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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, 2013

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 000-25032

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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of July 31, 2013, there were 6,990,676 shares of the Registrant's Common Stock outstanding.

Universal Stainless & Alloy Products, Inc.
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Part I. **FINANCIAL INFORMATION**

Item 1. **FINANCIAL STATEMENTS**

Universal Stainless & Alloy Products, Inc.

Consolidated Statements of Operations
(Dollars in Thousands, Except Per Share Information)
(Unaudited)

	Three months ended June 30, 2013	Three months ended June 30, 2012	Six months ended June 30, 2013	Six months ended June 30, 2012
Net sales	$ 42,887	$ 67,866	$ 92,022	$ 142,480
Cost of products sold	37,579	56,296	82,068	116,635
Gross margin	5,308	11,570	9,954	25,845
Selling, general and administrative expenses	4,869	4,263	9,348	8,846
Operating income	439	7,307	606	16,999
Interest expense	(837)	(618)	(1,526)	(1,322)
Other income	35	38	63	61
(Loss) income before income taxes	(363)	6,727	(857)	15,738
(Benefit) provision for income taxes	(841)	2,222	(1,375)	4,947
Net income	$ 478	$ 4,505	$ 518	$ 10,791
Net income per common share – Basic	$ 0.07	$ 0.66	$ 0.07	$ 1.57
Net income per common share – Diluted	$ 0.06	$ 0.62	$ 0.06	$ 1.48
Weighted average shares of common stock outstanding				
Basic	6,940,831	6,863,904	6,934,182	6,856,310
Diluted	7,485,405	7,465,260	7,494,125	7,445,391

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

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Universal Stainless & Alloy Products, Inc.

Consolidated Balance Sheets
(Dollars in Thousands)

	June 30, 2013 (Unaudited)	December 31, 2012 (Derived from audited statements)
ASSETS		
Current assets:		
Cash	$ 733	$ 321
Accounts receivable (less allowance for doubtful accounts of $1,824 and $1,837, respectively)	24,290	24,781
Inventory, net	95,148	95,749
Deferred income taxes	9,562	22,739
Refundable income taxes	2,264	1,594
Other current assets	3,562	2,246
Total current assets	135,559	147,430
Property, plant and equipment, net	205,856	206,150
Goodwill	20,268	20,268
Other long-term assets	2,575	2,418
Total assets	$364,258	$ 376,266
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 14,071	$ 10,610
Accrued employment costs	3,892	4,671
Current portion of long-term debt	3,000	1,500
Other current liabilities	1,218	735
Total current liabilities	22,181	17,516
Long-term debt	100,440	105,242
Deferred income taxes	41,224	55,227
Total liabilities	163,845	177,985
Commitments and contingencies (Note 7)		
Stockholders' equity:		
Common stock, par value $0.001 per share; 20,000,000 and 10,000,000 shares authorized, respectively; 7,277,982 and 7,246,933 shares issued, respectively	7	7
Additional paid-in capital	48,964	47,312
Retained earnings	153,633	153,115
Treasury stock at cost; 289,806 and 288,681 common shares held, respectively	(2,191)	(2,153)
Total stockholders' equity	200,413	198,281
Total liabilities and stockholders' equity	$364,258	$ 376,266

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

Universal Stainless & Alloy Products, Inc.

Consolidated Statements of Cash Flows
(Dollars in Thousands)
(Unaudited)

	Six months ended June 30, 2013	Six months ended June 30, 2012
Operating Activities:		
Net income	$ 518	$ 10,791
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	8,279	6,847
Deferred income tax	(826)	10,340
Share-based compensation expense, net of tax benefit	805	672
Changes in assets and liabilities:		
Accounts receivable, net	491	(6,293)
Inventory, net	(57)	(18,749)
Accounts payable	2,612	(4,825)
Accrued employment costs	(779)	(2,575)
Income taxes	(670)	(1,222)
Other, net	(715)	681
Net cash provided by (used in) operating activities	9,658	(4,333)
Investing Activity:		
Purchase of property, plant and equipment, net of amount included in accounts payable	(6,149)	(16,196)
Net cash used in investing activity	(6,149)	(16,196)
Financing Activities:		
Borrowings under revolving credit facility	45,854	78,664
Payments on revolving credit facility	(49,156)	(38,583)
Payment on term loan facility	—	(20,000)
Proceeds from stock options exercised	613	770
Payment of financing costs	(487)	(348)
Purchase of treasury stock	(38)	(233)
Tax benefit from share-based compensation expense	117	165
Net cash (used in) provided by financing activities	(3,097)	20,435
Net increase (decrease) in cash	412	(94)
Cash at beginning of period	321	274
Cash at end of period	$ 733	$ 180
Supplemental Non-Cash Investing Activity:		
Purchase of property, plant and equipment included in accounts payable	$ 849	$ 3,865

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

Notes to the Unaudited Consolidated Financial Statements

1. Nature of Business and Basis of Presentation

Universal Stainless & Alloy Products, Inc., and its wholly-owned subsidiaries ("Universal", "we", "our" or the "Company"), manufacture and market semi-finished and finished specialty steel products, including stainless steel, tool steel and certain other alloyed steels. Our manufacturing process involves melting, remelting, heat treating, hot and cold rolling, forging, machining and cold drawing of semi-finished and finished specialty steels. Our products are sold to service centers, forgers, rerollers, original equipment manufacturers and wire redrawers. Our customers further process our products for use in a variety of industries, including the aerospace, power generation, oil and gas and heavy equipment manufacturing industries. We also perform conversion services on materials supplied by customers that lack certain of our production capabilities or are subject to their own capacity constraints.

The accompanying unaudited consolidated statements include the accounts of Universal Stainless & Alloy Products, Inc. and its subsidiaries and are prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") for interim financial reports and the instructions for Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, certain information and footnote disclosures normally included in financial statements prepared under U.S. GAAP have been condensed or omitted pursuant to such regulations. However, we believe that the disclosures are adequate to make the information presented not misleading. These consolidated financial statements should be read in conjunction with our most recently audited financial statements and the notes thereto included in our Annual Report on Form 10-K as filed with the SEC. In the opinion of management, the accompanying financial statements include all adjustments necessary to present a fair presentation of the consolidated financial statements for the periods shown. Interim results are not necessarily indicative of the operating results for the full fiscal year or any future period. The preparation of these financial statements in conformity with U.S. GAAP requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and disclosure of contingent assets and liabilities. Actual results may differ from our estimates. The consolidated financial statements include our accounts and the accounts of our wholly–owned subsidiaries. All intercompany transactions and balances have been eliminated.

As a result of our North Jackson acquisition, our operating facilities have become more integrated, resulting in our chief operating decision maker ("CODM") viewing the Company as one business unit. Our CODM sets performance goals, assesses performance and makes decisions about resource allocations on a consolidated basis. As a result of these factors, as well as the nature of the financial information available which is reviewed by our CODM, we commenced reporting as one reportable segment beginning with the three months ended March 31, 2013.

Certain prior period amounts have been reclassified to conform to the 2013 presentation.

2. Goodwill

The following is a summary of the changes in the carrying value of goodwill from December 31, 2012 through June 30, 2013 (dollars in thousands):

Balance, December 31, 2012	$20,268
Change in goodwill	—
Balance, June 30, 2013	$20,268

Notes to the Unaudited Consolidated Financial Statements

3. Net Income per Common Share

The following table sets forth the computation of basic and diluted net income per common share:

(dollars in thousands, except per share amounts)	Three months ended June 30, 2013	Three months ended June 30, 2012	Six months ended June 30, 2013	Six months ended June 30, 2012
Numerator:				
Net income	$ 478	$ 4,505	$ 518	$ 10,791
Adjustment for interest expense on convertible notes (A)	(32)	104	(65)	212
Net income, as adjusted	$ 446	$ 4,609	$ 453	$ 11,003
Denominator:				
Weighted average number of shares of common stock outstanding	6,940,831	6,863,904	6,934,182	6,856,310
Weighted average effect of assumed conversion of convertible notes	428,888	428,888	428,177	428,173
Weighted average effect of dilutive stock options and other stock compensation	115,686	172,468	131,766	160,908
Weighted average number of shares of common stock outstanding, as adjusted	7,485,405	7,465,260	7,494,125	7,445,391
Net income per common share:				
Net income per common share – Basic	$ 0.07	$ 0.66	$ 0.07	$ 1.57
Net income per common share – Diluted	$ 0.06	$ 0.62	$ 0.06	$ 1.48

(A) The adjustment for interest expense on convertible notes is net of tax. For the three and six months ended June 30, 2013, the adjustment is a reduction to net income as a result of our annualized effective tax rate for 2013.

We had granted options to purchase 321,000 and 5,000 shares of common stock at an average price of $35.96 and $42.50 for the three months ended June 30, 2013 and 2012, respectively, that were not included in the computation of diluted net income per common share. For the six months ended June 30, 2013 and 2012, we had granted options to purchase 250,000 and 20,000 shares of common stock at an average price of $37.08 and $41.75, respectively, which were excluded from the computation of diluted net income per common share. These outstanding options were not included in the computation of diluted net income per common share because their respective exercise prices were greater than the average market price of our common stock.

4. Inventory

Our inventory consists of raw materials, primarily comprised of ferrous and non-ferrous scrap metal and alloys such as nickel, chrome, molybdenum, manganese and copper. Our semi-finished and finished steel products are work-in-process in various stages of production before the end product or is finished product waiting to be shipped to our customers. Inventory is stated at the lower of cost or market with cost principally determined on a weighted average cost method. Such costs include the acquisition cost for raw materials and supplies, direct labor and applied manufacturing overhead within the guidelines of normal plant capacity. We assess market based upon actual and estimated transactions at or around the balance sheet date. Provisions are made for slow-moving inventory based upon the age of the stock material. Operating supplies are primarily comprised of forge dies and production molds and rolls that are consumed over their useful lives. Inventories consisted of the following:

(in thousands)	June 30, 2013	December 31, 2012
Raw materials and starting stock	$ 6,965	$ 8,292
Semi-finished and finished steel products	79,848	79,870
Operating supplies	8,335	7,587
Total inventory, net	$ 95,148	$ 95,749

Notes to the Unaudited Consolidated Financial Statements

5. Long-Term Debt

Our long-term debt consisted of the following:

(in thousands)	June 30, 2013	December 31, 2012
Revolving credit facility	$ 61,350	$ 64,350
Term loan	20,000	20,000
Convertible notes	20,000	20,000
Swing loan credit facility	2,090	2,392
	103,440	106,742
Less: current portion of long-term debt	3,000	1,500
Long-term debt	$100,440	$ 105,242

Credit Facility

On August 18, 2011, we entered into a Credit Agreement (the “Credit Agreement”) with a syndication of banks which provides for a senior secured revolving credit facility (the “Revolver”) and a senior secured term loan facility (the “Term Loan” and together with the Revolver, the “Facilities”). PNC Bank, National Association serves as Administrative Agent with respect to the Facilities. On March 19, 2012, we entered into the First Amendment to Credit Agreement and on March 29, 2013, we entered into the Second Amendment to Credit Agreement (together with the Credit Agreement and the First Amendment to Credit Agreement, the “Amended Credit Agreement”). The Amended Credit Agreement provides for a $105.0 million Revolver and a $20.0 million Term Loan. The First Amendment to Credit Agreement extended the expiration date from August 2016 to March 2017, provided additional availability under the Facilities and reduced our fees and interest rates. The Second Amendment to Credit Agreement provided additional flexibility under the Credit Agreement’s financial covenants. The Facilities are collateralized by substantially all of the assets of the Company and its subsidiaries, except that no real property other than the North Jackson facility is collateral under the Facilities. Universal Stainless & Alloy Products, Inc., Dunkirk Specialty Steel, LLC and North Jackson Specialty Steel, LLC are co-borrowers under the Facilities. The co-borrowers’ obligations under the Facilities have been guaranteed by USAP Holdings, Inc. In conjunction with the amendments to the Credit Agreement, we incurred additional financing costs of $487,000 and $348,000 during the six months ended June 30, 2013 and 2012, respectively. These financing costs are included on the consolidated balance sheets as a component of other long-term assets and are being amortized over the life of the related financial instrument using the straight-line method, which approximates the effective interest method.

At any time prior to August 18, 2015, we may make up to two requests to increase the maximum aggregate principal amount of borrowings under the Revolver by at least $10.0 million, with the maximum aggregate principal amount of borrowings under the Revolver not to exceed $130.0 million. We are required to pay a commitment fee of 0.25% based on the daily unused portion of the Revolver. The Revolver also provides for up to $7.0 million of swing loans so long as the sum of the outstanding swing loans and the outstanding borrowings under the Revolver does not exceed $105.0 million at any given time. The Term Loan is payable in quarterly installments in the principal amount of $750,000 beginning on July 1, 2013, with the balance of the Term Loan payable in full on March 19, 2017.

Amounts outstanding under the Facilities, at our option, will bear interest at either a base rate or a LIBOR-based rate (the “LIBOR Option”), in either case calculated in accordance with the terms of the Amended Credit Agreement. We elected to use the LIBOR Option during the six months ended June 30, 2013, which was 2.2% at June 30, 2013. Interest on the Facilities is payable monthly.

The Amended Credit Agreement requires us to maintain a leverage ratio not exceeding a ratio decreasing from 3.75 to 1.00 to 2.75 to 1.00 during the term of the Facilities. Additionally, we are required to maintain a fixed charge coverage ratio not less than a ratio increasing from 1.10 to 1.00 to 1.20 to 1.00 during the term of the Facilities. At June 30, 2013, we were obligated to maintain a leverage ratio not exceeding 3.75 to 1.00 and a fixed charge coverage ratio not less than 1.10 to 1.00. We were in compliance with all covenants contained in the Amended Credit Agreement at June 30, 2013 and December 31, 2012.

Notes to the Unaudited Consolidated Financial Statements

Convertible Notes

In connection with our acquisition of the North Jackson facility on August 18, 2011, the Company issued $20.0 million in convertible notes (the "Notes") to the sellers of the North Jackson facility as partial consideration of the transaction. The Notes are subordinated obligations of the Company and rank junior to the Facilities. The Notes bear interest at a fixed rate of 4.0% per annum, payable in cash semi-annually in arrears on each June 18 and December 18, beginning on December 18, 2011. Unless earlier converted, the Notes mature and the unpaid principal balance is due on August 17, 2017. The Notes and any accrued and unpaid interest are convertible into shares of the Company's common stock at the option of the holder at an initial conversion price of $47.1675 per share of common stock. The conversion price associated with the Notes may be adjusted in certain circumstances. We may prepay any outstanding Notes, in whole or in part, on any date after August 17, 2014 during a fiscal quarter if our share price is greater than 140% of the then current conversion price for at least twenty of the trading days in the thirty consecutive trading day period ending on the last trading day of the immediately preceding quarter.

6. Fair Value Measurements

The fair value hierarchy has three levels based on the inputs used to determine fair value, which are as follows:

Level 1 — Unadjusted quoted prices available in active markets for the identical assets or liabilities at the measurement date.

Level 2 — Unadjusted quoted prices in active markets for similar assets or liabilities, or unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.

Level 3 — Unobservable inputs that cannot be corroborated by observable market data and reflect the use of significant management judgment. These values are generally determined using pricing models for which the assumptions utilize management's estimates of market participant assumptions.

The fair value hierarchy requires the use of observable market data when available. In instances where the inputs used to measure fair value fall into different levels of the fair value hierarchy, the fair value measurement has been determined based on the lowest level input significant to the fair value measurement in its entirety. Our assessment of the significance of a particular item to the fair value measurement in its entirety requires judgment, including the consideration of inputs specific to the asset or liability.

Financial instruments include cash, accounts receivable, other current assets, accounts payable, short-term debt and other current liabilities. The carrying amounts of these financial instruments approximated fair value at June 30, 2013 and December 31, 2012 due to their short-term maturities. The fair value of the Term Loan, Revolver and swing loans at June 30, 2013 and December 31, 2012 approximated the carrying amount as the interest rate is based upon floating short-term interest rates (Level 2). At June 30, 2013 and December 31, 2012, the fair value of the Notes (Level 2) approximated the carrying amount.

7. Commitments and Contingencies

From time to time, various lawsuits and claims have been or may be asserted against us relating to the conduct of our business, including routine litigation involving commercial and employment matters. The ultimate cost and outcome of any litigation or claim cannot be predicted with certainty. We believe, based on information presently available, that the likelihood that the ultimate outcome of any such pending matter will have a material adverse effect on our financial condition, or liquidity or a material impact to the results of operations is remote, however the resolution of one or more of these matters may have a material adverse effect on the results of operations for the period in which the resolution occurs.

8. Income Taxes

We estimate the annual effective income tax rate quarterly based on current annual forecasts. Items unrelated to current year ordinary income are recognized entirely in the period identified as a discrete item of tax. The quarterly income tax provision is comprised of tax on ordinary income provided at the most recent estimated annual effective tax rate increased or decreased for the tax effect of discrete items.

For the six months ended June 30, 2013 and 2012, the estimated annual effective tax rate applied to ordinary income was 117.5% and 35.1%, respectively. Our effective tax rate for the three and six months ended June 30, 2013 benefited from a reduced state apportionment factor based upon year-to-date sales and 2013 research and development ("R&D") tax credits. The effective tax rate for the six months ended June 30, 2013, which reflects federal and state taxable income also includes a net discrete tax benefit of $368,000 for 2012 R&D tax credits. The effective tax rate for the six months ended June 30, 2012 was positively affected by a net discrete tax benefit of $578,000 for state income taxes and R&D tax credits, partially offset by a net operating loss carryback.

Notes to the Unaudited Consolidated Financial Statements

Including the effect of the discrete tax items, our effective tax rate for the six months ended June 30, 2013 and 2012 was 160.4% and 31.4%, respectively. For the three months ended June 30, 2013 and 2012, our effective tax rate was 231.7% and 33.0%, respectively.

9. Escrow Agreement

On August 18, 2011, we entered into an escrow agreement with the sellers of the North Jackson facility, pursuant to which $2.5 million of the purchase price of the North Jackson facility was placed in escrow. The escrow agreement remains effective while resolution of claims is completed.

10. Subsequent Event

On July 1, 2013, the Company and the United Steelworkers, representing the hourly employees at our Bridgeville facility, reached a new five-year collective bargaining agreement (the "CBA"). The CBA has been ratified by the bargaining unit and will be effective September 1, 2013 when the existing CBA expires.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains or incorporates forward looking statements within the meaning of the Private Securities Reform Act of 1995, which involves risks and uncertainties. The following information should be read in conjunction with the unaudited consolidated financial information and the notes thereto included in this Quarterly Report on Form 10-Q. You should not place undue reliance on these forward looking statements. Actual events or results may differ materially due to competitive factors and other factors referred to in Part 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2012, our other filings with the Securities and Exchange Commission and elsewhere in this Quarterly Report. These factors may cause our actual results to differ materially from any forward looking statement. These forward looking statements are based on current expectations, estimates, forecasts, and projections about the industry and markets in which we operate, and management's beliefs and assumptions. In addition, other written or oral statements that constitute forward looking statements may be made by us or on our behalf. Words such as "expect," "anticipate," "intend," "plan," "believe," "could," "estimate," "may," "target," "project," or variations of such words and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and involve risks, uncertainties, and assumptions that are difficult to predict.

Business Overview

We manufacture and market semi-finished and finished specialty steel products, including stainless steel, nickel alloys, tool steel and certain other alloyed steels. Our manufacturing process involves melting, remelting, heat treating, hot and cold rolling, forging, machining and cold drawing of semi-finished and finished specialty steels. Our products are sold to rerollers, forgers, service centers, original equipment manufacturers and wire redrawers. Our customers further process our products for use in a variety of industries, including the aerospace, power generation, oil and gas and general industrial markets. We also perform conversion services on materials supplied by customers that lack certain of our production capabilities or are subject to their own capacity constraints.

During the second quarter and first six months of 2013, we have experienced a lower demand for our products as shipments are being negatively impacted by our customers continuing to destock their inventory levels while lower raw material prices, such as nickel, as well as shorter industry lead times, are also causing our customers to delay orders. As such, our tons shipped in the second quarter of 2013 declined by approximately 36% from the second quarter of last year and by 33% during the first six months of 2013 compared to the same prior year period. In addition, second quarter tons shipped were 11% lower than the first quarter of 2013. We are managing through this slower period by flexing our production schedules, which helps to lower our overall operating costs, enacting tighter expense control over costs and focusing our efforts on reducing our inventory levels without sacrificing our ability to meet future customer orders. We recognized an 8% increase in vacuum induction melted ("VIM") tons shipped during the second quarter of 2013 compared to the same prior year period. Also, certain plant costs associated with North Jackson that were incurred in the last half of 2012 and the beginning of 2013 are no longer being incurred, which has contributed to our overall gross margin increasing by 14% from the first quarter of 2013. We are continuing to execute on our strategic plan to produce higher margin premium alloys, launched two years ago when we purchased the North Jackson facility. In furtherance of our plan, we obtained the required Nadcap heat treat accreditation for the balance of our facilities in the second quarter of 2013. This was essential for us to achieve our next objective of winning approvals of our processes and products from leading original equipment manufacturers in the aerospace, power generation and oil and gas industries.

As a result of the North Jackson acquisition, our operating facilities have become more integrated, resulting in our chief operating decision maker ("CODM") viewing the Company as one unit. Our CODM sets performance goals, assesses performance and makes decisions about resource allocations on a consolidated basis. As a result of these factors, as well as the nature of the financial information available which is reviewed by the CODM, we commenced reporting as one reportable segment beginning with the three months ended March 31, 2013.

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Results of Operations

Three months ended June 30, 2013 as compared to the three months ended June 30, 2012

(in thousands, except per shipped ton information)	Three months ended June 30, 2013	2012	Dollar / ton variance	Percentage variance
Net sales:				
Stainless steel	$32,193	$52,286	$(20,093)	(38.4)%
Tool steel	5,118	6,565	(1,447)	(22.0)
High-strength low alloy steel	3,865	5,841	(1,976)	(33.8)
High-temperature alloy steel	805	1,728	(923)	(53.4)
Conversion services and other sales	906	1,446	(540)	(37.3)
Total net sales	42,887	67,866	(24,979)	(36.8)
Cost of products sold:				
Material cost of products sold	22,477	33,759	(11,282)	(33.4)
Operating cost of products sold	11,645	19,639	(7,994)	(40.7)
Depreciation expense	3,457	2,898	559	19.3
Total cost of products sold	37,579	56,296	(18,717)	(33.2)
Gross margin	5,308	11,570	(6,262)	(54.1)
Gross margin as a percentage of net sales	12.4%	17.0%	N/A	N/A
Selling, general and administrative expenses	4,513	4,145	368	8.9
Severance expenses	356	118	238	201.7
Operating income	$ 439	$ 7,307	$ (6,868)	(94.0)
Tons shipped	8,559	13,277	(4,718)	(35.5)
Sales dollars per shipped ton	$ 5,011	$ 5,112	$ (101)	(2.0)%

Market Segment Information

(in thousands)	Three months ended June 30, 2013	2012	Dollar variance	Percentage variance
Net sales:				
Service centers	$29,103	$41,804	$(12,701)	(30.4)%
Forgers	4,433	9,149	(4,716)	(51.5)
Rerollers	5,578	10,426	(4,848)	(46.5)
Original equipment manufacturers	2,867	5,041	(2,174)	(43.1)
Conversion services and other sales	906	1,446	(540)	(37.3)
Total net sales	$42,887	$67,866	$(24,979)	(36.8)%

Melt Type Information

(in thousands)	Three months ended June 30, 2013	2012	Dollar variance	Percentage variance
Net sales:				
Specialty alloys	$40,097	$64,668	$(24,571)	(38.0)%
Premium alloys (A)	1,884	1,752	132	7.5
Conversion services and other sales	906	1,446	(540)	(37.3)
Total net sales	$42,887	$67,866	$(24,979)	(36.8)%

(A) Premium alloys represents all VIM produced products.

We do not sell the majority of our products directly to end markets. The end market information in this Quarterly Report is our estimate based upon our customers and the grade of material sold that they will in-turn sell to the ultimate end market customer.

End Market Information

(in thousands)	Three months ended June 30, 2013	2012	Dollar variance	Percentage variance
Net sales:				
Aerospace	$24,990	$33,721	$ (8,731)	(25.9)%
Heavy equipment	5,518	6,565	(1,047)	(15.9)
Oil & gas	4,484	14,133	(9,649)	(68.3)
Power generation	4,531	8,188	(3,657)	(44.7)
General industrial, conversion services and other sales	3,364	5,259	(1,895)	(36.0)
Total net sales	$42,887	$67,866	$(24,979)	(36.8)%

Net sales:

Net sales for the three months ended June 30, 2013 decreased $25.0 million, or 36.8%, as compared to the similar period in 2012. The decrease reflects a 35.5% decrease in consolidated shipments, for the quarter ended June 30, 2013. Our dollars per shipped ton decreased slightly by 2.0% between periods presented. Sales of premium alloys increased from 2.6% of total sales for the second quarter of 2012 to 4.4% for the second quarter of 2013. Our premium alloys products typically yield a higher cost per pound than our other products and primarily originate in our North Jackson VIM furnace. Shipments of oil and gas products, aerospace products, power generation products, heavy equipment products and general industrial products & conversion services decreased 65%, 15% 38%, 13%, and 54%, respectively, for the quarter ended June 30, 2013, compared to the prior year second quarter. We believe that the decrease in our sales for the second quarter of 2013 is primarily a result of inventory adjustments being made by our customers as well as declining raw material prices and shortened lead times that we believe are encouraging our customers to delay orders.

Cost of products sold and gross margin:

Our cost of products sold, as a percentage of sales, was 87.6% and 83.0% for the quarters ended June 30, 2013 and 2012, respectively. This increase is primarily due to increased depreciation expense as a percentage of sales incurred in the current quarter as compared to the prior year second quarter. On a percentage of sales basis, depreciation expense increased from 4.3% for the quarter ended June 30, 2012 to 8.1% in the current quarter. This increase is a result of the significant amount of fixed assets that have been placed in service over the last two years, primarily at our North Jackson facility, coupled with the aforementioned reduction in sales.

Our gross margin decline in the current quarter is primarily the result of the 36.8% decrease in net sales and the increase in our depreciation expense when compared to the second quarter of 2012.

Selling, general and administrative expenses:

Our total selling, general and administrative (“SG&A”) expenses consist primarily of employee costs, which include salaries, payroll taxes and benefit related costs, legal and accounting services, stock compensation and insurance costs. Our SG&A expenses increased by $0.6 million for the three months ended June 30, 2013 as compared to the similar period in 2012. The increase in SG&A expense in the current quarter is a result of $0.2 million of additional severance expense and increased variable compensation costs when compared to the prior year second quarter. We incurred $0.4 million of severance expense during the quarter ended June 30, 2013 from the departure of a senior executive. SG&A expense for the second quarter of 2012 benefited from the reversal of approximately $0.2 million of variable compensation costs. There was no similar reversal in the second quarter of 2013. SG&A expenses as a percentage of net sales increased from 6.3% for the quarters ended June 30, 2012 to 11.4% for the second quarter of 2013. This increase on a percentage of sales basis is primarily due to maintaining comparable SG&A expenses between periods despite the aforementioned 36.8% decrease in sales in order to stay on schedule with our strategic plan.

Interest expense:

Interest expense increased from $0.6 million for the three months ended June 30, 2012 to $0.8 million in the same period of 2013. This increase is primarily due to higher interest rates incurred on our debt in 2013 when compared to 2012. Our interest rates are determined by a LIBOR-based rate plus an applicable margin based upon achieving covenant levels.

Income tax (benefit) provision:

Our effective tax rate for the quarters ended June 30, 2013 and 2012 was 231.7% and 33.0%, respectively. Our effective tax rate for the quarter ended June 30, 2013 reflects a benefit from a reduced state apportionment factor based upon year–to-date sales. We recognized approximately $0.3 million of income tax benefit in the current quarter as a result of this change in state apportionment factor. Our estimated annual effective tax rate on ordinary income for 2013 is 117.5%.

Net income:

Our net income decreased from $4.5 million or $0.62 per diluted share for the quarter ended June 30, 2012 to $0.5 million or $0.06 per diluted share for the second quarter of 2013 for the reasons stated above.

Six months ended June 30, 2013 as compared to the six months ended June 30, 2012

(in thousands, except per shipped ton information)	Six months ended June 30, 2013	Six months ended June 30, 2012	Dollar / ton variance	Percentage variance
Net sales:				
Stainless steel	$67,670	$112,412	$(44,742)	(39.8)%
Tool steel	10,102	10,870	(768)	(7.1)
High-strength low alloy steel	10,458	12,079	(1,621)	(13.4)
High-temperature alloy steel	2,075	4,169	(2,094)	(50.2)
Conversion services and other sales	1,717	2,950	(1,233)	(41.8)
Total net sales	92,022	142,480	(50,458)	(35.4)
Cost of products sold:				
Material cost of products sold	49,180	71,028	(21,848)	(30.8)
Operating cost of products sold	25,736	39,930	(14,194)	(35.5)
Depreciation expense	7,152	5,677	1,475	26.0
Total cost of products sold	82,068	116,635	(34,567)	(29.6)
Gross margin	9,954	25,845	(15,891)	(61.5)
Gross margin as a percentage of net sales	10.8%	18.1%	N/A	N/A
Selling, general and administrative expenses	8,992	8,728	264	3.0
Severance expenses	356	118	238	201.7
Operating income	$ 606	$ 16,999	$(16,393)	(96.4)
Tons shipped	18,185	27,311	(9,126)	(33.4)
Sales dollars per shipped ton	$ 5,060	$ 5,217	$ (157)	(3.0)%

Market Segment Information

(in thousands)	Six months ended June 30, 2013	Six months ended June 30, 2012	Dollar variance	Percentage variance
Net sales:				
Service centers	$61,612	$ 83,460	$(21,848)	(26.2)%
Forgers	11,062	22,868	(11,806)	(51.6)
Rerollers	11,080	21,422	(10,342)	(48.3)
Original equipment manufacturers	6,551	11,780	(5,229)	(44.4)
Conversion services and other sales	1,717	2,950	(1,233)	(41.8)
Total net sales	$92,022	$142,480	$(50,458)	(35.4)%

Melt Type Information

(in thousands)	Six months ended June 30, 2013	2012	Dollar variance	Percentage variance
Net sales:				
Specialty alloys	$86,219	$134,165	$(47,946)	(35.7)%
Premium alloys	4,086	5,365	(1,279)	(23.8)
Conversion services and other sales	1,717	2,950	(1,233)	(41.8)
Total net sales	$92,022	$142,480	$(50,458)	(35.4)%

We do not sell the majority of our products directly to end markets. The end market information in this Quarterly Report is our estimate based upon our customers and the grade of material sold that they will in-turn sell to the ultimate end market customer.

End Market Information

(in thousands)	Six months ended June 30, 2013	2012	Dollar variance	Percentage variance
Net sales:				
Aerospace	$50,725	$ 70,892	$(20,167)	(28.4)%
Heavy equipment	11,034	10,870	164	1.5
Oil & gas	10,776	29,692	(18,916)	(63.7)
Power generation	10,290	19,384	(9,094)	(46.9)
General industrial, conversion services and other sales	9,197	11,642	(2,445)	(21.0)
Total net sales	$92,022	$142,480	$(50,458)	(35.4)%

Net sales:

Net sales for the six months ended June 30, 2013 decreased $50.5 million or 35.4% as compared to the similar period in 2012. The decrease reflects a 33.4% decrease, for the six months ended June 30, 2013, in consolidated shipments, combined with a change in product mix. Decreased shipments of aerospace products, oil and gas products, power generation products and general industrial products & conversion services of 24%, 64%, 45% and 33%, respectively, were partially offset by an increase in heavy equipment products shipments of 13%, as compared to the six months ended June 30, 2012.

Cost of products sold and gross margin:

Cost of products sold, as a percentage of net sales, was 89.2% and 81.9% for the six months ended June 30, 2013 and 2012, respectively. The increase in cost of products sold is primarily due to increased depreciation expense as a percentage of sales incurred in the six months ended June 30, 2013 when compared to the same prior year period. Depreciation expense as a percentage of sales increased from 4.0% for the six months ended June 30, 2012 to 7.8% for the first half of 2013. This increase is a result of the significant amount of fixed assets that have been placed in service over the last two years, primarily at our North Jackson facility, coupled with the aforementioned decline in sales.

Our gross margin decline in the six months ended June 30, 2013 is primarily the result of the 35.4% decrease in net sales and the increase in our depreciation expense.

Selling, general and administrative expenses:

Our total SG&A expense increased by $0.5 million for the six months ended June 30, 2013 as compared to the similar period in 2012. The increase in severance comprised approximately half of this increase. We incurred $0.4 million of severance expense during the six months ended June 30, 2013 from the departure of a senior executive. There were no other individually significant increases or decreases in our SG&A expense. SG&A expenses as a percentage of net sales increased from 6.2% for the six months ended June 30, 2012 to 10.2% for the current comparable period. This increase on a percentage of sales basis is primarily due to maintaining comparable SG&A expenses between periods despite the aforementioned 35.4% decrease in sales in order to stay on schedule with our strategic plan.

Interest expense:

Interest expense increased from $1.3 million for the six months ended June 30, 2012 to $1.5 million in the same period of 2013. This increase is primarily due to higher interest rates incurred on our debt in 2013 when compared to 2012. Our interest rates are determined by the LIBOR rate plus an applicable margin based upon achieving covenant levels.

Income tax (benefit) provision:

Our effective tax rates for the six months ended June 30, 2013 and 2012 were 160.4% and 31.4%, respectively. Our effective tax rate for the six months ended June 30, 2013 reflects a benefit from a reduced state apportionment factor based upon year–to-date sales. Our effective tax rate for the six months ended June 30, 2013, also includes a net discrete tax benefit of $0.4 million for research and development tax credits. The effective tax rate for the six months ended June 30, 2012 was positively affected by a net discrete tax benefit of $0.6 million for state income taxes and research and development tax credits, partially offset by a net operating loss carryback. Our estimated annual effective tax rate on ordinary income for 2013 is 117.5%.

Net income:

Our net income decreased from $10.8 million or $1.48 per diluted share for the six months ended June 30, 2012 to $0.5 million or $0.06 per diluted share for the first half of 2013 for the reasons stated above.

Liquidity and Capital Resources

We have financed our operating activities primarily through cash provided by operations and borrowings under our credit facilities. Working capital decreased $16.5 million to $113.4 million at June 30, 2013 compared to $129.9 million at December 31, 2012. The decrease in working capital is primarily the result of a reduction in our current deferred income taxes. Our current deferred income taxes decreased by $13.2 million, primarily as a result of moving a portion of our net operating loss carryforwards that had been recorded as current at December 31, 2012 to long-term in 2013. Net accounts receivable decreased $0.5 million, mainly as a result of decreased sales for the quarter ended June 30, 2013 in comparison to the quarter ended December 31, 2012. Our accounts payable balance increased by $3.5 million from our prior year-end, primarily as a result of the timing of vendor purchases and their ensuing payments. Our backlog was $49.2 million at June 30, 2013 as compared to $46.6 million at March 31, 2013 and $51.7 million at December 31, 2012.

Cash received from sales of $47.8 million and $72.2 million for the three months ended June 30, 2013 and 2012, respectively, represent the primary source of cash from operations. The primary uses of cash for the quarter ended June 30, 2013 were raw material purchases of $16.0 million, employment costs of $11.9 million, capital expenditures of $3.8 million and utilities of $3.1 million. For the same period in 2012, primary uses of cash were raw material purchases of $33.6 million, employment costs of $14.2 million, capital expenditures of $11.2 million and utilities of $3.2 million. Our other uses of cash, the largest of which is cash for production supplies, plant maintenance, outside conversion services, insurance, taxes and freight, typically increase or decrease in relation to production volume.

Cash received from sales of $92.0 million and $136.1 million for the six months ended June 30, 2013 and 2012, respectively, represent the primary source of cash from operations. The primary uses of cash for the six months ended June 30, 2013 were raw material purchases of $26.6 million, employment costs of $25.8 million, capital expenditures of $6.1 million and utilities of $6.1 million. For the same period in 2012, primary uses of cash were raw material purchases of $64.9 million, employment costs of $30.6 million, capital expenditures of $16.2 million and utilities of $6.8 million. During the six months ended June 30, 2012, we received a federal tax refund of $4.5 million.

Cash used for raw material purchases and employment costs decreased for both the quarter and six months ended June 30, 2013 in comparison to the comparable period in 2012 primarily due to having a lower backlog of orders at the beginning of 2013 of $51.7 million compared with $102.6 million at the beginning of 2012, which led to the decrease in the quantity of purchased materials and employment costs.

We continuously monitor market price fluctuations of key raw materials. The following table reflects the average market values per pound for selected months during the last 18-month period.

	June 2013	December 2012	June 2012	December 2011
Nickel	$ 6.47	$ 7.90	$ 7.50	$ 8.23
Chrome	$ 1.00	$ 0.98	$ 1.16	$ 1.10
Molybdenum	$10.63	$ 11.38	$13.32	$ 13.42
Carbon scrap	$ 0.16	$ 0.17	$ 0.17	$ 0.21

Sources: Nickel is the daily average LME Cash Settlement Price; Chrome and Molybdenum is the final monthly average as published by Ryan's Notes; Carbon is the consumer price for #1 Industrial Bundles in Pittsburgh, PA area as reported in American Metal Market.

The market values for these raw materials and others continue to fluctuate based on supply and demand, market disruptions and other factors. We maintain sales price surcharge mechanisms on certain of our products, priced at time of shipment, to mitigate the risk of substantial raw material cost fluctuations. There can be no assurance that these sales price surcharge adjustments will completely offset our raw material costs.

The average costs per pound of nickel, chrome, molybdenum, and carbon scrap for the periods presented was as follows:

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
Nickel	$ 6.78	$ 7.78	$ 7.32	$ 8.35
Chrome	$ 1.00	$ 1.18	$ 1.01	$ 1.17
Molybdenum	$10.89	$13.80	$11.14	$14.02
Carbon scrap	$ 0.16	$ 0.19	$ 0.17	$ 0.20

We had capital expenditures for the six months ended June 30, 2013 of $7.0 million, of which $0.8 million were included in accounts payable at the end of the period, compared with $20.1 million in capital expenditures of which $3.9 million were included in accounts payable, for the same period in 2012. The most significant capital expenditures incurred during the six months ended June 30, 2013 and 2012 related to the continued build out of the North Jackson facility, which totaled $3.7 million and $14.6 million, respectively.

On August 18, 2011, we entered into a Credit Agreement (the "Credit Agreement") with a syndication of banks which provides for a senior secured revolving credit facility (the "Revolver") and a senior secured term loan facility (the "Term Loan" and together with the Revolver, the "Facilities"). PNC Bank, National Association serves as Administrative Agent with respect to the Facilities. On March 19, 2012, we entered into the First Amendment to Credit Agreement and on March 29, 2013, we entered into the Second Amendment to Credit Agreement (together with the Credit Agreement and the First Amendment to Credit Agreement, the "Amended Credit Agreement"). The Amended Credit Agreement provides for a $105.0 million Revolver and a $20.0 million Term Loan. The First Amendment to Credit Agreement extended the expiration date from August 2016 to March 2017, provided additional availability under the Facilities and reduced our fees and interest rates. The Second Amendment to Credit Agreement provided additional flexibility under the Credit Agreement's financial covenants. The Facilities are collateralized by substantially all of the assets of the Company and its subsidiaries, except that no real property other than the North Jackson facility is collateral under the Facilities. Universal Stainless & Alloy Products, Inc., Dunkirk Specialty Steel, LLC and North Jackson Specialty Steel, LLC are co-borrowers under the Facilities. The co-borrowers' obligations under the Facilities have been guaranteed by USAP Holdings, Inc. In conjunction with the amendments to the Credit Agreement, we incurred additional financing costs of $0.5 million and $0.3 million during the six months ended June 30, 2013 and 2012, respectively.

At any time prior to August 18, 2015, we may make up to two requests to increase the maximum aggregate principal amount of borrowings under the Revolver by at least $10.0 million, with the maximum aggregate principal amount of borrowings under the Revolver not to exceed $130.0 million. We are required to pay a commitment fee of 0.25% based on the daily unused portion of the Revolver. The Revolver also provides for up to $7.0 million of swing loans so long as the sum of the outstanding swing loans and the outstanding borrowings under the Revolver does not exceed $105.0 million at any given time. The Term Loan is payable in quarterly installments in the principal amount of $750,000 beginning on July 1, 2013, with the balance of the Term Loan payable in full on March 19, 2017.

Amounts outstanding under the Facilities, at our option, will bear interest at either a base rate or a LIBOR-based rate (the "LIBOR Option"), in either case calculated in accordance with the terms of the Amended Credit Agreement. We elected to use the LIBOR Option during the six months ended June 30, 2013, which was 2.2% at June 30, 2013. Interest on the Facilities is payable monthly.

The Amended Credit Agreement requires us to maintain a leverage ratio not exceeding a ratio decreasing from 3.75 to 1.00 to 2.75 to 1.00 during the term of the Facilities. Additionally, we are required to maintain a fixed charge coverage ratio not less than a ratio increasing from 1.10 to 1.00 to 1.20 to 1.00 during the term of the Facilities. At June 30, 2013, we were obligated to maintain a leverage ratio not exceeding 3.75 to 1.00 and a fixed charge coverage ratio not less than 1.10 to 1.00. We were in compliance with all covenants contained in the Amended Credit Agreement at June 30, 2013 and December 31, 2012.

In connection with our acquisition of the North Jackson facility on August 18, 2011, the Company issued $20.0 million in convertible notes (the "Notes") to the sellers of the North Jackson facility as partial consideration of the transaction. The Notes are subordinated obligations of the Company and rank junior to the Facilities. The Notes bear interest at a fixed rate of 4.0% per annum, payable in cash semi-annually in arrears on each June 18 and December 18, beginning on December 18, 2011. Unless earlier converted, the Notes mature and the unpaid principal balance is due on August 17, 2017. The Notes and any accrued and unpaid interest are convertible into shares of the Company's common stock at the option of the holder at an initial conversion price of $47.1675 per share of common stock. The conversion price associated with the Notes may be adjusted in certain circumstances. We may prepay any outstanding Notes, in whole or in part, on any date after August 17, 2014 during a fiscal quarter if our share price is greater than 140% of the then current conversion price for at least twenty of the trading days in the thirty consecutive trading day period ending on the last trading day of the immediately preceding quarter.

We expect to meet all of our short-term liquidity requirements resulting from operations and current capital investment plans with internally generated funds and borrowings under the Revolver.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We have reviewed the status of our market risk and believe there are no significant changes from that disclosed in our Annual Report on Form 10-K for the year ended December 31, 2012, 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

The Company's management, including the Company's President and Chief Executive Officer and its Vice President of Finance, Chief Financial Officer and Treasurer, performed an evaluation of the effectiveness of the Company's disclosure controls and procedures. Based on that evaluation, the Company's Chief Executive Officer and its Vice President of Finance, Chief Financial Officer and Treasurer concluded that, as of the end of the fiscal period covered by this quarterly report, the Company's disclosure controls and procedures were effective. There were no changes in the Company's internal control over financial reporting identified in connection with the evaluation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(f) under the Exchange Act) that occurred during the fiscal quarter ended June 30, 2013 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Part II. OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

There are no material changes from the legal proceedings disclosed in Item 3. of the Company's Annual Report on Form 10-K for the year ended December 31, 2012.

Item 1A. RISK FACTORS

There are no material changes from the risk factors disclosed in Item 1A. of the Company's Annual Report on Form 10-K for the year ended December 31, 2012.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

Item 3. DEFAULTS UPON SENIOR SECURITIES

None.

Item 4. MINE SAFETY DISCLOSURES

Not Applicable.

Item 5. OTHER INFORMATION

None.

Item 6. EXHIBITS

Exhibit Number	Exhibit
3.1	Certificate of Amendment of Restated Certificate of Incorporation dated May 14, 2013 (filed herewith).
10.1	Employment Agreement dated May 6, 2013 between the Company and Michael D. Bornak (filed herewith).
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Rule 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith).
101	The following financial information from this Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2013, formatted in XBRL (Extensible Business Reporting Language) and furnished electronically herewith: (i) the Consolidated Balance Sheets; (ii) the Consolidated Statements of Operations; (iii) the Consolidated Statements of Cash Flows; and (iv) the Notes to the Consolidated Financial Statements (filed herewith).

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.

August 2, 2013

/s/ Dennis M. Oates
Dennis M. Oates
Chairman, President and Chief Executive Officer
(Principal Executive Officer)

/s/ Michael D. Bornak
Michael D. Bornak
Vice President of Finance,
Chief Financial Officer and Treasurer
(Principal Financial and Accounting Officer)

Exhibit 3.1

CERTIFICATE OF AMENDMENT
OF
RESTATED CERTIFICATE OF INCORPORATION
OF
UNIVERSAL STAINLESS & ALLOY PRODUCTS, INC.

UNIVERSAL STAINLESS & ALLOY PRODUCTS, INC. (the "Corporation"), a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware, DOES HEREBY CERTIFY:

FIRST: That a resolution was adopted by the Board of Directors of the Corporation duly setting forth the proposed amendment of the Certificate of Incorporation of the Corporation, declaring said amendment to be advisable and directing that it be submitted to the sole voting stockholder of the Corporation for approval and adoption. The resolution setting forth the proposed amendment is as follows:

RESOLVED, that Section 1(a) of ARTICLE FOURTH of the Corporation's Restated Certificate of Incorporation shall be amended to read in its entirety as follows:

The total number of shares of all classes of stock which the Corporation shall have authority to issue is Twenty-Two Million (22,000,000) shares, consisting of (i) Twenty Million (20,000,000) shares of common stock, $.001 par value per share (the "Common Stock"), and (ii) Two Million (2,000,000) shares of preferred stock, $.001 par value per share (the "Preferred Stock"), of which 20,000 has been designated Senior Preferred Stock (the "Senior Preferred Stock").

SECOND: Pursuant to a resolution of its Board of Directors, a meeting of stockholders of the Corporation was duly called and held on May 14, 2013, upon notice in accordance with Section 222 of the Delaware General Corporation Law, at which meeting the necessary number of shares as required by statute were voted in favor of said amendment.

THIRD: That said amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, the Corporation has caused this certificate to be signed by a duly authorized officer on this 14th day of May, 2013.

UNIVERSAL STAINLESS & ALLOY PRODUCTS, INC.

By: /s/ Dennis M. Oates
Name: Dennis M. Oates
Title: Chairman, President and Chief Executive Officer

Exhibit 10.1

EMPLOYMENT AGREEMENT

THIS AGREEMENT made as of the 6th day of May 2013, by and between UNIVERSAL STAINLESS & ALLOY PRODUCTS, INC., a Delaware corporation (the "Company"), and Michael D. Bornak (the "Executive").

WITNESSETH:

In consideration of the covenants and agreements herein contained, and intending to be legally bound hereby, the Company and Executive agree as follows:

Article 1. - Employment

1.1. Employment. The Company agrees to employ Executive, and Executive agrees to serve the Company, for the period stated in Article 2 hereof (the "Term of Employment") and upon the other terms and conditions herein provided.

1.2. Position and Responsibilities. The Company employs Executive, and Executive agrees to serve as Vice President of Finance, Chief Financial Officer and Treasurer of the Company and to accept such other responsibilities as may be assigned to Executive by the Company from time to time during the Term of Employment.

1.3. Duties. During the Term of Employment, Executive shall devote all of his business time, attention, skill and efforts to the faithful performance of his duties hereunder.

Article 2. - Term

The Term of Employment shall commence as of June 3, 2013 (the "Effective Date"), and shall continue until May 31, 2014 (the "Initial Term"). Thereafter, subject to the termination provisions of this Agreement, this Agreement will be automatically extended for successive one year terms unless either party provides written notice to the other party on or before April 1 of any year, of his or its election not to extend the term of this Agreement.

Article 3. - Compensation

3.1. Salary. As compensation to the Executive for the performance of services hereunder, the Company shall pay to the Executive an annual base salary (the "Salary") of $230,000.00. Installments of the Salary shall be paid to the Executive in accordance with the standard procedure of the Company, which at the present time is once every two weeks. During the period of this Agreement, Executive's salary shall be reviewed at least annually and may be increased if the Board of Directors of the Company acting after approval of the Compensation Committee, determines that an increase is appropriate on the basis of the types of factors it generally takes into account in increasing the salaries of employees similarly situated in the Company.

3.2. Reimbursement of Expenses. The Company will reimburse the Executive for those customary and necessary business expenses incurred by him in the performance of his duties and activities on behalf of the Company. Except as provided in this Agreement, such expenses will be reimbursed only on presentation by the Executive of appropriate documentation to substantiate such expenses pursuant to the policies and procedures of the Company governing reimbursement of business expenses to its executives.

3.3. Participation in Plans. The Executive shall be entitled to participate in any life, medical, dental, health, hospitalization, travel, accident and/or disability insurance plans and in any sick leave and/or salary continuation plan, vacation (which shall not be less than three (3) weeks per calendar year), holiday pay, retirement or employee benefit plan or program generally offered by the Company to its salaried employees. In addition, Executive shall be entitled to participate in the variable incentive compensation plan and the perquisites described on Schedule A attached hereto.

Article 4. - Termination of Employment

4.1. Definitions. For the purposes hereof:

(a) "**Disability**" shall be deemed to have occurred when the Executive is eligible, due to a health condition, to collect benefits under the Company's short term disability plan and has been determined by the Board of Directors to be unable to perform substantially the duties associated with the Executives position for a period of three months.

(b) "**Cause**" shall mean any of the following: (i) Executive's personal dishonesty or willful misconduct; (ii) Executive's willful violation of any law or material rule or regulation, provided that such violation is demonstrably injurious to the assets, operations or business prospects of the Company; (iii) the conversion or embezzlement for the personal benefit of the Executive of corporate funds or property or a material business opportunity of the Company; (iv) the misuse by the Executive for his personal benefit of any trade secrets or other information of the Company in violation of the provisions of Article 7 of this Agreement; or (v) Executive's material breach of any other provision of this Agreement which is not cured within thirty (30) days of receipt of notice of such breach from Company.

(c) "**Good Reason**" shall, absent the Executive's consent to such action, mean the occurrence of any one of the following: (i) following a Change of Control, the removal of the Executive as Vice President of Finance, Chief Financial Officer and Treasurer (by reason other than death, Disability or Cause); (ii) any breach by the Company of a material obligation under this Agreement; (iii) a substantial and material alteration in the nature or status of Executive's duties and responsibilities that renders the Executive's position to be of substantially less responsibility or scope; (iv) a material reduction by the Company in the Executive's Salary, except for proportional across-the-board salary reductions similarly affecting all senior executives of the Company; or (v) any material reduction by the Company of the benefits, taken as a whole, enjoyed by the Executive on the date of this Agreement under any savings, life insurance, medical, health and accident, disability or other employee welfare benefit plans or programs, including vacation programs, provided that this paragraph (v) shall not apply to any proportional across the board reduction or action similarly affecting all senior executives of the Company.

Notwithstanding the foregoing, no event of "Good Reason" shall be deemed to have occurred unless Executive provides to the Chairman of the Compensation Committee of the Board of Directors of the Company written notice of the facts and circumstances which Executive believes constitutes Good Reason under this Section 4.1(c) within 30 days of such initial occurrence and such facts and circumstances are not corrected or otherwise cured by the Company within thirty (30) days of receipt thereof. Termination by Executive for Good Reason must occur within 90 days of the initial occurrence of the Good Reason event.

For purposes of this Agreement, a Change of Control shall be deemed to have occurred on the earlier of (x) if, in any transaction or series of related transactions consummated in a ninety day period, more than fifty percent (50%) of the then outstanding voting common stock of the Company is sold to a person or group; (y) a merger or consolidation of the Company and another entity in which the Company is not the surviving corporation or in which more than fifty percent(50%) of the equity ownership of the Company changes, or (z) the sale of 50% or more of all of the assets of the Company.

(d) "**Notice of Termination**" shall mean written notice which shall indicate the specific termination or resignation provisions in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for such termination or resignation under the provision so indicated and the Company shall submit to the Executive a certified statement signed by the Chairman of the Compensation Committee of the Board of Directors of the Company approving such termination in the case of a Termination by the Company for Cause or Without Cause.

(e) "**Date of Termination**" shall mean the date specified in the Notice of Termination as the effective date the Executive's employment is terminated for any reason or the Executive's effective date of resignation, whichever is earlier.

Article 5. - Compensation Upon Termination

5.1. Death. If the Executive's employment hereunder terminates by reason of his death, his beneficiaries shall be entitled to receive from the Company such amounts as are then provided pursuant to plans, programs or arrangements currently in effect or as approved from time to time by the Board of Directors.

5.2. Disability. If the Executive's employment hereunder terminates by reason of his Disability, the Executive shall be entitled to receive such amounts as are then provided pursuant to Company's then existing disability plans, programs or arrangements. Notwithstanding any provisions herein to the contrary, the Executive shall be entitled to receive all benefits to which the Executive is entitled as a terminated employee under the terms of any of the Company's qualified employee benefit plans and any other plan, program or arrangement relating to retirement or other benefits including, without limitation, any employee stock ownership plan or any plan now in effect or which is established (with approval of the Board of Directors) as a supplement to any of the forenamed plans, except as otherwise provided in such plans as a result of the Executive's termination of employment.

5.3. Cause. If the Executive's employment hereunder is terminated by the Company for Cause, the Company shall pay to the Executive his full base Salary through the Date of Termination but at a rate no greater than that in effect at the time Notice of Termination is given, and the Company shall have no further obligations to the Executive under this Agreement.

5.4. By the Company Without Cause or by the Executive by Resignation for Good Reason. If the Executive's employment hereunder is terminated by the Company without Cause or is terminated by the Executive pursuant to his resignation for Good Reason, then the Executive shall be entitled to the benefits provided below, which shall constitute complete satisfaction of the obligations of the Company to the Executive under this Agreement:

(a) The Company shall pay the Executive his prorated annual base Salary through the Date of Termination at the rate in effect at the time Notice of Termination is given.

(b) Subsequent to the Date of Termination: if the Executive has been employed by the Company for less than twelve full months the Company shall pay as severance pay to the Executive, a lump sum severance payment equal to the number of full months that the Executive was employed by the Company at the rate in effect at the time Notice of Termination is given; if the Executive was employed by the Company for twelve full months or more, the Company shall pay as severance pay to the Executive, a lump sum severance payment equal to 12 months of the Executive's base monthly Salary at the rate in effect at the time Notice of Termination is given. Any such payment referred to in this section shall be less applicable taxes and mandatory deductions, paid on or before the 30th calendar day after the Date of Termination.

(c) The Company will provide health care benefits under the group policies covering the other corporate employees covering Medical, Dental, Vision and Prescription Drugs, subject to any changes made to the group policies, as provided prior to the Date of Termination for the Executive and eligible dependents, that were covered prior to any Date of Termination, for a period of : if the Executive has been employed by the Company for less than twelve full months the Company, the number of full months that the Executive was employed by the Company at no cost to the Executive; if the Executive was employed by the Company for twelve full months or more, twelve (12) months at no cost to the Executive. This period of coverage will not reduce the eligible COBRA period.

(d) The Executive shall not be required to mitigate the amount of any payments provided for in this Agreement by seeking other employment or otherwise, nor shall the amount of any payment provided for in this Agreement be reduced by any compensation earned by the Executive as the result of employment by another employer, or otherwise.

(e) Notwithstanding any provisions herein to the contrary, the Executive shall be entitled to receive all benefits to which the Executive is entitled as a terminated employee under the terms of any of the Company's qualified employee benefit plans and any other plan, program or arrangement relating to retirement or other benefits including, without limitation, any employee stock ownership plan or any plan now in effect or which is established (with approval of the Board of Directors) as a supplement to any of the forenamed plans, except as otherwise provided in such plans as a result of the Executive's termination of employment.

Article 6. - Duties of Executive After Termination of Employment

Following any termination of Executive's employment and for a period of ninety (90) days thereafter, the Executive shall fully cooperate with the Company in all matters relating to the winding up and orderly transfer of the Executive's work on behalf of the Company. Not later than the effective date of any termination of the employment, the Executive will immediately deliver to the Company any and all of the Company's property of any kind or nature whatsoever in the Executive's possession, custody or control, including, without limitation any and all Confidential Information as that term is defined in Section 7 of this Agreement.

Article 7. - Confidential Information; Invention Assignment

7.1. Confidential Relationship. Executive understands and agrees that all company manuals, company policies, marketing plans and surveys, product designs, schematics, specifications and product location and installation data, formulae, processes, methods, machines, compositions, customer information, ideas, inventions, financial information and plans of the Company and all records, correspondence, files, customer lists, data and other information pertaining to or concerning the Company, its principals, vendors and customers (collectively the "**Confidential Information**") contain valuable confidential information that is owned by the Company, and, therefore, that during the period of employment hereunder and at all times thereafter, Executive shall not utilize such Confidential Information for his own benefit or for the benefit of any person or entity other than the Company, nor shall he divulge or communicate any such Confidential Information to any person or entity without the express authorization of the Company. Confidential Information shall not include any information that is or becomes generally available to the public other than as a result of a disclosure by Executive. The Executive agrees that, on the termination of his employment, he will immediately surrender to the Company any and all Confidential Information in his possession pertaining to the Company and its business.

7.2. Assignment of Rights. All inventions, discoveries, designs, developments, technology, computer programs, writings and reports that are made or conceived of by the Executive in the course of his employment with the Company, whether or not patentable or copyrightable, shall become and remain the sole property of the Company without additional compensation to Executive. The Executive recognizes that all such works shall be considered works-for-hire and hereby transfers and assigns any right, title, copyright and interest that Executive acquires in such works to the Company and will, from time to time, give the Company all reasonable assistance, execute all papers and do all things that may reasonably be required to protect and preserve the rights of the Company in such works.

7.3. No Breach of Other Obligations. The Executive represents that, in the course of performing services for the Company, he will not breach any agreement he may have with others with respect to confidential information, and will not bring to the Company or use in any way any materials or documents obtained from others under an agreement of confidentiality.

Article 8. - Source of Payments

All payments provided for under this Agreement shall be paid in cash from the general funds of the Company and no special or separate fund shall be established and no other segregation of assets shall be made to assure payment. No trust or fiduciary relationship with respect to payments shall be deemed created hereby and, to the extent that any person acquires a right to receive payments hereunder, such right shall be no greater than the rights of a general creditor of the Company.

Article 9. - Miscellaneous

9.1. Indulgences, Etc. Neither the failure nor any delay on the part of either party to exercise any right, remedy, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege preclude any other or further exercise of the same or of any other right, remedy, power or privilege, nor shall any waiver of any right, remedy, power or privilege with respect to any occurrence be construed as a waiver of such right, remedy, power or privilege with respect to any other occurrence.

9.2. Notices. All notices or communications hereunder shall be in writing, addressed as follows:

To the Company:

Dennis M. Oates, Chairman, CEO and President
Universal Stainless & Alloy Products, Inc.
600 Mayer Street
Bridgeville, PA 15017

To the Executive:

Mr. Michael D. Bornak
153 Penncrest Circle
White Oak, PA 15131

Any such notice or communication shall be sent by certified or registered mail, return receipt requested, postage prepaid, addressed as above (or to such other address as such party may designate in writing from time to time), and the actual date of receipt, as shown by the receipt therefore, shall determine the time at which notice was given.

9.3. Assignment; Agreement. This Agreement shall be binding upon and inure to the benefit of the heirs and personal representatives of the Executive and the successors and assigns of the Company, but neither this Agreement nor any rights hereunder shall be assignable or otherwise subject to hypothecation by the Executive.

9.4. Entire Agreement; Amendment. This Agreement represents the entire agreement of the parties with respect to the subject matter hereof. This Agreement may be amended or any provision hereof waived at any time only by written agreement of the parties hereto.

9.5. Governing Law. This Agreement and its validity, interpretation, performance and enforcement shall be governed by the laws of the Commonwealth of Pennsylvania, other than the conflict of law provisions of such laws.

9.6. Severability. If, for any reason, any provision of this Agreement is held invalid, such invalidity shall not affect any other provision of this Agreement not held so invalid, and each such other provision shall to the full extent consistent with law continue in full force and effect. If any provision of this Agreement shall be held invalid in part, such invalidity shall in no way affect the remainder of such provision that is not held so invalid, and the remainder of such provision, together with all other provisions of this Agreement, shall to the full extent consistent with law continue in full force and effect.

9.7. Headings. The Article and Section headings in this Agreement are for convenience of reference only; they form no part of this Agreement and shall not affect its interpretation.

9.8. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Company and the Executive have duly executed this Agreement as of the day and year first written above.

UNIVERSAL STAINLESS & ALLOY PRODUCTS, INC.

By: /s/ Dennis M. Oates
Dennis M. Oates
Chairman, CEO and President

EXECUTIVE

/s/ Michael D. Bornak
Michael D. Bornak

Schedule A
Incentive Compensation and Stock Options

1. Incentive Compensation. Executive will be entitled to participate in the Company's variable incentive compensation plan. The maximum award under such plan for the Executive shall be 100% of his annual base Salary. Note the bonus is prorated to length of service in the first year. A guaranteed minimum incentive compensation award for 2013 based commencing employment on June 3, 2013 and continued employment until the payout is made on or before March 15, 2014, for Executive shall be $115,000.00. In addition, provided that the eligibility requirements are met, the 2014 Variable Compensation will be guaranteed to be a minimum of $75,000. The applicable guaranteed Variable Compensation shall be payable should following a Change of Control result in your removal as Vice President of Finance, Chief Financial Officer and Treasurer (by reason other than Death, Disability or Cause). For purposes of this Offer of Employment, a Change of Control shall be deemed to have occurred on the earlier of (x) if, in any transaction or series of related transactions consummated in a ninety day period, more than fifty percent (50%) of the then outstanding voting common stock of the Company is sold to a person or group; (y) a merger or consolidation of the Company and another entity in which the Company is not the surviving corporation or in which more than fifty percent(50%) of the equity ownership of the Company changes, or (z) the sale of 50% or more of all of the assets of the Company.

2. **Stock Options.** Executive shall be granted 15,000 stock options pursuant to the Company's stock option plan. The exercise price of the stock options will be the closing price of the Company's common stock on the day preceding the Effective Date or, if there were no sales on such date, on the last date preceding such date on which a sale was reported. One fourth of the stock options will vest on each of the first four anniversaries of the Effective Date. All stock options shall be subject to the terms and conditions of a separate stock option agreement to be entered into by Executive and the Company. The stock options shall, subject to a Change in Control, vest upon such consummation.

For purposes of this provision a Change in Control means, and shall be deemed to have occurred upon the occurrence of, any one of the following events:

(a) The acquisition in one or more transactions, other than from the Company, by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act), other than the Company, a Subsidiary or any employee benefit plan (or related trust) sponsored or maintained by the Company or a Subsidiary, of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of a number of the Company's Voting Securities in excess of 30% of the Company's Voting Securities;

(b) The consummation (i.e. closing) of a reorganization, merger or consolidation involving the Company, unless, following such reorganization, merger or consolidation, all or substantially all of the individuals and entities who were the respective beneficial owners of the Outstanding Common Stock and the Company's Voting Securities immediately prior to such reorganization, merger or consolidation, following such reorganization, merger or consolidation beneficially own, directly or indirectly, more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors or trustees, as the case may be, of the entity resulting from such reorganization, merger or consolidation in substantially the same proportion as their ownership of the Outstanding Common Stock and the Company's Voting Securities immediately prior to such reorganization, merger or consolidation, as the case may be;

(c) The consummation (i.e. closing) of a sale or other disposition of all or substantially all the assets of the Company, unless, following such sale or disposition, all or substantially all of the individuals and entities who were the respective beneficial owners of the Outstanding Common Stock and the Company's Voting Securities immediately prior to such sale or disposition, following such sale or disposition beneficially own, directly or indirectly, more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors or trustees, as the case may be, of the entity purchasing such assets in substantially the same proportion as their ownership of the Outstanding Common Stock and the Company's Voting Securities immediately prior to such sale or disposition, as the case may be; or

(d) A complete liquidation or dissolution of the Company.

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Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Dennis M. Oates, 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 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 of internal control over financial reporting, 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.

Date: August 2, 2013

/s/ Dennis M. Oates
Dennis M. Oates
Chairman, President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Michael D. Bornak, 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 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 of internal control over financial reporting, 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.

Date: August 2, 2013

/s/ Michael D. Bornak

Michael D. Bornak
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 June 30, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned, in the capacities and on the dates indicated below, 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 his 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.

August 2, 2013

/s/ Dennis M. Oates
Dennis M. Oates
Chairman, President and Chief Executive Officer
(Principal Executive Officer)

/s/ Michael D. Bornak
Michael D. Bornak
Vice President of Finance,
Chief Financial Officer and Treasurer
(Principal Financial and Accounting Officer)