



UNIVERSAL STAINLESS
& ALLOY PRODUCTS, INC.

Investor Presentation

November 2009

Nasdaq: USAP
www.univstainless.com





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Safe Harbor

Forward looking statements have been provided pursuant to the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995. They involve known and unknown risks and uncertainties that may cause the Company’s actual results in future periods to be materially different from any future performance suggested by this presentation. Please refer to the discussion of risk factors detailed in the Company’s filings with the SEC during the past 12 months.



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Company Overview

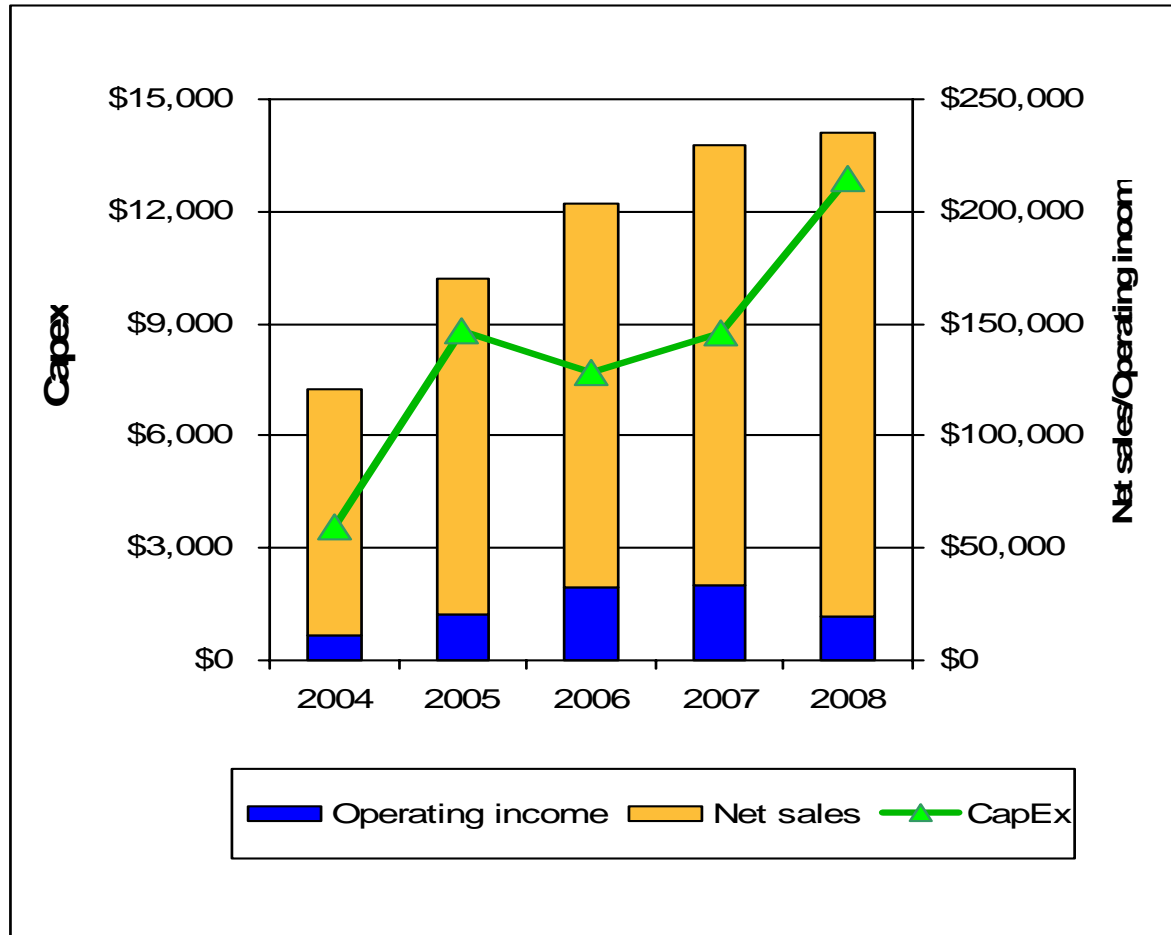
- **15-year focus on manufacturing quality specialty steel long and plate products for targeted and diverse niche markets**
- **Fully integrated operating model based on low fixed costs with focus on operational excellence**
- **Growth-driven vision based on providing unparalleled customer service**
- **Disciplined strategy execution and capital investment to optimize positioning for recovery**
- **Addressing current conditions through aggressive cost reduction, cash flow generation and balance sheet strength**
- **Management team with deep industry experience**



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Five Years of Record Sales + Capital Investment to Support Growth

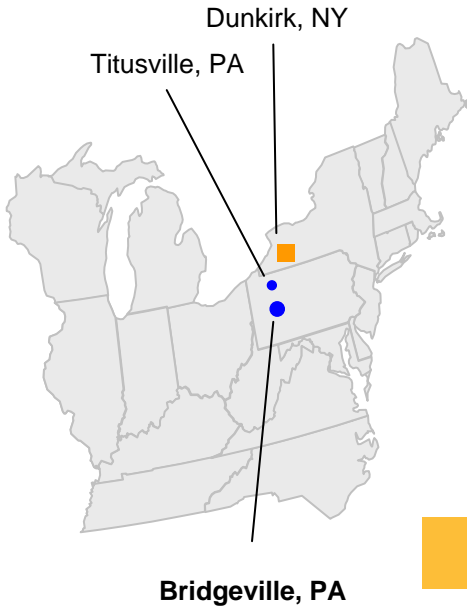




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Integrated Operations/High-Quality Products



Semi-Finished



Ingots



Reroll or Forging Billet



Plate

Bridgeville

Finished



Special Shapes

Titusville

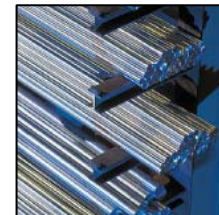


Forged Bar

Bridgeville



Bloom Bar



Bar

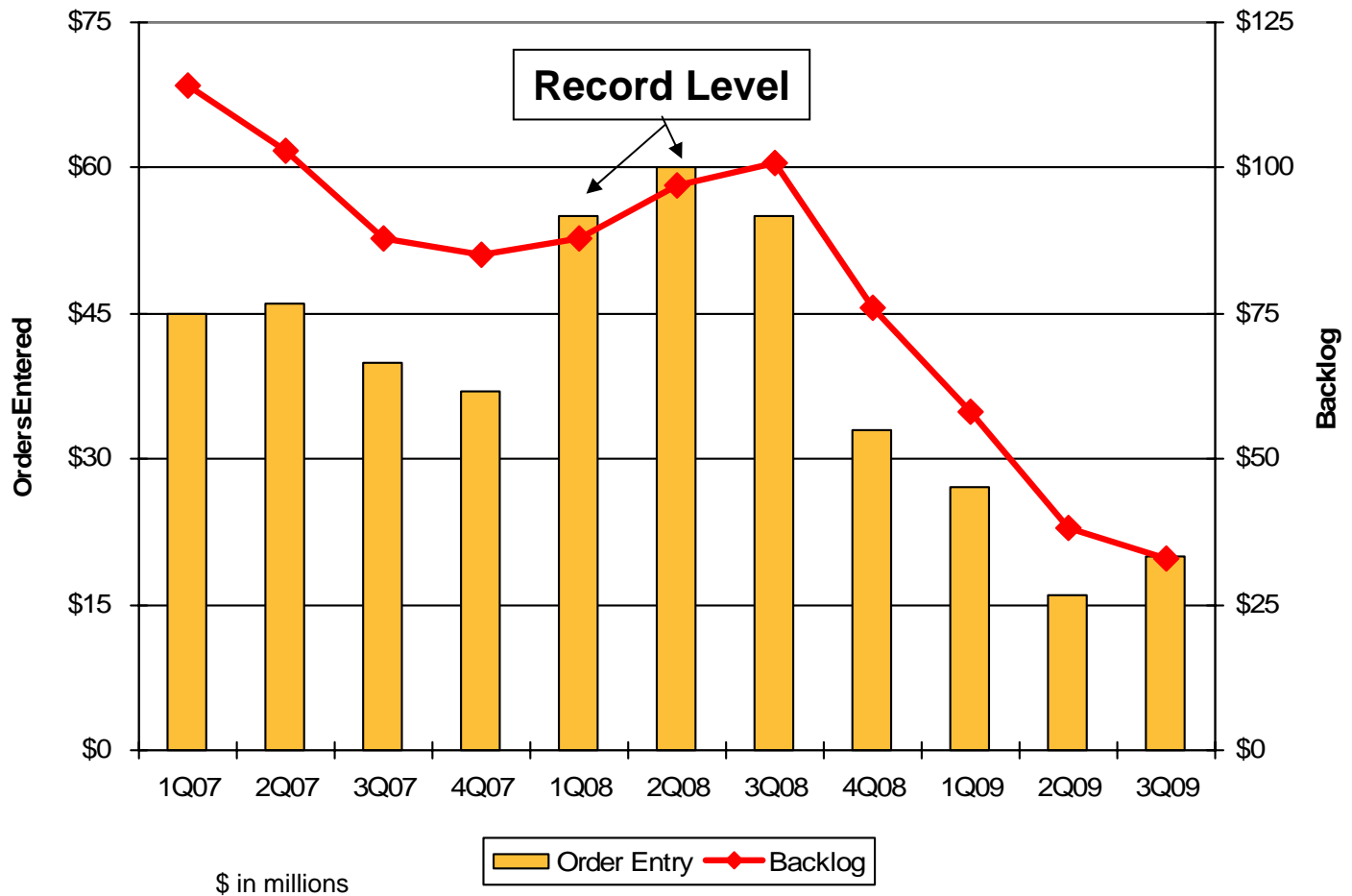
Dunkirk



Rod and Wire



Economic Impact on USAP Order Entry





End Market Sales

Aerospace

- Landing gear components, fan casings, airfoils, flanges, fittings

Power Generation

- Major supplier of feedstock for gas and steam turbine blades

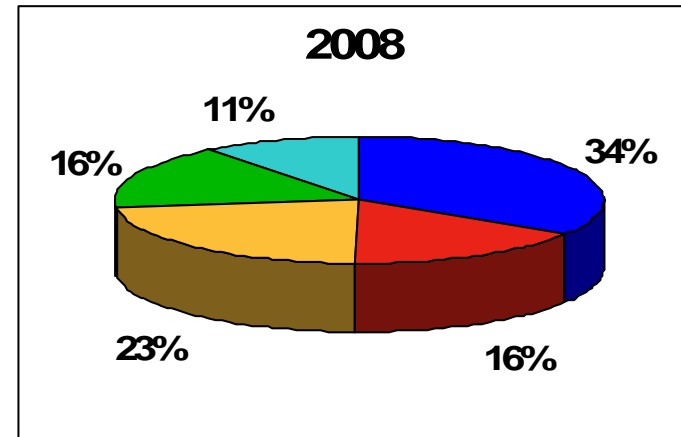
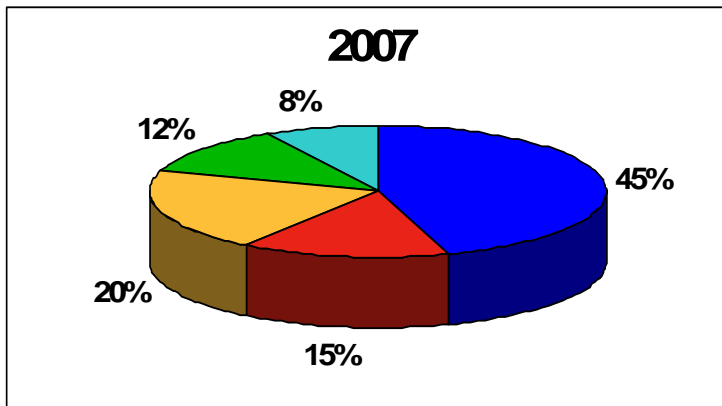
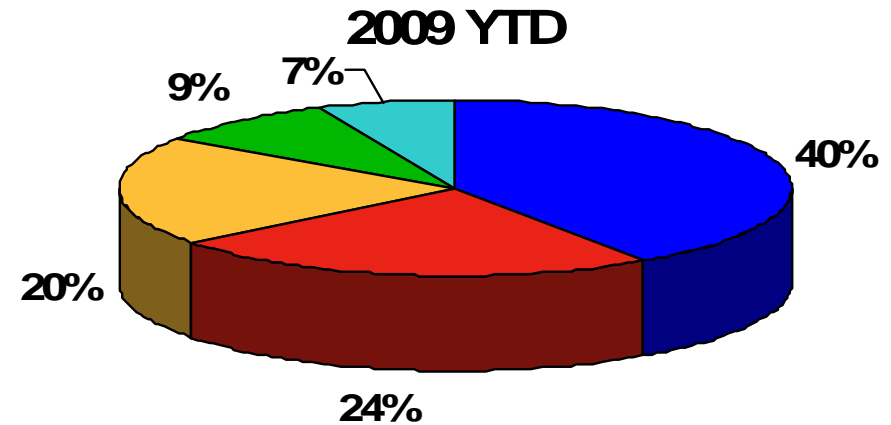
Petrochemical

- Materials used in highly corrosive environments

Service Center Plate

- Tool and die making

General Industrial





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Current Business Environment

- **End Markets – some improving trends**
 - Aerospace – De-stocking in supply channel subsiding
 - Power Generation – Forging customers expect demand recovery in mid-2010
 - Petrochemical – Higher oil prices helping, but recovery likely in mid-2010
 - Plate Products/Industrial Equipment – Retooling resumed in Q3, especially for automotive

- **Effect on USAP in 3Q09**
 - 30% increase in order entry, but backlog not fully replenished
 - Up-tick in bookings for aerospace products, tool steel plate
 - Progress in international initiative increases category to 11% of sales
 - Higher base prices increase finished product margins



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2009 Strategy

- **Maintain Financial Strength, Produce Profits**
 - **Tight Cost Control**
 - **Flexible Operating Plans**
 - **Reduce Working Capital**
 - **Conserve Cash**
- **But...Continue to Execute Plan**
- **Then Pounce on the Recovery**



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Execute Plan

1. Provide Unparalleled Customer Service

- Improve On-Time Delivery
- Shorten Lead Times
- Quicker Response Times

2. Expand Market Penetration

- Increase Market Share
 - Power Generation
 - Petrochemical
 - Tool Steel
- Pursue International Opportunities
- AS 9100 Certified
- NADCAP Certification Pending



Execute Plan

3. Achieve Operational Excellence

- Sharp Improvement in Safety
- Decrease Cycle Times
- Reduce Scrap Rates
- Increase Melt Shop Productivity
- Technical Experiments Yielding Cost & Quality Benefits

4. Develop the Organization

- Sales
- Operations
- Engineering
- Technical
- Board of Directors



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Execute Plan

5. Strategic Capital Investment

\$13M Melting Upgrade (M+) Project

- Hard assets mainly in place
- Moving towards operational, quality benchmarks
- Semi-finished yields already improving
- Automation and control packages due in mid-2010



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Pounce on Recovery

- Capture More Share of Existing Customers
- Build New Customer Relationships
- Penetrate Underserved Markets
- Grow International Presence
- Expand Product Portfolio



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How Small Producers Will Thrive

- Speed
- Quality
- Customer/Market Selection
- Diverse Markets
- Product Profitability
- Process Improvement
- Prudent CAPEX
- Partner/JV
- Conservative Financial Structure



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FINANCIAL REVIEW



Customer Mix Trends

Service Centers - Purchase finished bar and tool steel plate to supply end markets

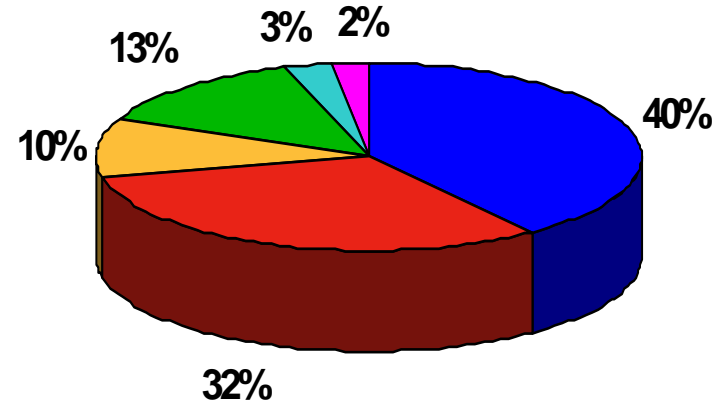
Forgers - Purchase semi-finished products for forging applications

Rerollers - Purchase semi-finished products to produce finished bar, rod, wire products

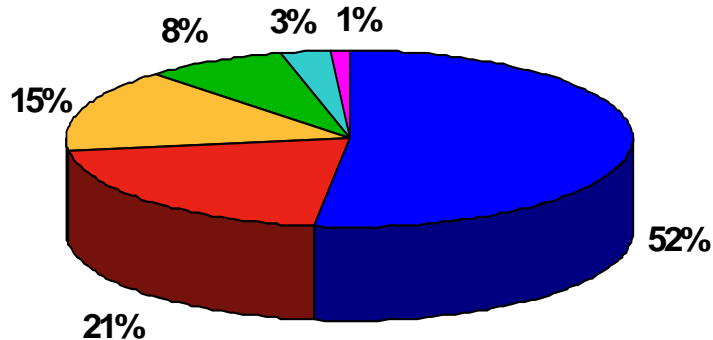
OEMs - Purchase finished bar products for direct manufacturing applications

Redrawers - Purchase rod/wire products to produced finished rod/ wire

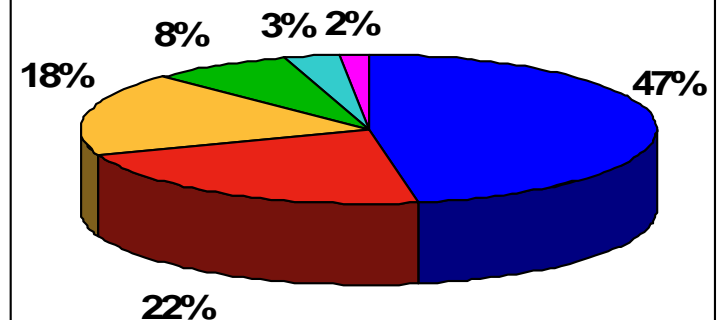
2009 YTD



2007

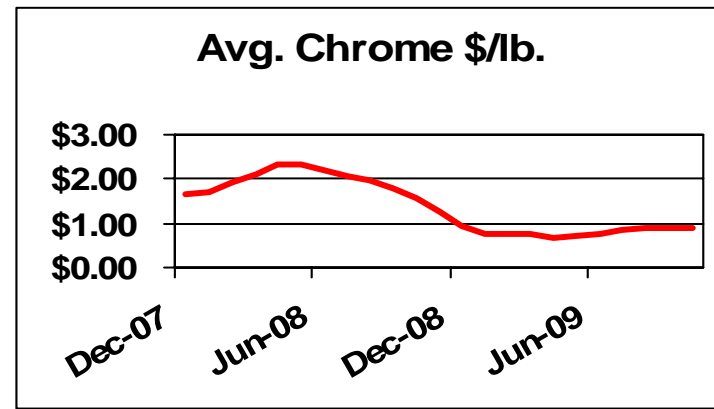
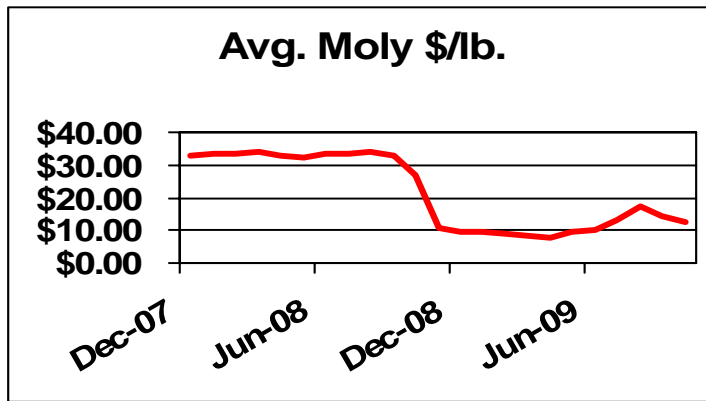
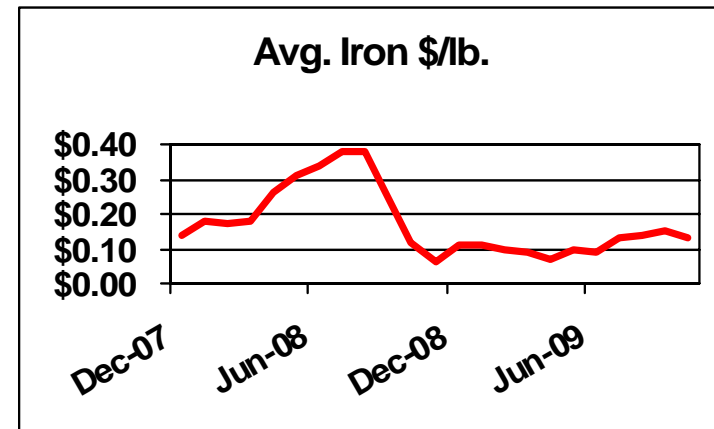
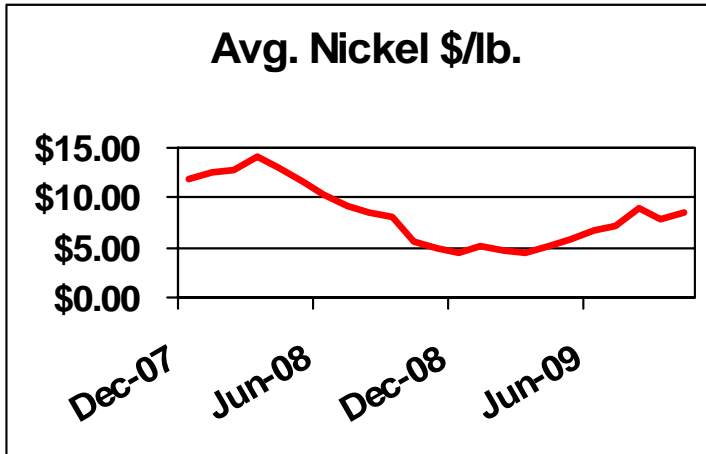


2008





Raw Material Value Trends



Sources: LME, Ryan's Notes and American Metal Market



Quarterly Financial Results

\$ in thousands, except EPS	12/31/08	3/31/09	6/30/09	9/30/09
Tons shipped	11,681	9,593	6,855	5,562
Sales	\$ 57,140	\$ 42,186	\$ 30,763	\$ 25,286
Operating income (loss)	524	(6,415)	565	457
Net income (loss)	1,231	(3,826)	(400)	312
Special items impacting net income (loss):				
Relocation costs	(174)			
Import duties	420			
Unusual charges		(3,572)		
Tax adjustments	410		(742)	(8)
Adjusted net income	\$ 575	\$ (254)	\$ 342	\$ 320
Adjusted EPS	\$ 0.08	\$ (0.04)	\$ 0.05	\$ 0.05



Year-to-Date Financial Results

For the nine-months ended	9/30/2009			9/30/2008
\$ in thousands, except EPS	As Reported	Unusual Charges	Adjusted	As Reported
Tons shipped	22,010		22,010	33,998
Sales	\$ 98,235		\$ 98,235	\$ 177,966
Operating income (loss)	(5,393)	5,976	583	18,568
Net income (loss)	(3,914)	4,322	408	12,719
EPS	\$ (0.58)	\$ 0.64	\$ 0.06	\$ 1.87
CapEx	\$ 10,304		\$ 10,304	\$ 9,585
Free cash flow	\$ 15,000		\$ 15,000	\$ 2,262

Unusual charges include a 2Q09 tax adjustment of \$742K, equivalent to \$0.11 per diluted share



Balance Sheet Highlights

(\$ in millions)	9/30/08	12/31/08	9/30/09
Managed working capital			
Accounts receivable	\$ 33.9	\$ 33.1	\$ 15.9
Inventory	70.4	63.2	42.5
Accounts payable	21.9	19.4	6.8
	\$ 82.4	\$ 76.9	\$ 51.6
Net debt			
Total debt	\$ 1.5	\$ 1.4	\$ 13.1
Cash	13.6	14.8	42.2
	\$ (12.1)	\$ (13.4)	\$ (29.1)



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In Summary...

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