



Universal Stainless Reports First Quarter 2002 Results in Line with Projections

Dunkirk Specialty Steel Meets Start-up Plan

BRIDGEVILLE, Pa., April 23, 2002 -- Universal Stainless & Alloy Products, Inc. (Nasdaq:USAP) today reported net income for the first quarter ended March 31, 2002 of \$1.2 million, or \$0.20 per diluted share, on sales of \$17.6 million. This compares to first quarter 2001 net income of \$1.5 million, or \$0.25 per diluted share, and sales of \$21.3 million. EBITDA in the 2002 first quarter was \$2.8 million, equivalent to \$0.45 per diluted share, in comparison to \$3.2 million, or \$0.53 per diluted share, in the prior year period.

Dunkirk Specialty Steel, LLC, the Company's wholly owned subsidiary which acquired the assets of Empire Specialty Steel on February 14, 2002, became operational March 14, meeting management's start-up plan and budget. The 2002 first quarter results reflect a \$500,000 pretax charge for start-up costs incurred, equivalent to \$0.05 per diluted share.

The results for the first quarter of 2002 were in line with the Company's previous projection that sales would range from \$17.0 to \$21.0 million and that diluted EPS would be between \$0.17 and \$0.22, after taking into account the Dunkirk start-up costs.

Commenting on the first quarter, President and CEO Mac McAninch stated, "As expected, our results reflect increased demand for service center products including tool steel, but lower sales to rerollers and forgers due to the lingering effects of the slower economy and competition from imports. Sales to the aerospace and power generation markets were also in line with our expectation that they would be flat to slightly better than last year."

Mr. McAninch continued, "I am pleased with our progress in revitalizing the Dunkirk facility. Dunkirk Specialty Steel is operational, as each of its four rolling mills has produced specialty steel products. The finishing operations are being phased in as production levels warrant, and high quality feedstock is arriving from our Bridgeville plant. The employee count in Dunkirk is 86, and includes Richard J. Pincoski, the new General Manager. Dick has more than 20 years of management experience, including 3 years at the Dunkirk facility. The Dunkirk backlog is currently in excess of \$2 million and includes orders from 23 customers, of which 10 are new to Universal Stainless. With 2002 capital expenditures at Dunkirk expected to approximate \$6 million, our main focus is on raising its operating efficiency to our standards. We remain confident that Dunkirk will generate accretive earnings in the second half of 2002."

The Company noted that the total cost to acquire the assets of Empire Specialty Steel was \$4.1 million, which includes \$1 million in cash, \$3 million in notes payable to the New York Job Development Authority with a discounted value of \$2.8 million, and other costs of \$300,000. Preliminarily, the purchase price has been assigned to inventory and assets held for sale, with no value assigned to the fixed assets the Company plans to operate. Accordingly, the Company will record no depreciation expense in future periods related to the acquisition.

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 second quarter 2002 sales will be between \$21 to \$25 million, representing an improvement over the first quarter of 2002. In the second quarter of 2001, sales were \$24 million. Diluted earnings per share for the second quarter of 2002 are currently projected to range from \$0.20 to \$0.25, versus \$0.31 in the prior year period. The following factors were considered in developing these estimates:

- The Company's total backlog approximated \$23 million on March 31, 2002, as compared to \$19 million on December 31, 2001.
- The Company expects strong growth in the sales of tool steel plate products to the service center market due to an improving economy. Strong growth in billet sales to the forging and reroll markets is also expected due to improving demand in the industrial and service center markets, and the beneficial effect of the tariffs imposed by President Bush on imported stainless steel rod, bar and wire products. OEM products are expected to

match those of the 2002 first quarter, although power generation sales are showing signs of weakening, while aerospace sales are improving somewhat.

- Sales from Dunkirk are expected to approximate \$2 million in the second quarter of 2002 producing an operating loss between \$200,000 to \$400,000, equivalent to \$0.02 to \$0.04 per diluted share.

Mr. McAninch concluded, "There has been a shift in our markets and the opportunities we are seeing in comparison to last year. Our ability to respond to new opportunities and pursue new market niches is part of our ongoing strategy and has been substantially enhanced by the addition of Dunkirk Specialty Steel."

Webcast

A simultaneous Webcast of the Company's conference call discussing the 2002 first quarter results and the second quarter outlook, scheduled at 10:00 a.m. (EDT) 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 (EDT) today, continuing through April 30. It can be accessed by dialing 706-645-9291, passcode 3810914. This is a toll call.

Annual Meeting of Stockholders

The Company is pleased to announce that the location of its Annual Meeting of Stockholders, scheduled to be held at 10:00 a.m. on Tuesday, May 21, 2002, has been changed to Dunkirk, New York and will be held at the Ramada Inn, 30 Lake Shore East.

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 original equipment manufacturers, service centers, forgers, rerollers 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 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, 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	
	March 31,	
	2002	2001
	-----	-----
Net sales	\$ 17,596	\$ 21,259
Cost of products sold	14,245	17,121
Selling and administrative expenses	1,373	1,558
	-----	-----
Operating income	1,978	2,580

Interest expense	(110)	(181)
Other income	31	20
	-----	-----
Income before taxes	1,899	2,419
Income taxes	693	907
	-----	-----
Net income	\$ 1,206	\$ 1,512
	=====	=====
Earnings per share - Basic	\$ 0.20	\$ 0.25
	=====	=====
Earnings per share - Diluted	\$ 0.20	\$ 0.25
	=====	=====
Weighted average shares of Common Stock outstanding		
Basic	6,077,272	6,081,228
	=====	=====
Diluted	6,134,574	6,090,895
	=====	=====
Tons shipped	8,347	11,066
	=====	=====
EBITDA	\$ 2,759	\$ 3,237
	=====	=====

CONSOLIDATED BALANCE SHEET DATA
(Dollars in thousands)

	March 31, 2002	Dec. 31, 2001
	-----	-----
Current assets	\$43,185	\$38,093
Property, plant & equipment, net	40,804	41,202
Other assets	190	151
	-----	-----
	\$84,179	\$79,446
	=====	=====
Current liabilities	\$10,360	\$ 9,438
Long-term debt	8,903	6,490
Deferred taxes	7,338	7,146
	-----	-----
Total liabilities	26,601	23,074
	-----	-----
Stockholders' equity	57,578	56,372
	-----	-----
	\$84,179	\$79,446
	=====	=====

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