

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 19, 2006

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 19, 2006, Universal Stainless and Alloy Products, Inc. issued a press release regarding its earnings for the fourth quarter ended December 31, 2005. 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 19, 2006

[GRAPHIC OMITTED][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 FOURTH QUARTER EPS OF \$0.55
CAPPING RECORD 2005
- FULL YEAR EPS REACHES \$2.02 ON SALES OF \$170 MILLION -
- BACKLOG GROWTH CONTINUES -

BRIDGEVILLE, PA, January 19, 2006 -- Universal Stainless & Alloy Products, Inc. (Nasdaq: USAP) reported today that sales for the fourth quarter of 2005 rose 14% to \$42.0 million compared with \$37.0 million in the same period of 2004. Fourth quarter 2005 net income rose 38% to \$3.6 million, or \$0.55 per diluted share, and included \$358,000 of other income from the receipt of 2005 import duties, equivalent to \$0.04 per diluted share. This compares with net income of \$2.6 million, or \$0.40 per diluted share, reported in the fourth quarter of 2004, which included 2004 import duties of \$507,000, equivalent to \$0.05 per diluted share

The Company's fourth quarter 2005 results exceeded its forecast of sales in the range of \$33 to \$38 million and diluted EPS in the range of \$0.37 to \$0.42, before including the benefit of import duties.

For the full year 2005, sales rose 41% to a record \$170.0 million compared with \$120.6 million in 2004. Net income for 2005 increased 83% to a record \$13.1 million, or \$2.02 per diluted share, including the import duties received in the 2005 fourth quarter. Full year 2004 net income was \$7.1 million, or \$1.12 per diluted share, and included a total of \$1.1 million of other income from import duties, equivalent to \$0.11 per diluted share, reflecting the receipt of a substantial portion of the 2003 and 2004 import duties awarded to the Company. Before including import duties in both periods, full year 2005 net income was double that of 2004.

President and CEO Mac McAninch commented: "Our very strong fourth quarter capped a record year for our Company. Our niche markets of aerospace, power generation, petrochemical and tool steel were robust all year and current indications are they will remain strong in 2006. Our cost recovery pricing strategy continued to be both effective for us and fair to our customers given the ongoing volatility of raw material costs and high energy prices."

USAP REPORTS 2005 FOURTH QUARTER RESULTS

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Mr. McAninch continued: "We also committed to further reinvest in our operations to increase throughput and efficiency at a time of acute customer need for our products, and to expand our capabilities to produce higher value-added products. We delivered on that promise with more than \$8 million in capital improvements in 2005, including the addition of a vacuum-arc remelt furnace that became operational in December. In addition, we focused on process improvements throughout the year, especially at our Bridgeville and Titusville facilities which comprise the Universal Stainless and Alloy Products segment of our business. As a result, that segment achieved sales of \$153 million in 2005, surpassing the company-wide record we achieved in 2004."

SEGMENT REVIEW

In the fourth quarter of 2005, the Universal Stainless & Alloy Products segment had sales of \$37.7 million and operating income of \$4.7 million, yielding an operating margin of 12%. This compares with sales of \$32.7 million and operating income of \$2.3 million, or 7% of sales, in the fourth quarter of 2004, which included a bad debt charge of \$282,000. In the 2005 third quarter, sales in this segment were \$40.0 million and operating income was \$4.0 million,

or 10% of sales, including a write-off of \$363,000 mainly for the retirement of fixed assets replaced.

The 15% increase in sales compared with the 2004 fourth quarter reflects higher product prices and a favorable product mix, including strong growth in shipments of bar and special shape products. This more than offset the Company's continued reduction in shipments to rerollers. Fourth quarter 2005 sales were 6% lower than the prior quarter mainly due to lower sales to rerollers and forgers. Operating income was more than double that of the 2004 fourth quarter and up 17% from the 2005 third quarter due to the improved pricing, production processes and mix of products shipped.

The Dunkirk Specialty Steel segment reported fourth quarter 2005 sales of \$13.0 million and operating income of \$1.3 million, resulting in an operating margin of 10%. This compares with sales of \$10.5 million and operating income of \$1.2 million, or 12% of sales, in the fourth quarter of 2004. In the third quarter of 2005, sales were \$14.0 million and operating income was \$1.8 million, or 13% of sales.

Dunkirk's sales increased 24% over the 2004 fourth quarter due to higher selling prices and increased shipments of bar products to service centers and OEMs and of rod and wire products to redrawers and OEMs. They were 7% lower than the 2005 third quarter due to lower sales to redrawers and normal seasonal factors. Operating income rose just 2% over the fourth quarter of 2004 and was 28% lower than the prior quarter due to the high cost of raw materials at the time of feedstock procurement and manufacturing delays resulting from the mix of products in production.

USAP REPORTS 2005 FOURTH QUARTER RESULTS

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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 2006 sales will range from \$40 to \$45 million and that diluted EPS will range from \$0.50 to \$0.55. This compares with sales of \$43.0 million and diluted EPS of \$0.45 in the first quarter of 2005.

The following factors were considered in developing these estimates:

- O The Company's total backlog at December 31, 2005 approximated \$116 million compared to \$106 million at September 30, 2005, reflecting continued strong aerospace, power generation, petrochemical and tool steel markets.
- O Production at the Bridgeville facility is expected to benefit from the recent addition of a milling machine, the improvements achieved in bar manufacturing and the initial contribution of the newly installed vacuum-arc remelt furnace.
- O Sales from the Dunkirk Specialty Steel segment are expected to remain at the \$13 to \$14 million level because of the expectation that the manufacturing delays will not be resolved until the end of the quarter.

Mr. McAninch concluded: "Our goal in 2006 is to take further advantage of our strong marketplace through additional improvements in production processes and investment in our facilities, as we continue to focus on building value for our shareholders, customers and employees."

WEBCAST

A simultaneous Webcast of the Company's conference call discussing the fourth quarter of 2005 and the first quarter 2006 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 25th. It can be accessed by dialing 706-645-9291, passcode 4039267. 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 rerollers, forgers, service centers, original equipment manufacturers 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,	
	2005	2004	2005	2004
	----	----	----	----
NET SALES				
Stainless steel	\$ 32,191	\$ 28,944	\$ 135,588	\$ 94,530
Tool steel	5,556	5,890	20,737	17,075
High-strength low alloy steel	2,336	597	6,606	3,682
High-temperature alloy steel	1,371	673	3,694	2,468
Conversion services	497	751	3,030	2,386
Other	92	157	367	501
	-----	-----	-----	-----
Total net sales	42,043	37,012	170,022	120,642
Cost of products sold	34,653	31,396	140,952	102,972
Selling and administrative expenses	2,106	2,053	8,441	7,401
	-----	-----	-----	-----
Operating income	5,284	3,563	20,629	10,269
Interest expense	(256)	(120)	(851)	(422)
Other income	374	542	437	1,119
	-----	-----	-----	-----
Income before taxes	5,402	3,985	20,215	10,966

Income tax provision	1,826	1,392	7,159	3,835
	-----	-----	-----	-----
Net income	\$ 3,576	\$ 2,593	\$ 13,056	\$ 7,131
	=====	=====	=====	=====
Earnings per share - Basic	\$ 0.56	\$ 0.41	\$ 2.05	\$ 1.13
	=====	=====	=====	=====
Earnings per share - Diluted	\$ 0.55	\$ 0.40	\$ 2.02	\$ 1.12
	=====	=====	=====	=====
Weighted average shares of Common Stock outstanding				
Basic	6,403,185	6,318,951	6,375,257	6,304,909
Diluted	6,506,596	6,427,348	6,479,114	6,379,579

MARKET SEGMENT INFORMATION

	For the Quarter Ended December 31,		For the Year Ended December 31,	
	2005	2004	2005	2004
	----	----	----	----
NET SALES				
Service centers	\$ 19,817	\$ 16,645	\$ 73,213	\$ 52,261
Rerollers	6,214	8,735	39,254	30,200
Forgers	7,172	6,827	29,914	22,008
Original equipment manufacturers	5,922	2,248	13,992	8,349
Wire redrawers	2,329	1,662	10,263	5,008
Conversion services	497	751	3,030	2,386
Other	92	144	356	430
	-----	-----	-----	-----
Total net sales	\$ 42,043	\$ 37,012	\$ 170,022	\$ 120,642
	=====	=====	=====	=====
Tons shipped	10,668	13,662	51,233	48,350
	=====	=====	=====	=====

BUSINESS SEGMENT RESULTS

UNIVERSAL STAINLESS & ALLOY PRODUCTS SEGMENT

	For the Quarter Ended December 31,		For the Year Ended December 31,	
	2005	2004	2005	2004
	----	----	----	----
NET SALES				
Stainless steel	\$ 21,666	\$ 19,739	\$ 90,530	\$ 65,208
Tool steel	5,324	5,770	20,047	16,672
High-strength low alloy steel	1,312	189	3,199	1,576
High-temperature alloy steel	1,019	656	3,254	2,182
Conversion services	412	605	2,534	1,961
Other	78	129	295	427
	-----	-----	-----	-----
Intersegment	29,811	27,088	119,859	88,026
	7,893	5,620	33,399	20,208
	-----	-----	-----	-----
Total net sales	37,704	32,708	153,258	108,234
Material cost of sales	16,412	16,044	75,568	49,967
Operation cost of sales	15,151	12,788	56,885	45,521
Selling and administrative expenses	1,467	1,581	5,791	5,253
	-----	-----	-----	-----
Operating income	\$ 4,674	\$ 2,295	\$ 15,014	\$ 7,493
	=====	=====	=====	=====

DUNKIRK SPECIALTY STEEL SEGMENT

	For the Quarter Ended December 31,		For the Year Ended December 31,	
	2005	2004	2005	2004
	----	----	----	----
NET SALES				
Stainless steel	\$ 10,525	\$ 9,205	\$ 45,058	\$ 29,322
Tool steel	232	120	690	403
High-strength low alloy steel	1,024	408	3,407	2,106
High-temperature alloy steel	352	17	440	286
Conversion services	85	146	496	425
Other	14	28	72	74
	-----	-----	-----	-----
	12,232	9,924	50,163	32,616
Intersegment	750	535	2,848	2,107
	-----	-----	-----	-----
Total net sales	12,982	10,459	53,011	34,723
Material cost of sales	7,750	5,739	29,496	17,834
Operation cost of sales	3,324	3,008	14,141	11,653
Selling and administrative expenses	639	472	2,650	2,148
	-----	-----	-----	-----
Operating income	\$ 1,269	\$ 1,240	\$ 6,724	\$ 3,088
	=====	=====	=====	=====

CONSOLIDATED BALANCE SHEET

	December 31, 2005	December 31, 2004
	----	----
ASSETS		
Cash	\$ 620	\$ 241
Accounts receivable, net	27,963	24,562
Inventory	51,398	38,318
Other current assets	2,790	3,418
	-----	-----
Total current assets	82,771	66,539
Property, plant & equipment, net	45,761	40,716
Other assets	495	585
	-----	-----
Total assets	\$ 129,027	\$ 107,840
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable	\$ 12,579	\$ 11,666
Outstanding checks in excess of bank balance	3,101	2,638
Accrued employment costs	2,958	1,830
Current portion of long-term debt	1,555	2,044
Other current liabilities	914	442
	-----	-----
Total current liabilities	21,107	18,620
Bank revolver	6,117	8,635
Long-term debt	11,200	3,555
Deferred taxes	9,600	10,093
	-----	-----
Total liabilities	48,024	40,903
Stockholders' equity	81,003	66,937
	-----	-----
Total liabilities and stockholders' equity	\$ 129,027	\$ 107,840
	=====	=====

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

	2005	2004
	----	----
Cash flows from operating activities:		
Net income	\$ 13,056	\$ 7,131
Adjustments to reconcile to net cash provided by (used in) operating activities:		
Depreciation and amortization	3,085	3,061
Loss on retirement of fixed assets	705	-
Deferred taxes	(90)	724
Tax benefit from exercise of stock options	207	51
Changes in assets and liabilities:		
Accounts receivable, net	(3,401)	(11,872)
Inventory	(13,080)	(16,037)
Trade accounts payable	913	4,981
Accrued employment costs	1,128	997
Other, net	808	1,247
	-----	-----
Cash flow provided by (used in) operating activities	3,331	(9,717)
	-----	-----
Cash flow from investing activities:		
Acquisition of real property through purchase agreements	(344)	-
Capital expenditures	(8,464)	(3,586)
	-----	-----
Cash flow used in investing activities	(8,808)	(3,586)
	-----	-----
Cash flows from financing activities:		
Proceeds from long-term debt	8,050	-
Repayments of long-term debt	(894)	(1,944)
Borrowings under revolving line of credit	(2,518)	8,635
Increase in outstanding checks in excess of bank balance	463	1,825
Deferred financing costs	(48)	(26)
Proceeds from issuance of common stock	803	319
	-----	-----
Cash flow provided by financing activities	5,856	8,809
	-----	-----
Net cash flow	\$ 379	\$ (4,494)
	=====	=====