UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended June 30, 2003

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 **(State or other jurisdiction of incorporation or organization)**	**25-1724540** **(IRS Employer Identification No.)**

600 Mayer Street
Bridgeville, PA 15017
(Address of principal executive offices, including zip code)

(412) 257-7600
(Registrant's 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 ☒ NO ☐

Indicate by check mark whether the registrant is an accelerated filer (as defined by Rule 12b-2 of the Exchange Act).

YES ☒ NO ☐

As of August 5, 2003, there were 6,289,485 shares outstanding of the Registrant's Common Stock, $.001 par value per share.

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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 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 limited operating history of Dunkirk Specialty Steel, LLC, risks associated with the Company’s ability to meet its current loan covenants, 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. 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 as well as the other information detailed in the Company’s Annual Report on Form 10-K and other filings with the Securities and Exchange Commission during the past 12 months.

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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 June 30,		For the Six-month period ended June 30,	
	2003	**2002**	**2003**	**2002**
Net sales	$ 16,837	$ 21,422	$ 31,537	$ 39,018
Cost of products sold	15,941	18,574	30,621	32,819
Selling and administrative expenses	1,525	1,537	2,918	2,910
Operating income (loss)	(629)	1,311	(2,002)	3,289
Interest expense and other financing costs	(94)	(118)	(189)	(228)
Other income	23	31	50	62
Income (loss) before taxes	(700)	1,224	(2,141)	3,123
Income tax (benefit) expense	(260)	447	(1,118)	1,140
Net income (loss)	$ (440)	$ 777	$ (1,023)	$ 1,983
Earnings (loss) per common share				
Basic	$ (0.07)	$ 0.13	$ (0.16)	$ 0.32
Diluted	$ (0.07)	$ 0.12	$ (0.16)	$ 0.32

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

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UNIVERSAL STAINLESS & ALLOY PRODUCTS, INC.

CONSOLIDATED CONDENSED BALANCE SHEETS
(Dollars in Thousands)
(Unaudited)

	June 30, 2003	December 31, 2002
ASSETS		
Current assets		
Cash and cash equivalents	$ 6,037	$ 3,308
Accounts receivable (less allowance for doubtful accounts of $310 and $298, respectively)	12,347	11,550
Inventory	21,937	22,717
Other current assets	3,584	3,581
Total current assets	43,905	41,156
Property, plant and equipment, net	40,687	42,246
Other assets	624	642
Total assets	$ 85,216	$ 84,044
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Trade accounts payable	$ 5,966	$ 4,190
Outstanding checks in excess of bank balance	916	275
Current portion of long-term debt	1,972	1,971
Accrued employment costs	1,006	1,019
Other current liabilities	660	163
Total current liabilities	10,520	7,618
Long-term debt	6,560	7,502
Deferred taxes	8,333	8,123
Total liabilities	25,413	23,243
Commitments and contingencies	—	—
Stockholders' equity		
Senior Preferred Stock, par value $0.001 per share; 1,980,000 shares authorized; 0 shares issued and outstanding	—	—
Common Stock, par value $0.001 per share; 10,000,000 shares authorized; 6,559,385 and 6,554,538 shares issued, respectively	7	7
Additional paid-in capital	28,302	28,277
Retained earnings	33,125	34,148
Treasury Stock at cost; 269,900 common shares held	(1,631)	(1,631)
Total stockholders' equity	59,803	60,801
Total liabilities and stockholders' equity	$ 85,216	$ 84,044

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

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UNIVERSAL STAINLESS & ALLOY PRODUCTS, INC.

CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(Dollars in Thousands)
(Unaudited)

	For the Six-month period ended June 30, 2003	2002
Cash flow from operating activities:		
Net income (loss)	$ (1,023)	$ 1,983
Adjustments to reconcile to net cash and cash equivalents provided by operating activities:		
Depreciation and amortization	1,571	1,539
Deferred taxes	145	543
Tax benefit from exercise of stock options	—	428
Changes in assets and liabilities:		
Accounts receivable, net	(797)	(1,744)
Inventory	780	1,332
Trade accounts payable	1,776	1,634
Accrued employment costs	(13)	(212)
Refundable taxes	(265)	—
Other, net	839	(908)
Net cash provided by operating activities	3,013	4,595
Cash flows from investing activities:		
Acquisition of assets and real property through purchase agreements	—	(1,283)
Capital expenditures	(191)	(1,810)
Net cash used in investing activities	(191)	(3,093)
Cash flows from financing activities:		
Proceeds from the exercise of stock options	—	1,852
Proceeds from issuance of Common Stock	25	23
Proceeds from deferred loan agreement	200	—
Repayments of long-term debt	(959)	(898)
Increase in outstanding checks in excess of bank balance	641	802
Net cash (used in) provided by financing activities	(93)	1,779
Net increase in cash and cash equivalents	2,729	3,281
Cash and cash equivalents at beginning of period	3,308	5,454
Cash and cash equivalents at end of period	$ 6,037	$ 8,735
Supplemental disclosure of cash flow information:		
Interest paid	$ 160	$ 165
Income taxes paid	$ 35	$ 1,262

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

UNIVERSAL STAINLESS & ALLOY PRODUCTS, INC.

NOTES TO THE UNAUDITED CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

Note 1 - Basis of Presentation

The accompanying unaudited consolidated condensed statements of operations for the three- and six-month periods ended June 30, 2003 and 2002, balance sheets as of June 30, 2003 and December 31, 2002, and statements of cash flows for the six-month periods ended June 30, 2003 and 2002 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, 2002. 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 June 30, 2003 and December 31, 2002 and the consolidated results of operations and of cash flows for the periods ended June 30, 2003 and 2002, and are not necessarily indicative of the results to be expected for the full year.

Note 2 - Common Stock

The reconciliation of the weighted average number of shares of Common Stock outstanding utilized for the earnings (loss) per common share computations are as follows:

	For the Three-month period ended June 30,		For the Six-month period ended June 30,	
	2003	2002	2003	2002
Weighted average number of shares of Common Stock outstanding	6,284,699	6,176,813	6,284,669	6,127,043
Effect of dilutive securities	—	76,432	—	55,873
Weighted average number of shares of Common Stock outstanding, as adjusted	6,284,699	6,253,245	6,284,669	6,182,916

The Company also had 1,196 and 1,088 common stock equivalents outstanding for the three- and six-month periods ended, respectively, which were not included in the common share computations for earnings (loss) per share as the common stock equivalents are anti-dilutive.

Note 3 – Stock-Based Compensation Plans

The following table illustrates the effect on net income (loss) and earnings (loss) per share between the Company’s use of the intrinsic value method and the fair value recognition provisions of Statement of Financial Accounting Standards (“SFAS”) No. 123, “Accounting for Stock-Based Compensation,” to stock-based employee and director compensation (dollars, except per share amounts, in thousands):

	For the Three-month period ended June 30,		For the Six-month period ended June 30,	
	2003	2002	2003	2002
Net Income (loss), as reported	$ (440)	$ 777	$ (1,023)	$ 1,983
Total stock-based compensation expense determined Under fair-value based method, net of taxes	(29)	(28)	(57)	(53)
Pro forma net income (loss)	$ (469)	$ 749	$ (1,080)	$ 1,930
Earnings (loss) per common share:				
Basic – as reported	$ (0.07)	$ 0.13	$ (0.16)	$ 0.32
Basic – pro forma	$ (0.07)	$ 0.12	$ (0.17)	$ 0.31
Diluted – as reported	$ (0.07)	$ 0.12	$ (0.16)	$ 0.32
Diluted – pro forma	$ (0.07)	$ 0.12	$ (0.17)	$ 0.31

Note 4 – New Accounting Pronouncements

In August 2001, the Financial Accounting Standards Board ("FASB") issued SFAS No. 143, "Accounting for Asset Retirement Obligations" ("SFAS 143"). SFAS 143 establishes accounting standards for the recognition and measurement of an asset retirement obligation and its associated asset retirement cost. SFAS 143 was effective for the Company on January 1, 2003 and did not have a material impact on the Company's results of operations or financial condition.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities" ("SFAS 146"). This statement supersedes Emerging Issues Task Force Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)." SFAS 146 requires the recognition of a liability for costs associated with an exit or disposal activity when incurred. SFAS 146 also establishes that the liability should initially be measured and recorded at fair value. The provisions of SFAS 146 are effective for any exit and disposal activities initiated after December 31, 2002.

In November 2002, the FASB issued FASB Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" ("FIN 45"). FIN 45 requires that upon issuance of a guarantee, a guarantor must recognize a liability for the fair value of an obligation assumed under a guarantee. FIN 45 also requires additional disclosures by a guarantor in its interim and annual financial statements about the obligations associated with guarantees issued. The recognition provisions of FIN 45 will be effective for any guarantees that are issued or modified after December 31, 2002. The provisions of FIN 45 are not expected to have a material impact on our results of operations or financial position.

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation – Transition and Disclosure – an Amendment of FASB Statement No. 123" ("SFAS 148"). This statement amends SFAS No. 123, "Accounting for Stock Based Compensation" to provide alternative methods of voluntary transitioning to the fair value based method of accounting for stock-based employee compensation. SFAS 148 also requires disclosure of the method used to account for stock-based employee compensation and the effect of the method on reported results in both annual and interim financial statements. The Company does not intend to change its current method of accounting for stock-based employee compensation unless required by the issuance of a new pronouncement. The Company has adopted the disclosure requirements of SFAS 148 as of December 31, 2002.

In January 2003, the FASB issued FASB Interpretation No. 46, "Consolidation of Variable Interest Entities ("VIE") – an Interpretation of ARB No. 51" ("FIN 46"). FIN 46 clarifies the application of Accounting Research Bulletin No. 51, Consolidated Financial Statements, to certain entities in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. FIN 46 was effective immediately for VIE's created after January 31, 2003; for VIE's in existence prior to January 31, 2003 it's application was effective beginning the third quarter of 2003. This statement was adopted during the first quarter of 2003 and did not impact the Company's results of operations or financial condition.

In April 2003, the FASB issued Statement No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging". This Statement amends and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives) and for hedging activities under FASB Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities". This statement will be adopted during the third quarter of 2003 and is not expected to impact the Company's results of operations or financial condition.

In May 2003, the FASB issued Statement No. 150, "Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity". This Statement establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is within its scope as a liability (or an asset in some circumstances). This statement will be adopted during the third quarter of 2003 and is not expected to impact the Company's results of operations or financial condition.

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Note 5 - Inventory

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

	June 30, 2003	December 31, 2002
Raw materials and supplies	$ 2,193	$ 1,719
Semi-finished and finished steel products	17,535	18,588
Operating materials	2,209	2,410
Total inventory	$ 21,937	$ 22,717

Note 6 - Property, Plant and Equipment

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

	June 30, 2003	December 31, 2002
Land and land improvements	$ 822	$ 822
Buildings	5,987	5,987
Machinery and equipment	48,158	48,110
Construction in progress	913	980
	55,880	55,899
Accumulated depreciation	(15,193)	(13,653)
Property, plant and equipment, net	$ 40,687	$ 42,246

Property, plant and equipment includes a capital lease with Armco, which merged with and into AK Steel in 1999 (“Armco”), for the land and certain buildings and structures located in Bridgeville (the “Bridgeville Lease”). The Bridgeville Lease is for a ten-year term that commenced on August 15, 1994, with three five-year options to renew on the same terms at the Company’s discretion at a rental of $1 per year plus payment of real and personal property taxes and other charges associated with the property.

On February 6, 2003, the Company submitted a notice to exercise its option to purchase all of the property permitted under the Bridgeville Lease for $1. The Company expects to consummate the purchase during the third quarter 2003. The ESR building, which houses the Company’s four electro-slag remelting furnaces and ancillary equipment, is not included in the option to purchase. The Company will continue to operate the equipment in the ESR building under the existing lease due to expire on August 15, 2004. The Company has expressed an interest to purchase or extend the current lease for the ESR building to AK Steel. In the event that the lease of the ESR building is not extended and the property is not purchased, the relocation of the ESR equipment would have an adverse material effect on the financial condition of the Company.

Effective January 1, 2003, the Company entered into a $200,000 Deferred Loan Agreement maturing on December 31, 2006 with the Dunkirk Local Development Corporation. No principal or interest payments will be required under the Deferred Loan Agreement provided that the Company hires 30 new employees and more than 50% of those jobs are made available to certain Dunkirk City residents. The Company believes that it will meet the conditions of the Deferred Loan Agreement, although it can make no assurances to that effect. Therefore, the proceeds have been applied to reduce the acquisition cost of new equipment at the Company’s Dunkirk facility.

Note 7 – Commitments and Contingencies

On June 29, 2001, suit was filed against the Company in the Court of Common Pleas of Allegheny County, Pennsylvania by Teledyne Technologies, Incorporated (“Teledyne”). The suit alleges that steel product manufactured by the Company was defective and the Company was or should have been aware of the defects. Teledyne has alleged that the defective steel supplied by the Company caused certain crankshafts sold by Teledyne for use in aircraft engines to be defective. As a result, Teledyne is claiming damages relating to the recall, replacement and repair of aircraft engines.

Teledyne was recently unsuccessful in its pursuit of a similar claim brought against another specialty steel producer who supplied the same steel product. After in-depth investigation, it is the Company’s position that the suit is without

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merit and it intends to vigorously defend that position. Additionally, the Company believes that it has insurance coverage that is available for this claim. At this time, the Company is engaged in discovery and believes that the final disposition of this suit will not have a material adverse effect on the financial condition and the results of operations of the Company.

On April 7, 2003, United States Aviation Underwriters, Inc., ("USAU") a New York corporation, as managers and on behalf of United States Aircraft Insurance Group ("USAIG"), the Company's Aircraft Products Liability insurance carrier, filed suit in the Court of Common Pleas of Allegheny County, Pennsylvania asking the court for a declaratory judgement as to what actual liability and obligations were applicable to USAIG relating to the insurance policy issued to the Company, and the allegations made by Teledyne. At this time, the Company is engaged in discovery and believes that USAIG is responsible for providing defense and damage coverage with regard to the Teledyne allegations. To date USAIG has provided for and continues to provide for a defense to the Teledyne claim. While the Company believes that insurance coverage is available for the defense and damages, if any, relating to the Teledyne claim, an unfavorable ruling in both the USAIG suit and the Teledyne claim could have a material adverse effect on the Company's financial condition.

Note 8 - Business Segments

The Company is comprised of two business segments: Universal Stainless & Alloy Products, which consists of the Bridgeville and Titusville facilities, and Dunkirk Specialty Steel, the Company's wholly-owned subsidiary located in Dunkirk, New York. The Universal Stainless & Alloy Products manufacturing process involves melting, remelting, treating and hot and cold rolling of semi-finished and finished specialty steels. Dunkirk Specialty Steel's manufacturing process involves hot rolling and finishing of specialty steel bar, rod and wire. The Segment Data are as follows (dollars in thousands):

	For the Three-Month period Ended June 30,		For the Six-Month period Ended June 30	
	2003	2002	2003	2002
Net sales:				
Universal Stainless & Alloy Products	$ 14,499	$ 20,884	$ 26,900	$ 38,520
Dunkirk Specialty Steel	5,395	2,172	10,179	2,379
Intersegment	(3,057)	(1,634)	(5,542)	(1,881)
Consolidated net sales	$ 16,837	$ 21,422	$ 31,537	$ 39,018
Operating income (loss):				
Universal Stainless & Alloy Products	$ (255)	$ 1,687	$ (1,029)	$ 4,171
Dunkirk Specialty Steel	(374)	(376)	(973)	(882)
Total operating income (loss)	$ (629)	$ 1,311	$ (2,002)	$ 3,289
Interest expense and other financing costs:				
Universal Stainless & Alloy Products	$ 57	$ 82	$ 115	$ 174
Dunkirk Specialty Steel	37	36	74	54
Total interest expense and other financing costs	$ 94	$ 118	$ 189	$ 228
Other income:				
Universal Stainless & Alloy Products	$ 17	$ 24	$ 40	$ 51
Dunkirk Specialty Steel	6	7	10	11
Total other income	$ 23	$ 31	$ 50	$ 62

	June 30, 2003	December 31, 2002
Total assets:		
Universal Stainless & Alloy Products	$ 63,180	$ 65,413
Dunkirk Specialty Steel	12,809	12,337
Corporate assets	9,227	6,294
Consolidated total assets	$ 85,216	$ 84,044

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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 six-month periods ended June 30, 2003 and 2002 are as follows (dollars in thousands):

	For the Three-Month period Ended June 30,		For the Six-Month period Ended June 30,	
	2003	2002	2003	2002
Net sales				
Stainless steel	$ 12,612	$ 17,625	$ 23,849	$ 31,085
Tool steel	2,599	1,950	4,500	3,284
High-strength low alloy steel	668	615	1,339	1,189
High temperature alloy steel	625	721	1,142	2,464
Conversion services	265	434	598	829
Other	68	77	109	167
Total net sales	16,837	21,422	31,537	39,018
Cost of products sold	15,941	18,574	30,621	32,819
Selling and administrative expenses	1,525	1,537	2,918	2,910
Operating income (loss)	$ (629)	$ 1,311	$ (2,002)	$ 3,289

Three- and six-month periods ended June 30, 2003 as compared to the similar periods in 2002

The decrease in net sales for the three- and six-month periods ended June 30, 2003, as compared to the similar periods in 2002, reflects continued weak demand for aerospace and power generation products and a decline in shipments of semi-finished commodity products to the reroller market, partially offset by an increase in shipments to the service center market. The lower demand for aerospace and power generation products is a result of reduced demand for commercial aircraft for the airline industry as well as steam and gas turbines for the electric utility industry. Net sales of semi-finished commodity products to the reroller market for the three- and six-month periods ended June 30, 2002 reflect the temporary benefit resulting from tariffs imposed by President Bush on certain imported specialty steel products in March 2002. Net sales to the service center market for the three- and six-month periods ended June 30, 2003 increased 36% and 32%, respectively, from the same periods last year as a result of the Company's expanded product capability through Dunkirk Specialty Steel and increased shipments of tool steel products. The Company shipped approximately 8,600 tons and 12,600 tons for the three-month periods ended June 30, 2003 and 2002 respectively, and 16,000 tons and 21,000 tons for the six-month periods ended June 30, 2003 and 2002, respectively.

Cost of products sold, as a percentage of net sales, was 94.7% and 86.7% for the three-month periods ended June 30, 2003 and 2002, respectively, and was 97.1% and 84.1% for the six-month periods ended June 30, 2003 and 2002, respectively. This increase is primarily due to higher raw material, labor and energy costs, shift in product mix and lower production volumes at the Bridgeville and Titusville facilities. In addition, Dunkirk Specialty Steel, the Company's wholly-owned subsidiary that acquired the assets of Empire Specialty Steel on February 14, 2002 and became operational on March 14, 2002, has not generated sufficient order volumes to operate profitably since the completion of the acquisition.

Selling and administrative expenses decreased by $12,000 in the three-month period ended June 30, 2003 as compared to June 30, 2002 as a result of lower salary administrative costs partially offset by higher business insurance costs. Selling and administrative expenses increased by $8,000 for the six-month period ended June 30, 2003 as compared to June 30, 2002 as a result of higher business insurance costs partially offset by lower salary administrative costs.

Interest expense and other financing costs decreased by $24,000 in the three-month period ended June 30, 2003 as compared to the three-month period ended June 30, 2002 and decreased by $39,000 in the six-month period ended June 30, 2003 as compared to the six-month period ended June 30, 2002. The decreases were primarily due to the continued reduction in long-term debt outstanding.

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The effective income tax rate utilized in the six-month periods ended June 30, 2003 and 2002 was 52.2% and 36.5%, respectively. The effective income tax rate utilized in the six-month period ended June 30, 2003 reflects the anticipated effect of the Company's permanent tax deductions against expected income levels in 2003.

Business Segment Results

An analysis of the net sales and operating income for the reportable segments for the three- and six-month periods ended June 30, 2003 and 2002 is as follows (dollars in thousands):

	For the Three-Month Period Ended June 30,		For the Six-Month Period Ended June 30,	
	2003	**2002**	**2003**	**2002**
Net sales:				
Universal Stainless & Alloy Products	$ 14,499	$ 20,884	$ 26,900	$ 38,520
Dunkirk Specialty Steel	5,395	2,172	10,179	2,379
Intersegment	(3,057)	(1,634)	(5,542)	(1,881)
Consolidated net sales	$ 16,837	$ 21,422	$ 31,537	$ 39,018
Operating income (loss):				
Universal Stainless & Alloy Products	$ (255)	$ 1,687	$ (1,029)	$ 4,171
Dunkirk Specialty Steel	(374)	(376)	(973)	(882)
Total operating income (loss)	$ (629)	$ 1,311	$ (2,002)	$ 3,289

Universal Stainless & Alloy Products Segment

Net sales for the three- and six-month periods ended June 30, 2003 for this segment, which consists of the Bridgeville and Titusville facilities, were $6.4 and $11.6 million lower, respectively, than the same periods a year ago. This decrease reflects lower demand for power generation and aerospace products and commodity products for the reroller market, partially offset by an increase in demand for non-commodity reroll products from Dunkirk Specialty Steel and for tool steel products.

Operating income for the Universal Stainless & Alloy Products segment decreased by $1.9 million in the three-month period ended June 30, 2003 as compared to June 30, 2002 and decreased by $5.2 million for the six-month period ended June 30, 2003, as compared to June 30, 2002. This decrease was due primarily to higher raw material, labor and energy costs, shift in product mix and lower production volumes at the Bridgeville and Titusville facilities.

Dunkirk Specialty Steel Segment

Net sales for the three- and six-month periods ended June 30, 2003 for this segment increased by $3.2 and $7.8 million, respectively. This primarily reflects increased sales of bar, rod and wire products to an increasing customer base. The Dunkirk Specialty Steel segment has not generated sufficient order volumes to operate profitably and incurred an operating loss of $374,000 and $973,000, respectively, for the three- and six-month periods ended June 30, 2003.

Financial Condition

The Company has financed its operating activities through cash flows from operations and cash on hand at the beginning of the period. At June 30, 2003, working capital approximated $33.4 million, as compared to $33.5 million at December 31, 2002. The ratio of current assets to current liabilities decreased from 5.4:1 at December 31, 2002 to 4.2:1 at June 30, 2003. The debt to capitalization ratio was 12.5% at June 30, 2003 and 13.5% at December 31, 2002.

The Company limited its capital expenditures for the three- and six-month periods ended June 30, 2003 to $112,000 and $191,000, respectively. The Company will continue to limit its capital expenditures until current market conditions improve.

Effective January 1, 2003, the Company entered into a $200,000 Deferred Loan Agreement maturing on December 31, 2006 with the Dunkirk Local Development Corporation. No principal or interest payments will be required under the Deferred Loan Agreement provided that the Company hires 30 new employees and more than 50% of those jobs are made available to certain Dunkirk City residents. The Company believes it will meet the conditions of the Deferred

Loan Agreement, although it can make no assurances to that effect. Therefore, the proceeds have been applied to reduce the acquisition cost of new equipment at the Company's Dunkirk facility.

The Company satisfies its capital requirements primarily through funds generated from operations and borrowings and the sale of Common Stock and the issuance of long-term debt. The Company does not maintain off-balance sheet arrangements other than operating leases nor does it participate in non-exchange traded contracts requiring fair value accounting treatment or material related party transaction arrangements.

At June 30, 2003, the Company had all of its $6.5 million revolving line of credit with PNC Bank available for borrowings. Effective June 30, 2003, the Company and PNC Bank agreed to adjust certain financial ratio covenants through June 30, 2004 as a result of the Company's revised 2003 earnings projections. The Company is in compliance with its financial covenants at June 30, 2003. The Company has reached a tentative agreement with PNC Bank to replace certain financial covenants with an asset-based funding formula that will permit the Company full access to its credit facility through June 30, 2005.

There were no shares of Common Stock purchased by the Company during the six-month period ended June 30, 2003. The Company is authorized to purchase an additional 45,100 shares of Common Stock as of June 30, 2003.

The Company anticipates that it will fund its 2003 working capital requirements, its capital expenditures and the stock repurchase program primarily from funds generated from operations and borrowings and the sale of Common Stock and the issuance of long-term debt. 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.

2003 Outlook

These are forward-looking statements for purposes of the Private Securities Litigation Reform Act of 1995. They involve known and unkown risks and uncertainties that may cause the Company's actual results to vary materially from those disclosed below.

The Company estimates that third quarter 2003 sales will range from $15 to $19 million and that it will incur a net loss per diluted share ranging from $0.07 to $0.12. In the third quarter of 2002, sales were $15.9 million and diluted earnings per share were $0.03. The following factors were considered in developing these estimates:

- The Company's total backlog approximated $13.0 million on June 30, 2003, as compared to $14.6 million at March 31, 2003.
- Demand for reroll and forging semi-finished products from the Universal Stainless & Alloy Products segment is expected to increase mainly through its focus on the aerospace and power generation repair markets.
- Sales from the Dunkirk Specialty Steel segment are expected to exceed the $5 million level in the 2003 third quarter, based on its June 30, 2003 backlog of $3.8 million. The Company remains committed to its pricing discipline with the result that Dunkirk Specialty Steel's sales are expected to remain at current levels given competitive industry conditions in response to the weak economic environment.

New Accounting Pronouncements

In August 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations" ("SFAS 143"). SFAS 143 establishes accounting standards for the recognition and measurement of an asset retirement obligation and its associated asset retirement cost. SFAS 143 was effective for the Company on January 1, 2003 and did not have a material impact on the Company's results of operations or financial condition.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities" ("SFAS 146"). This statement supersedes Emerging Issues Task Force Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)." SFAS146 requires the recognition of a liability for costs associated with an exit or disposal activity when incurred. SFAS 146 also establishes that the liability should initially be measured and recorded at fair value. The provisions of SFAS 146 will be effective for any exit and disposal activities initiated after December 31, 2002. In November 2002, the FASB issued FASB Interpretation No. 45, "Guarantor's Accounting and Disclosure

Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" ("FIN 45"). FIN 45 requires that upon issuance of a guarantee, a guarantor must recognize a liability for the fair value of an obligation assumed under a guarantee. FIN 45 also requires additional disclosures by a guarantor in its interim and annual financial statements about the obligations associated with guarantees issued. The recognition provisions of FIN 45 will be effective for any guarantees that are issued or modified after December 31, 2002. The provisions of FIN 45 are not expected to have a material impact on our results of operations or financial position.

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation – Transition and Disclosure – an Amendment of FASB Statement No. 123" ("SFAS 148"). This statement amends SFAS No. 123, "Accounting for Stock Based Compensation" to provide alternative methods of voluntary transitioning to the fair value based method of accounting for stock-based employee compensation. SFAS 148 also requires disclosure of the method used to account for stock-based employee compensation and the effect of the method on reported results in both annual and interim financial statements. The Company does not intend to change its current method of accounting for stock-based employee compensation unless required by the issuance of a new pronouncement. The Company has adopted the disclosure requirements of SFAS 148 as of December 31, 2002.

In January 2003, the FASB issued FASB Interpretation No. 46, "Consolidation of Variable Interest Entities – an Interpretation of ARB No. 51" ("FIN 46"). FIN 46 clarifies the application of Accounting Research Bulletin No. 51, Consolidated Financial Statements, to certain entities in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. FIN 46 was effective immediately for VIE's created after January 31, 2003; for VIE's in existence prior to January 31, 2003 it's application was effective beginning the third quarter of 2003. This statement was adopted during the first quarter of 2003 and did not impact the Company's results of operations or financial condition.

In April 2003, the FASB issued Statement No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging". This Statement amends and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives) and for hedging activities under FASB Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities". This statement will be adopted during the third quarter of 2003 and is not expected to impact the Company's results of operations or financial condition.

In May 2003, the FASB issued Statement No. 150, "Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity". This Statement establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is within its scope as a liability (or an asset in some circumstances). This statement will be adopted during the third quarter of 2003 and is not expected to impact the Company's results of operations or financial condition.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES 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, 2002, except as provided in this Form 10-Q in "Management's Discussion and Analysis of Financial Condition and Results of Operations.

Item 4. CONTROLS AND PROCEDURES

An evaluation was performed under the supervision and with the participation of our management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), of the effectiveness of the design and operation of our disclosure controls and procedures. Based on that evaluation, management, including the CEO and CFO, concluded that our disclosure controls and procedures were effective to ensure that information required to be disclosed in reports that we file or submit under the Securities and Exchange Act of 1934 is recorded, processed, summarized and reported in accordance with the rules and forms of the Securities and Exchange Commission. There have been no significant changes in our internal controls or in other factors that could significantly affect internal controls subsequent to their evaluation.

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Part II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

On June 29, 2001, suit was filed against the Company in the Court of Common Pleas of Allegheny County, Pennsylvania by Teledyne Technologies, Incorporated (“Teledyne”). The suit alleges that steel product manufactured by the Company was defective and the Company was or should have been aware of the defects. Teledyne has alleged that the defective steel supplied by the Company caused certain crankshafts sold by Teledyne for use in aircraft engines to be defective. As a result, Teledyne is claiming damages relating to the recall, replacement and repair of aircraft engines.

Teledyne was recently unsuccessful in its pursuit of a similar claim brought against another specialty steel producer who supplied the same steel product. After in-depth investigation, it is the Company’s position that the suit is without merit and it intends to vigorously defend that position. Additionally, the Company believes that it has insurance coverage that is available for this claim. At this time, the Company is engaged in discovery and believes that the final disposition of this suit will not have a material adverse effect on the financial condition and the results of operations of the Company.

On April 7, 2003, United States Aviation Underwriters, Inc., (“USAU”) a New York corporation, as managers and on behalf of United States Aircraft Insurance Group (“USAIG”), the Company’s Aircraft Products Liability insurance carrier, filed suit in the Court of Common Pleas of Allegheny County, Pennsylvania asking the court for a declaratory judgement as to what actual liability and obligations were applicable to USAIG relating to the insurance policy issued to the Company, and the allegations made by Teledyne. At this time the Company is engaged in discovery and believes that USAIG is responsible for providing defense and damage coverage with regard to the Teledyne allegations. To date, USAIG has provided and continues to provide for a defense to the Teledyne claim. While the Company believes that insurance coverage is available for the defense and damages, if any, relating to the Teledyne claim, an unfavorable ruling in both the USAIG suit and the Teledyne claim could have a material adverse effect on the Company’s financial condition.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

The Annual Meeting of Stockholders of Universal Stainless & Alloy Products, Inc. was held on May 20, 2003, for the purpose of electing a board of directors and ratifying the appointment of independent accountants. Proxies for the meeting were solicited pursuant to section 14(a) of the Securities Exchange Act of 1934, and there was no solicitation in opposition to management’s solicitation.

All of the management’s nominees for directors as listed in the proxy statement were elected by the following vote:

	Shares Voted “For”	Shares “Withheld”
D.Dunn	5,936,866	373,256
G.Keane	5,936,866	373,256
C.McAninch	5,817,316	492,806
U.Toledano	6,013,016	297,106

The appointment of PricewaterhouseCoopers LLP as independent accountants was ratified by the following vote:

Shares Voted “For”	Shares Voted “Against”	Shares “Abstaining”
6,269,611	40,450	61

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Item 6. EXHIBITS AND REPORTS ON FORM 8-K

a. Exhibits

10.1 Sixth Amendment to the Second Amended and Restated Credit Agreement, dated as of June 30, 2003, between the Company and PNC Bank, National Association (filed herewith).

31.1 Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).

31.2 Certification of Principal Financial Officer pursuant to Section 302 of the Sarbances-Oxley Act of 2002 (filed herewith).

32.1 Certification of Principal Executive Officer and Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith).

b. A Report on Form 8-K was filed on April 23, 2003 which covered a Press Release under item 5, Other Events in which the Company announced the results for the first quarter 2003. No financial statements were filed with this report.

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: August 12, 2003	/s/ C. M. MCANINCH
	Clarence M. McAninch President and Chief Executive Officer (Principal Executive Officer)
Date: August 12, 2003	/s/ RICHARD M. UBINGER
	Richard M. Ubinger Vice President of Finance, Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer)

Exhibit 10.1

SIXTH AMENDMENT
TO SECOND AMENDED AND RESTATED CREDIT AGREEMENT

This SIXTH AMENDMENT TO SECOND AMENDED AND RESTATED CREDIT AGREEMENT (this "Amendment") is dated as of and effective nunc pro tunc as of June 30, 2003, and entered into by and between UNIVERSAL STAINLESS & ALLOY PRODUCTS, INC., a corporation organized and existing under the laws of the state of Delaware (the "Borrower"), and PNC BANK, NATIONAL ASSOCIATION (the "Bank"), and amends that certain Second Amended and Restated Credit Agreement dated as of January 30, 1998, by and between the Borrower and the Bank (the Second Amended and Restated Credit Agreement, as amended prior to the date hereof, is hereinafter referred to as the "Existing Credit Agreement").

W I T N E S S E T H :

WHEREAS, the Borrower and the Bank entered into the Existing Credit Agreement; and

WHEREAS, upon the request of the Borrower, the Bank has agreed to modify the Existing Credit Agreement effective as of June 30, 2003, nunc pro tunc, all as more particularly set forth herein.

NOW THEREFORE, in consideration of the foregoing premises, the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and with the intent to be legally bound hereby, the parties hereto agree as follows:

ARTICLE I
AMENDMENTS TO EXISTING CREDIT AGREEMENT

Section 1.01 Amendments to Section 1.1 of the Existing Credit Agreement.

(a) The following defined terms and the definitions therefor are hereby added to Section 1.1 of the Existing Credit Agreement and inserted in correct alphabetical order:

Consolidated Total Indebtedness: The Indebtedness of the Borrower and its Subsidiaries on a Consolidated basis, as determined in accordance with GAAP consistently applied. Any reference herein to the term "Consolidated Indebtedness" shall have the same meaning as "Consolidated Total Indebtedness" set forth herein.

Sixth Amendment: The Sixth Amendment to Second Amended and Restated Credit Agreement entered into by and between the Borrower and the Bank and dated as of and effective nunc pro tunc as of June 30, 2003.

Sixth Amendment Effective Date: This term shall have the meaning given to it in Section 3.02 of the Sixth Amendment.

(b) The definition for the following defined terms contained in the Existing Credit Agreement are hereby amended and restated in their entirety as follows:

Applicable Margin: The percentage (expressed in basis points) determined from time to time based upon the ratio of the Borrower's Consolidated Total Indebtedness to the Borrower's Consolidated EBITDA set forth under the relevant column heading below.

	Ratio of Consolidated Total Indebtedness to Consolidated EBITDA	**Revolving Credit Loans**	**TERM LOAN**	
			Euro-Rate	**Base Rate**
LEVEL I	Less than 1:0 to 1:00	100	100	0
LEVEL II	Equal to or greater than 1.0 to 1.0 but less than 1.5 to 1.0	100	125	0
LEVEL III	Equal to or greater than 1.5 to 1.0 but less than 2.0 to 1.0	75	150	0
LEVEL IV	Equal to or greater than 2.0	75	175	0
LEVEL V	Equal to or greater than 2.5	25	225	0

EBITDA: For the period in question (tested on a rolling four-quarters basis as of the end of the Fiscal Quarter in question): the sum of (i) Consolidated Net Income, plus (ii) Consolidated income tax expense, plus (iii) Consolidated interest expense, plus (iv) Consolidated depreciation expense, plus (v) Consolidated amortization expense, each determined in accordance with GAAP, excluding (A) any non-recurring or extraordinary income or losses for such period in question determined in accordance with GAAP and (B) the Net Income of any other Person acquired by the Borrower in a transaction accounted for as a pooling of interests for any period prior to the date of such acquisition; provided, however, that for the Fiscal Quarter ending (x) September 30, 2003, EBITDA shall be equal to the sum of items (i), (ii), (iii), (iv) and (v) above of this definition, less items (A) and (B) of this definition, for the three (3) month period ending September 30, 2003, multiplied by four (4); (y) December 31, 2003, EBITDA shall be equal to the sum of items (i), (ii), (iii), (iv) and (v) above of this definition, less items (A) and (B) of this definition, for the six (6) month period ending December 31, 2003, multiplied by two (2); and (z) March 31, 2004, EBITDA shall be equal to the sum of items (i), (ii), (iii), (iv) and (v) above of this definition, less items (A) and (B) of this definition, for the nine (9) month period ending March 31, 2004, multiplied by one and three thousand three hundred thirty three millionths (1.3333).

Section 1.02 Amendment to Subsection 6.4(iii) of the Existing Credit Agreement. Subsection 6.4(iii) of the Existing Credit Agreement is hereby amended and restated to read as follows:

(iii) Leverage. (x) Prior to January 1, 2003, the Borrower's ratio of Consolidated Total Indebtedness to EBITDA, shall at all times not exceed 2.50:1.00, (y) on and after January 1, 2003, but prior to January 1, 2004, the Borrower's ratio of Consolidated Total Indebtedness to EBITDA, shall at all times not exceed 3.50:1.00, and (z) on and after January 1, 2004, the Borrower's ratio of Consolidated Total Indebtedness to EBITDA, shall at all times not exceed 2.50:1.00; provided, however, that for the Fiscal Quarter ending June 30, 2003 the Borrower shall not be required to maintain, and the Bank shall not test, the ratio of Consolidated Total Indebtedness to EBITDA at the levels set forth above.

Section 1.03 Amendment to Subsection 6.4(iv) of the Existing Credit Agreement. Subsection 6.4(iv) of the Existing Credit Agreement is hereby amended and restated to read as follows:

(iv) Consolidated Debt Service Ratio. (x) Prior to January 1, 2003, as at the end of each Fiscal Quarter occurring during such period, the ratio of the Borrower's EBITDA to Consolidated Debt Service shall not be less than 2.0:1.0, (y) on and after January 1, 2003, but prior to January 1, 2004, as at the end of each Fiscal Quarter occurring during such period, the ratio of the Borrower's EBITDA to Consolidated Debt Service shall not be less than 1.5:1.0, and (z) on and after January 1, 2004, as at the end of each Fiscal Quarter occurring during such period, the ratio of the Borrower's EBITDA to Consolidated Debt Service shall not be less than 2.0:1.0; provided, however, that for the Fiscal Quarter ending June 30, 2003, the Borrower shall not be required to maintain, and the Bank shall not test, the ratio of EBITDA to Consolidated Debt Service at the levels set forth above.

Section 1.04 Amendment to Section 6.4 of the Existing Credit Agreement. Section 6.4 of the Existing Credit Agreement is hereby amended by inserting a new Subsection 6.4(v) at the end thereto, which shall read as follows:

(v) Minimum EBITDA. For the Fiscal Quarter ending June 30, 2003, the Borrower shall maintain a minimum EBITDA of at least $100,000.

Section 1.05 No Other Amendments. The amendments to the Existing Credit Agreement set forth herein do not either implicitly or explicitly alter, waive or amend, except as expressly provided in this Amendment, the provisions of the Existing Credit Agreement. The amendments set forth herein do not waive, now or in the future, compliance with any other covenant, term or condition to be performed or complied with nor do they impair any rights or remedies of the Bank under the Existing Credit Agreement with respect to any such violation. Nothing in this Amendment shall be deemed or construed to be a waiver or release of, or a limitation upon, the Bank's exercise of any of its rights and remedies under the Existing Credit Agreement or any other document or instrument delivered in connection therewith, whether arising as a consequence of any Events of Default which may now exist or otherwise, and all such rights and remedies are hereby expressly reserved.

ARTICLE II
BORROWER'S SUPPLEMENTAL REPRESENTATIONS

Section 2.01 Incorporation by Reference. As an inducement to the Bank to enter into this Amendment, (i) the Borrower hereby repeats and remakes herein, for the benefit of the Bank, the representations and warranties made by the Borrower in Sections 4.1 through 4.23, inclusive, of the Existing Credit Agreement, as amended hereby, except that for purposes hereof such representations and warranties shall be deemed to extend to and cover this Amendment and are remade as of the Sixth Amendment Effective Date, and (ii) the Borrower hereby represents and warrants that on and as the Sixth Amendment Effective Date that no Default or Event of Default has occurred and is continuing.

ARTICLE III
CONDITIONS PRECEDENT

Section 3.01 Conditions Precedent. Each of the following shall be a condition precedent to the effectiveness of this Amendment:

(a) The Bank shall have received, on or before the Sixth Amendment Effective Date, the following items, each, unless otherwise indicated, dated on or before the Sixth Amendment Effective Date and in form and substance satisfactory to the Bank:

(i) A duly executed counterpart original of this Amendment;

(ii) A certificate from the Secretary of the Borrower certifying that the Articles of Incorporation and Bylaws of the Borrower previously delivered to the Bank are true, complete, and correct;

(iii) A certificate from the Secretary of the Borrower certifying the corporate resolutions of the Borrower authorizing the execution and delivery of this Amendment and the officers of the Borrower authorized to execute and deliver this Amendment on behalf of the Borrower; and

(iv) Such other instruments, documents and opinions of counsel as the Bank shall reasonably require, all of which shall be satisfactory in form and content to the Bank

(b) The following statements shall be true and correct on the Sixth Amendment Effective Date, and the Borrower shall deliver to the Bank a certificate certifying that:

(i) after giving effect to this Sixth Amendment, the representations and warranties made pursuant to this Amendment and in the other Loan Documents, as amended hereby, are true and correct on and as of the Sixth Amendment Effective Date as though made on and as of such date;

(ii) no petition by or against the Borrower or any Subsidiary of the Borrower has at any time been filed under the United States Bankruptcy Code or under any similar act;

(iii) after giving effect to this Sixth Amendment, no Event of Default or event which with the giving of notice, the passage of time or both would become an Event of Default has occurred and is continuing, or would result from the execution of or performance under this Amendment;

(iv) after giving effect to this Sixth Amendment, no material adverse change in the properties, business, operations, financial condition or prospects of the Borrower has occurred which has not been disclosed in writing to the Bank; and

(v) after giving effect to this Sixth Amendment, the Borrower has in all material respects performed all agreements, covenants and conditions required to be performed on or prior to the date hereof under the Existing Credit Agreement and the other Loan Documents.

Section 3.02 Sixth Amendment Effective Date. Upon completion of the conditions set forth in Section 3.01 of this Sixth Amendment, the effective date of this Sixth Amendment is deemed to be June 30, 2003, nunc pro tunc.

ARTICLE IV
GENERAL PROVISIONS

Section 4.01 Ratification of Terms. Except as expressly amended by this Amendment, the Existing Credit Agreement and each and every representation, warranty, covenant, term and condition contained therein is specifically ratified and confirmed. The Borrower hereby confirms that any collateral for the Obligations, including but not limited to liens, Encumbrances, security interests, mortgages and pledges granted by the Borrower or third parties, shall continue unimpaired and in full force and effect. **THE BORROWER EXPRESSLY RATIFIES AND CONFIRMS THE CONFESSION OF JUDGMENT AND WAIVER OF JURY TRIAL PROVISIONS CONTAINED IN THE EXISTING CREDIT AGREEMENT AND THE OTHER LOAN DOCUMENTS.**

Section 4.02 References. All notices, communications, agreements, certificates, documents or other instruments executed and delivered after the execution and delivery of this Amendment in connection with the Existing Credit Agreement, any of the other Loan Documents or the transactions contemplated thereby may refer to the Existing Credit Agreement without making specific reference to this Amendment, but nevertheless all such references shall include this Amendment unless the context requires otherwise. From and after the Sixth Amendment Effective Date, all references in the Existing Credit Agreement and each of the other Loan Documents to the Existing Credit Agreement shall be deemed to be references to the Existing Credit Agreement, as amended hereby.

Section 4.03 Incorporation Into Existing Credit Agreement. This Amendment is deemed incorporated into the Existing Credit Agreement. To the extent that any term or provision of this Amendment is or may be deemed expressly inconsistent with any term or provision of the Existing Credit Agreement, the terms and provisions hereof shall control.

Section 4.04 Counterparts. This Amendment may be executed in different counterparts, each of which when executed by the Borrower and the Bank shall be regarded as an original, and all such counterparts shall constitute one amendment.

Section 4.05 Capitalized Terms. Except for proper nouns and as otherwise defined herein, capitalized terms used herein as defined terms shall have the same meanings herein as are ascribed to them in the Existing Credit Agreement, as amended hereby.

Section 4.06 Taxes. The Borrower shall pay any and all stamp and other taxes and fees payable or determined to be payable in connection with the execution, delivery, filing and recording of this Amendment and such other documents and instruments as are delivered in connection herewith and agrees to save the Bank harmless from and against any and all liabilities with respect to or resulting from any delay in paying or omission to pay such taxes and fees.

Section 4.07 Costs and Expenses. The Borrower will pay all costs and expenses of the Bank (including, without limitation, the reasonable fees and the disbursements of the Bank’s counsel, Tucker Arensberg, P.C.) in connection with the preparation, execution and delivery of this Amendment and the other documents, instruments and certificates delivered in connection herewith.

Section 4.08 GOVERNING LAW. THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS HEREUNDER SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE COMMONWEALTH OF PENNSYLVANIA WITHOUT REGARD TO THE PROVISIONS THEREOF REGARDING CONFLICTS OF LAW.

Section 4.09 Headings. The headings of the sections in this Amendment are for purposes of reference only and shall not be deemed to be a part hereof.

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IN WITNESS WHEREOF, the parties hereto, with the intent to be legally bound hereby, have caused this Sixth Amendment to Second Amended and Restated Credit Agreement to be duly executed by their respective proper and duly authorized officers as a document under seal, as of, and effective, nunc pro tunc as of, the day and year first above written.

ATTEST:

By: /s/ PAUL A. MCGRATH (SEAL)

Name: Paul A. McGrath
Title: Secretary

UNIVERSAL STAINLESS & ALLOY PRODUCTS, INC.

By: /s/ RICHARD M. UBINGER (SEAL)

Name: Richard M. Ubinger
Title: Chief Financial Officer

PNC BANK, NATIONAL ASSOCIATION

By: /s/ DAVID B. GOOKIN (SEAL)

Name: David B. Gookin
Title: Vice President

Exhibit 31.1

CERTIFICATIONS

I, Clarence M. McAninch, President and Chief Executive Officer of Universal Stainless & Alloy Products, Inc., certify that:

1. I have reviewed this report on Form 10-Q of Universal Stainless & Alloy Products, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

6. The registrant's other certifying officer(s) and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: August 12, 2003

/s/ C. M. MCANINCH

Clarence M. McAninch
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATIONS

I, Richard M. Ubinger, Vice President of Finance, Chief Financial Officer and Treasurer of Universal Stainless & Alloy Products, Inc., certify that:

1. I have reviewed this report on Form 10-Q of Universal Stainless & Alloy Products, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

6. The registrant's other certifying officer(s) and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: August 12, 2003

/s/ RICHARD M. UBINGER

Richard M. Ubinger
Vice President of Finance,
Chief Financial Officer and Treasurer
(Principal Financial and Accounting Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Universal Stainless & Alloy Products, Inc. (the “Company”) on Form 10-Q for the period ended March 31, 2003 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Clarence M. McAninch, President and Chief Executive Officer of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

UNIVERSAL STAINLESS & ALLOY PRODUCTS, INC.

Date: August 12, 2003

/s/ C. M. MCANINCH

Clarence M. McAninch
President and Chief Executive Officer
(Principal Executive Officer)

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request. This certification accompanies the Form 10-Q and shall not be treated as having been filed as part of the Form 10-Q.

In connection with the Quarterly Report of Universal Stainless & Alloy Products, Inc. (the “Company”) on Form 10-Q for the period ended March 31, 2003 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Richard M. Ubinger, Vice President of Finance, Chief Financial Officer and Treasurer of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

UNIVERSAL STAINLESS & ALLOY PRODUCTS, INC.

Date: August 12, 2003

/s/ RICHARD M. UBINGER

Richard M. Ubinger
Vice President of Finance,
Chief Financial Officer and Treasurer
(Principal Financial and Accounting Officer)

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request. This certification accompanies the Form 10-Q and shall not be treated as having been filed as part of the Form 10-Q.