



Universal Stainless Reports 141% Increase in Net Income for 2000

BRIDGEVILLE, Pa., Jan. 23, 2001 -- Universal Stainless & Alloy Products, Inc. (Nasdaq:USAP) today announced net income for the year ended December 31, 2000 increased 141% to \$5,064,000 compared to \$2,103,000 for the year ended December 31, 1999.

Earnings per diluted share were \$0.83 compared to \$0.34 in the prior year. Net sales in 2000 rose 14% to \$75.9 million compared to net sales in 1999 of \$66.7 million before giving effect to an accounting change described below.

Commenting on these results, Mac McAninch, President and Chief Executive Officer of Universal Stainless, stated, "In a year when the steel industry experienced considerable difficulty, Universal Stainless made solid progress and increased its earnings. Increased sales of our power generation, aerospace and petrochemical products more than offset the impact of lower sales of our commodity products due to increased imports. The favorable mix of products shipped during the year enabled us to achieve the highest operating margin in the past three years despite higher natural gas costs."

Mr. McAninch continued, "Higher rates caused our natural gas costs to increase by more than \$400,000 in the fourth quarter of 2000 in comparison to the fourth quarter of 1999. Since this unprecedented rise in costs is not projected to dissipate in the foreseeable future, I am optimistic that our announced natural gas surcharge scheduled to take effect with shipments beginning on February 1, 2001 will help offset our higher natural gas costs."

Mr. McAninch concluded, "The continued strength of the power generation, aerospace and petrochemical markets will create opportunities to increase our sales of nickel-based and high-strength, low alloy products. These opportunities, further supported by increased service center activity within selected stainless and tool steel market niches, provide us with a positive outlook for further growth in revenues and earnings in 2001."

The financial results for the fourth quarter and year ended December 31, 2000, excluding the effect of conforming to recent interpretations of the Securities and Exchange Commission's (SEC) Staff Accounting Bulletin No. 101, Revenue Recognition in Financial Statements ("SAB 101") are as follows:

	Quarter Ended December 31, 2000	Year Ended December 31, 1999	Quarter Ended December 31, 2000	Year Ended December 31, 1999
Net sales	\$17,975,000	\$20,580,000	\$75,885,000	\$66,663,000
EBITDA	\$ 3,065,000	\$ 2,311,000	\$11,459,000	\$ 5,844,000
Net income	\$ 1,364,000	\$ 1,168,000	\$ 5,064,000	\$ 2,103,000
Earnings per diluted share	\$ 0.22	\$ 0.19	\$ 0.83	\$ 0.34

The financial results, including the effect of conforming to SAB 101, are as follows:

	Quarter Ended December 31, 2000	Year Ended December 31, 1999	Quarter Ended December 31, 2000	Year Ended December 31, 1999
Net sales	\$33,468,000	\$20,580,000	\$88,347,000	\$66,663,000
Income before cumulative effect of accounting change	\$ 3,587,000	\$ 1,168,000	\$ 6,610,000	\$ 2,103,000

Cumulative

effect of accounting change					\$(1,546,000)
Net income	\$ 3,587,000	\$ 1,168,000	\$ 5,064,000	\$ 2,103,000	
Earnings per diluted share	\$ 0.59	\$ 0.19	\$ 0.83	\$ 0.34	

The application of the SEC's guidance to language in the Company's previous Standard Terms and Conditions of Sale requires Universal Stainless to defer revenue recognition until cash is collected, even though risk of loss generally passes to the buyer at time of shipment. This one-time event had the effect of deferring certain 1999 sales transactions into 2000 although 1999 financial results are not required to be restated under SAB 101. In the fourth quarter of 2000, management modified the Company's Standard Terms and Conditions of Sale to more closely reflect the substance of its sales transactions. Because this change did not occur until the fourth quarter of 2000, all revenues reported by quarter through September 30, 2000 have been deferred until cash was received. Results for the quarter ended December 31, 2000 include revenues from sales made in the quarter as well as collections on previously recognized sales.

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

Except for historical information contained herein, the statements in this release are forward-looking statements that are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements involve known and unknown risks and uncertainties which may cause the Company's actual results in future periods to differ materially from forecasted results. Those risks include, among others, risks associated with the receipt, pricing and timing of future customer orders, risks associated with the manufacturing process and production yields, risks related to property, plant and equipment. Certain of these risks and other risks are described in the Company's filings with the Securities and Exchange Commission (SEC) over the last 12 months, copies of which are available from the SEC or may be obtained upon request from the Company.

UNIVERSAL STAINLESS & ALLOY PRODUCTS, INC.

FINANCIAL HIGHLIGHTS

(Dollars in thousands except per share information)
(Unaudited)

CONSOLIDATED STATEMENT OF OPERATIONS

	For the Quarter Ended		For the Year Ended	
	December 31,		December 31,	
	2000	1999	2000	1999
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Net sales	\$33,468	\$20,580	\$88,347	\$66,663
Cost of products sold	26,342	17,522	71,861	58,633
Selling and administrative expenses	1,192	1,308	4,998	4,299
Operating income	5,934	1,750	11,488	3,731
Other income (expense)	(193)	(210)	(908)	(706)
Income before taxes	5,741	1,540	10,580	3,025
Income taxes	2,154	372	3,970	922
Income before cumulative effect of a change in accounting principle	3,587	1,168	6,610	2,103
Cumulative effect on prior years (to December 31, 1999) of changing recognition of revenue			(1,546)	

Net income as restated	\$ 3,587	\$ 1,168	\$ 5,064	\$ 2,103
	=====	=====	=====	=====
Basic earnings per share				
Income before cumulative effect of accounting change	\$ 0.59	\$ 0.19	\$ 1.09	\$ 0.34
Cumulative effect of accounting change, net of tax			(0.26)	
Net income	\$ 0.59	\$ 0.19	\$ 0.83	\$ 0.34
	=====	=====	=====	=====
Diluted earnings per share				
Income before cumulative effect of accounting change	\$ 0.59	\$ 0.19	\$ 1.09	\$ 0.34
Cumulative effect of accounting change, net of tax			(0.26)	
Net income	\$ 0.59	\$ 0.19	\$ 0.83	\$ 0.34
	=====	=====	=====	=====
Weighted average shares of				
Common Stock outstanding				
Basic	6,076,887	6,079,637	6,074,701	6,110,911
	=====	=====	=====	=====
Diluted	6,084,750	6,079,637	6,079,758	6,110,911
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Tons shipped	9,670	12,723	41,780	44,831
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BALANCE SHEET DATA

	December 31, 2000	December 31, 1999
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Current assets	\$34,063	\$30,275
Net property, plant & equipment	39,090	36,989
Other assets	594	915
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	\$73,747	\$68,179
	=====	=====
Current liabilities	\$ 10,505	\$ 9,475
Long-term debt	8,199	10,005
Deferred taxes	6,276	5,046
Total liabilities	24,980	24,526
Stockholders' equity	48,767	43,653
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	\$73,747	\$68,179
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