results were driven by significant growth in our sales to the power generation and aerospace markets. Our continued capital investment program enabled us to respond to the opportunities in these markets in 2001. We are gratified that our business grew during a recessionary economy that has presented challenges to the specialty steel industry and its customer base."

For the 2001 fourth quarter, net income increased to \$1.9 million, or \$0.31 per diluted share. This represents a 38% improvement over reported fourth quarter 2000 net income of \$1.4 million or \$0.22 per diluted share, before the accounting adjustment. Fourth quarter 2001 EBITDA was \$3.7 million, equivalent to \$0.60 per diluted share. Sales rose 21% to \$21.8 million in the fourth quarter of 2001 compared to \$18.0 million in the fourth quarter of 2000, before the accounting adjustment. In October, the Company forecasted net sales of between \$18 and \$22 million and diluted earnings per share ranging from \$0.22 to \$0.27 for the fourth quarter of 2001.

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 its 2002 first quarter net sales will be between \$17 and \$21 million, versus sales of \$21 million in the prior year. Diluted earnings per share for the 2002 first quarter are currently projected to range from \$0.21 to \$0.26, compared with \$0.25 reported in the 2001 first quarter. The Company's backlog at December 31, 2001 and 2000 approximated \$19 million and \$21 million, respectively. The mix of orders booked for delivery in the 2002 first quarter by market segment in comparison to the year-ago period reflects reduced demand for roller and forging products, partially offset by increased demand for service center products.

Mr. McAninch continued: "Based on the current economic environment, we are cautious in our outlook for the full year of 2002. While power generation product sales are expected to equal the level achieved in 2001, there are several market indicators we will watch that will further shape our business outlook. Indicators that could signal additional product demand include: (1) higher defense spending and the placement of additional military aircraft orders; (2) a reduction in aerospace product inventory levels at service centers; and (3) continued improvement in tool steel demand. Finally, a favorable ruling by President Bush to impose import quotas or tariffs on specialty steel long products also could have a favorable impact on the demand and selling prices for the balance of our specialty steel products."

Mr. McAninch concluded, "We outperformed our industry and our own expectations in 2001 through the disciplined execution of our business strategy -- focusing on highly attractive niche markets, working closely with our customers to deliver the highest quality products and maintaining a committed, motivated workforce. Despite the uncertainty of current business conditions, we are confident that this strategy will enable Universal Stainless to succeed in 2002 and beyond."

SAB 101 Adjustments

The financial results for the year-ago periods were adjusted to reflect the effect of conforming to the Securities and Exchange Commission's (SEC) Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements" (SAB 101). The application of the SEC's guidance to language in the Company's previous Standard Terms and Conditions of Sale required Universal Stainless to defer revenue recognition until cash was collected, even though risk of loss passed to the buyer at time of shipment. In the fourth quarter of 2000, management modified the Company's Standard Terms and Conditions of Sale to more closely reflect the substance of its sales transactions and permit the recognition of revenue on a basis consistent with past practices. Therefore, the results for the quarter ended December 31, 2000 include revenues from sales made in the quarter as well as collections on sales made in prior quarters. The financial results, before and after the effect of SAB 101 on

2000 fourth quarter and full year results, are as follows:

	Quarter Ended December 31, 2000			
	Quarter Ended	Before	Accounting	After
	December 31, 2001	Accounting Adjustment	Adjustment	Accounting Adjustment
Net sales	\$21,822,000	\$17,975,000	\$15,493,000	\$33,468,000
EBITDA	\$ 3,665,000	\$ 3,065,000	\$ 3,555,000	\$ 6,620,000
Net income	\$ 1,889,000	\$ 1,364,000	\$ 2,223,000	\$ 3,587,000
Earnings per diluted share	\$ 0.31	\$ 0.22	\$ 0.37	\$ 0.59

	Year Ended December 31, 2000			
	Year Ended	Before	Accounting	After
	December 31, 2001	Accounting Adjustment	Adjustment	Accounting Adjustment
Net sales	\$90,658,000	\$75,885,000	\$12,462,000	\$88,347,000
EBITDA	\$15,365,000	\$11,459,000	\$ 2,474,000	\$13,933,000
Income before cumulative effect of accounting change	\$ 7,639,000	\$ 5,064,000	\$ 1,546,000	\$ 6,610,000
Cumulative effect of accounting change	--	--	\$(1,546,000)	\$(1,546,000)
Net income	\$ 7,639,000	\$ 5,064,000	\$ --	\$ 5,064,000
Earnings per diluted share	\$ 1.25	\$ 0.83	\$ --	\$ 0.83

A conference call discussing the Company's 2001 fourth quarter and full year results and the outlook for the 2002 first quarter is scheduled at 10 a.m. (EST) today. It will be Webcast simultaneously on the Company's Website at www.univstainless.com, and thereafter be archived on the Website. A telephone replay of the conference call will be available beginning at 12 noon (EST) today, continuing through January 28. It can be accessed by dialing 706-645-9291, passcode 2870745. This is a toll call.

About Universal Stainless & Alloy Products, Inc.

Universal Stainless & Alloy Products, Inc. manufactures and markets semi-finished and finished specialty steels, including stainless steel, tool steel and certain other alloyed steels. The Company's products are sold to rerollers, forgers, service centers and original equipment manufacturers, which primarily include the power generation and aerospace industries.

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 related to the financial viability of customers, risks associated with the manufacturing process and production yields, and risks related to property, plant and equipment. 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.

UNIVERSAL STAINLESS & ALLOY PRODUCTS, INC.
FINANCIAL HIGHLIGHTS
(Dollars in thousands, except per share information)
(Unaudited)

CONSOLIDATED STATEMENT OF OPERATIONS

	For the Quarter Ended December 31,		For the Year Ended December 31,	
	2001	2000	2001	2000
Net sales	\$ 21,822	\$ 33,468	\$ 90,658	\$ 88,347
Cost of products sold	17,395	26,342	71,915	71,861
Selling and administrative expenses	1,524	1,192	6,199	4,998
Operating income	2,903	5,934	12,544	11,488
Interest expense	(97)	(213)	(576)	(899)
Other income (expense)	20	20	57	(9)
Income before taxes	2,826	5,741	12,025	10,580
Income taxes	937	2,154	4,386	3,970
Income before cumulative effect of accounting change	1,889	3,587	7,639	6,610
Cumulative effect of accounting change, net of tax	--	--	--	(1,546)
Net income	\$ 1,889	\$ 3,587	\$ 7,639	\$ 5,064
Basic earnings per share:				
Income before cumulative effect of accounting change	\$ 0.31	\$ 0.59	\$ 1.26	\$ 1.09
Net income	\$ 0.31	\$ 0.59	\$ 1.26	\$ 0.83
Diluted earnings per share:				
Income before cumulative effect of accounting change	\$ 0.31	\$ 0.59	\$ 1.25	\$ 1.09
Net income	\$ 0.31	\$ 0.59	\$ 1.25	\$ 0.83
Weighted average shares of Common Stock outstanding				
Basic	6,073,447	6,076,887	6,080,045	6,074,701
Diluted	6,084,421	6,084,750	6,097,424	6,079,758
Tons shipped	11,499	9,670	46,755	41,780
EBITDA	\$ 3,665	\$ 6,620	\$ 15,365	\$ 13,933

CONSOLIDATED BALANCE SHEET DATA

(Dollars in thousands)

December 31, December 31,

	2001	2000
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Current assets	\$ 38,093	\$ 34,063
Property, plant & equipment, net	41,202	39,090
Other assets	151	594
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	\$ 79,446	\$ 73,747
	=====	=====
Current liabilities	\$ 9,438	\$ 10,505
Long-term debt	6,490	8,199
Deferred taxes	7,146	6,276
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Total liabilities	23,074	24,980
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Stockholders' equity	56,372	48,767
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	\$ 79,446	\$ 73,747
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