SYNALLOY CORPORATION

FORM 10-K FOR PERIOD ENDED JANUARY 1, 2005

INDEX

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

X ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED JANUARY 1, 2005

OR

__ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

COMMISSION FILE NUMBER 0-19687

SYNALLOY CORPORATION
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	57-0426694 I.R.S. Employer Identification No.)

Croft Industrial Park, P.O. Box 5627, Spartanburg, South Carolina 29304
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (864) 585-3605

Securities registered pursuant to Section 12(b) of the Act :	Name of each exchange on which registered
None	None

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, $1.00 Par Value
(Title of Class)

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 X No ___

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

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

Yes No X

Based on the closing price as of July 3, 2004, which was the last business day of the registrant's most recently completed second fiscal quarter, the aggregate market value of the common stock held by non-affiliates of the registrant was $52.3 million. Based on the closing price of February 25, 2005, the aggregate market value of common stock held by non-affiliates of the registrant was $52.2 million. The registrant did not have any non-voting common equity outstanding at either date.

The number of shares outstanding of the registrant's common stock as of February 25, 2005 was 6,026,764.

Documents Incorporated By Reference

Portions of the proxy statement for the annual shareholders' meeting are incorporated by reference into Part III.

Forward-Looking Statements

This Annual Report on Form 10-K includes and incorporates by reference "forward-looking statements" within the meaning of the securities laws. All statements that are not historical facts are "forward looking statements." The words "estimate," "project," "intend," "expect," "believe," "anticipate," "plan" and similar expressions identify forward-looking statements. The forward-looking statements are subject to certain risks and uncertainties, including without limitation those identified below, which could cause actual results to differ materially from historical results or those anticipated. Readers are cautioned not to place undue reliance on these forward looking statements. The following factors could cause actual results to differ materially from historical results or those anticipated: adverse economic conditions, the impact of competitive products and pricing, product demand and acceptance risks, raw material and other increased costs, customer delays or difficulties in the production of products, unavailability of debt financing on acceptable terms and exposure to increased market interest rate risk, inability to comply with covenants and ratios required by our debt financing arrangements and other risks detailed from time-to-time in Synalloy's Securities and Exchange Commission filings. Synalloy Corporation assumes no obligation to update the information included in this Annual Report on Form 10-K.

PART I

Item 1 Business

Synalloy Corporation, a Delaware corporation ("the Company"), was incorporated in 1958 as the successor to a chemical manufacturing business founded in 1945. Its charter is perpetual. The name was changed on July 31, 1967 from Blackman Uhler Industries, Inc. On June 3, 1988, the state of incorporation was changed from South Carolina to Delaware. The Company's executive offices are located at Croft Industrial Park, Spartanburg, South Carolina.

General

Metals Segment-- This segment is comprised of a wholly-owned subsidiary, Synalloy Metals, Inc. which owns 100 percent of Bristol Metals, L.P., ("Bristol") located in Bristol, Tennessee.

Bristol manufactures welded pipe, primarily from stainless steel, but also from other corrosion-resistant metals. Pipe is produced in sizes from one-half inch to 112 inches in diameter and wall thickness up to one inch. Sixteen-inch and smaller pipe is made on equipment that forms and welds the pipe in a continuous process. Pipe larger than sixteen inches is formed on presses or rolls and welded on batch welding equipment. Pipe is normally produced in standard 20-foot lengths. However, Bristol has unusual capabilities in the production of long length pipe without circumferential welds. This can reduce installation cost for the customer. Lengths up to 60 feet can be produced in sizes up to sixteen inches in diameter. In larger sizes Bristol has a unique ability among domestic producers to make 48-foot lengths in sizes up to 36 inches. During 2004 Bristol added the ability to x-ray pipe in real time mode. This new technology was incorporated with updated material handling equipment to double the efficiency of x-raying pipe. Bristol is also expanding the capabilities for forming large pipe on its existing batch equipment. The project, which will be completed in the first quarter of 2005, will give Bristol its capability to produce 36-inch diameter pipe in 48-foot lengths and with increased wall thickness of up to one inch. The increase in wall thickness is allowing Bristol to make pipe of 12-inch through 112-inch diameter with a wall thickness of one inch. Also included in this project is the addition of a shear that has the capacity of shearing stainless steel plate up to one-inch thick.

A significant amount of the pipe produced is further processed into piping systems that conform to engineered drawings furnished by the customers. This allows the customer to take advantage of the high quality and efficiency of Bristol's fabrication shop instead of performing all of the welding on the construction site. The pipe fabricating shop can make one and one-half diameter cold bends on one-half inch through eight-inch stainless pipe with thicknesses up through schedule 40. Most of the piping systems are produced from

pipe manufactured by Bristol.

Bristol also has the capability of producing carbon and chrome piping systems from pipe purchased from outside suppliers since Bristol does not manufacture carbon or chrome pipe. Carbon and chrome pipe fabrication enhances the stainless fabrication business by allowing Bristol to quote inquiries utilizing any of these three material types. Bristol can also produce pressure vessels and reactors, tanks and other processing equipment.

In order to establish stronger business relationships, only a few raw material suppliers are used. Five suppliers furnish more than two-thirds of total dollar purchases of raw materials. However, raw materials are readily available from a number of different sources and the Company anticipates no difficulties in obtaining its requirements.

This segment's products are used principally by customers requiring materials that are corrosion-resistant or suitable for high-purity processes. The largest users are the chemical, petrochemical and pulp and paper industries with some other important industry users being mining, power generation, waste water treatment, liquid natural gas ("LNG"), brewery, food processing, petroleum and pharmaceutical.

Specialty Chemicals Segment-- This Segment includes three operating companies: Blackman Uhler Chemical Company (BU Specialties), a division of the Company; Manufacturers Soap and Chemical Company, which owns 100 percent of Manufacturers Chemicals, L.P. (MC) and Organic-Pigments Corporation (OP). MC and OP are wholly-owned subsidiaries of the Company. BU Specialties operates out of a plant in Spartanburg, South Carolina which is fully licensed for chemical manufacture and maintains a permitted waste treatment system. MC is located in Cleveland, Tennessee and Dalton, Georgia and is fully licensed for chemical manufacture. OP is located in Greensboro, North Carolina. The Segment is a producer of specialty chemicals for the textile, carpet, chemical, paper, metals, photographic, pharmaceutical, agricultural, fiber and paint industries. The Company has been focusing on specialty chemicals as a primary growth area over the past several years. Facilities and equipment at the BU Specialties plant produce proprietary product and also provide toll and custom manufacturing of organic chemicals using reactions that include nitrations, hydrogenation, distillation, diazotizations, methylation and custom drying. These chemicals are used in a wide array of products including UV absorbers for plastics, Cetane improver for diesel fuel, absorbers for gaseous pollutants, herbicides, anti-wicking agents, fire retardants, processing aids for PVC, cosmetics, automotive products and paper resins.

The Company purchased MC in 1996. MC produces defoamers, surfactants, dye assists, softening agents, polymers and specialty lubricants for the textile, paper, chemical and metals industries. MC also manufactures chelating agents and water treatment chemicals. Manufacturing capabilities include a wide range of chemical reactions and mixing and blending applications. MC's products are sold to direct users in a variety of manufacturing areas, directly to other chemical companies in the form of intermediates or as finished products for resale, and as contract manufacturing where the customer provides formula specifications and, in some cases, raw materials.

The Company purchased OP in 1998. OP manufactures aqueous pigment dispersions sold to the textile industry and used in printing inks for use on paper and in paints for the industrial coatings industry. OP also sells pigments to the flexographic printing and graphic arts industries. Pigment colors

are uniquely suitable for printing of multi-colored patterns. Raw materials used to manufacture pigments consist chiefly of organic intermediates and inorganic chemicals which are purchased from manufacturers in the United States, Europe and Asia. Currently, raw materials are readily available and management does not anticipate any difficulty in obtaining adequate supplies. The addition of OP provided the ability to produce higher solid and finer particle size dispersions providing opportunities to diversify into non-textile applications.

In 2000, MC acquired the assets of a manufacturer of sulfated fats and oils. The manufacturing equipment for these products was moved to the Cleveland, Tennessee plant where both capacity and chilling capabilities were increased. These products are used as lubricants, wetting agents, detergents and emulsifiers in a variety of chemical formulations. The addition of these capabilities and processes broadens the range of sulfated products already manufactured at MC.

In 2001, the Company acquired the assets of a manufacturer and reseller of chemical specialties and dyestuffs located in Dalton, Georgia. Dalton resells chemical specialties and heavy chemicals and blends and resells dyestuffs to the carpet and rug industries, selected textile mills and the wire drawing industry. The manufacture of the liquid products is done primarily at the Cleveland plant, and the warehousing and dye blending operation along with the shade matching lab and sales offices are located at a leased facility in Dalton. In addition, Dalton markets the chemical specialties produced at other Specialty Chemicals Segment locations.

The Specialty Chemicals Segment maintains seven laboratories for applied research and quality control which are staffed by 28 employees.

Please see Note R to the Consolidated Financial Statements for financial information about the Company's segments.

Sales and Distribution

Metals Segment-- The Metals Segment utilizes separate sales organizations for its different product groups. Stainless steel pipe is sold nationwide under the Brismet trade name through authorized stocking distributors at warehouse locations throughout the country. In addition, large quantity orders are shipped directly from Bristol's plant to end-user customers. Producing sales and providing service to the distributors and end-user customers are the Vice President of Sales, two outside sales employees, four independent manufacturers' representatives and seven inside sales employees. Reference should be made to Note R to the Consolidated Financial Statements.

Piping systems are sold nationwide under the Bristol Piping Systems trade name by three outside sales employees. They are under the direction of the Vice President in charge of piping systems who spends over half of his time in sales and service to customers. Piping systems are marketed to engineering firms and construction companies or directly to project owners. Orders are normally received as a result of competitive bids submitted in response to inquiries and bid proposals.

Specialty Chemicals Segment-- Specialty chemicals are sold directly to various industries nationwide by ten full-time outside sales employees and seven manufacturers' representatives. In addition, the President and market development manager of MC devote a substantial part of their time to sales.

Competition

Metals Segment-- Welded stainless steel pipe is the largest sales volume product of the Metals Segment. Although information is not publicly available regarding the sales of most other producers of

this product, management believes that the Company is one of the larger domestic producers of such pipe. This commodity product is highly competitive with eight known domestic producers and imports from many different countries. The largest sales volume among the specialized products comes from fabricating stainless, nickel alloys and chrome alloys piping systems. Management believes the Company is one of the larger producers of such systems. There is also significant competition in the piping systems markets with nine known domestic suppliers with similar capabilities as Bristol, along with many other smaller suppliers.

Specialty Chemicals Segment-- The Company is the sole producer of certain specialty chemicals manufactured for other companies under processing agreements and also produces proprietary specialty chemicals. The Company's sales of specialty products are insignificant compared to the overall market for specialty chemicals. The market for most of the products is highly competitive and many competitors have substantially greater resources than does the Company. The market for dyes and pigments is highly competitive and the Company has less than ten percent of the market for its products.

Environmental Matters

Environmental expenditures that relate to an existing condition caused by past operations and that do not contribute to future revenue generation are expensed. Liabilities are recorded when environmental assessments and/or cleanups are probable and the costs of these assessments and/or cleanups can be reasonably estimated. See Note I to Consolidated Financial Statements for further discussion.

Research and Development Activities

The Company spent approximately $551,000 in 2004, $457,000 in 2003 and $524,000 in 2002 on research and development programs in its Specialty Chemicals Segment. Nine individuals, all of whom are graduate chemists, are engaged primarily in research and development of new products and processes, the improvement of existing products and processes, and the development of new applications for existing products.

Seasonal Nature of the Business

The annual requirements of certain specialty chemicals are produced over a period of a few months as requested by the customers. Accordingly, the sales of these products may vary significantly from one quarter to another.

Backlogs

The Specialty Chemicals Segment operates primarily on the basis of delivering products soon after orders are received. Accordingly, backlogs are not a factor in these businesses. The same applies to commodity pipe sales in the Metals Segment. However, backlogs are important in the piping systems products because they are produced only after orders are received, generally as the result of competitive bidding. Order backlogs for these products were $11,500,000 at the end of 2004, all of which should be completed in 2005, and $6,700,000 and $5,800,000 at the 2003 and 2002 respective year ends.

Employee Relations

As of January 1, 2005, the Company had 442 employees. The Company considers relations with employees to be satisfactory. The number of employees of the Company represented by unions at the

Bristol, Tennessee facility is 176. They are represented by two locals affiliated with the AFL-CIO and one local affiliated with the Teamsters. Collective bargaining contracts will expire in February 2009, December 2009 and March 2010

Financial Information About Geographic Areas

Information about revenues derived from domestic and foreign customers is set forth in Note R to the Consolidated Financial Statements.

Item 2 Properties

The Company operates the major plants and facilities listed below, all of which are in adequate condition for their current usage. All facilities throughout the Company are adequately insured. The buildings are of various types of construction including brick, steel, concrete, concrete block and sheet metal. All have adequate transportation facilities for both raw materials and finished products. The Company owns all of these plants and facilities, except as noted.

Location	Principal Operations	Building Square Feet	Land Acres
Spartanburg, SC	Corporate headquarters; Chemical manufacturing and warehouse facilities	211,000	60.9
Cleveland, TN	Chemical manufacturing	90,000	8.6
Greensboro, NC	Chemical manufacturing	57,000	3.7
Bristol, TN	Manufacturing of stainless steel pipe and stainless steel piping systems	218,000	73.1
Dalton, GA	Dye blending and warehouse facilities (1)	32,000	2.0
Augusta, GA	Chemical manufacturing(2)	52,500	46.0

(1) Leased facility.
(2) Plant closed in 2001.

Item 3 Legal Proceedings

For a discussion of legal proceedings, see Notes I and O to the Consolidated Financial Statements.

Item 4 Submission of Matters to a Vote of Security Holders

No matters were submitted during the fourth quarter of the fiscal year covered by this report to a vote of security holders through the solicitation of proxies or otherwise.

PART II

Item 5 Market for the Registrant's Common Stock, Related Stockholder Matters and Issuer Purchases of Equity Securities

The Company had 1,009 common shareholders of record at January 1, 2005. The Company's common stock trades on the NASDAQ National Market System of The NASDAQ Stock Market and changed its trading symbol to SYNL effective October 6, 2003. In 2001, the Company's Board of Directors voted to suspend cash dividends, and on July 26, 2002, the Company entered into a new credit agreement which prohibits the payment of dividends. The prices shown below are the last reported high and low

sales prices for the common stock for each full quarterly period in the last two fiscal years as quoted on The NASDAQ National Market System.

	2004		2003	
Qtr	High	Low	High	Low
1st	$ 8.69	$ 6.52	$ 4.24	$ 3.96
2nd	10.62	6.70	5.50	3.97

3rd	10.75	9.25	6.40	5.30
4th	10.75	9.40	8.54	5.50

The information required by Item 201(d) of Regulation S-K is set forth under Part III, Item 12 of this Form 10-K. Pursuant to the compensation arrangement with directors discussed under Item 12 "Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters" in this Form 10-K, on February 5, 2004, the Company issued to each of its directors except Ralph Matera, 2,852 shares of its common stock (an aggregate of 14,260 shares). Issuance of these shares was exempt from registration pursuant to Section 4(2) of the Securities Act of 1933 because no public offering was involved. During the fiscal year ended January 1, 2005, the Registrant issued shares of common stock to the following classes of persons upon the exercise of options issued pursuant to the Registrant's 1998 Stock Option Plan. Issuance of these shares was exempt from registration pursuant to Section 4(2) of the Securities Act of 1933 because the issuance did not involve a public offering.

Date Issued	Class of Purchasers	# of Shares Issued	Aggregate Exercise Price
5/17/2004	Officers and Employees	11,200	$52,080
9/1/2004	Officers and Employees	4,800	$22,320

Item 6 Selected Financial Data

(Dollars amounts in thousands except for per share data)

Selected Financial Data and Other Financial Information

	2004	2003 (1)	2002 (1)	2001 (1)	2000 (1)
Operations					
Net sales	$ 99,839	$ 80,408	$ 74,351	$ 76,986	$ 95,233
Gross profit	13,976	8,389	6,174	8,461	14,425
Selling, general & administrative expense	9,432	8,177	8,001	7,975	8,635
Asset impairment & environmental costs	-	490	481	-	3,351
Operating income (loss)	4,544	(278)	(2,308)	486	2,439
Net income (loss) continuing operations	2,274	(580)	(1,633)	(17)	850
Net loss discontinued operations	(1,100)	(840)	(2,975)	(307)	(1,933)
Net income (loss)	1,174	(1,421)	(4,843)	(318)	(1,083)
Financial Position					
Total assets	71,202	64,925	59,966	69,759	73,068
Working capital	35,088	28,706	20,060	21,141	25,483
Long-term debt, less current portion	21,205	18,761	10,000	10,000	10,000
Shareholders' equity	33,930	32,556	33,874	38,949	40,173
Financial Ratios					
Current ratio	3.8	3.5	2.5	2.2	2.4
Gross profit to net sales	14%	10%	8%	11%	15%
Long-term debt to capital	38%	37%	23%	20%	20%
Return on average assets	3%	-	-	-	1%
Return on average equity	7%	-	-	-	2%
Per Share Data (income/(loss) - diluted)					
Net income (loss) continuing operations	$ .37	$ (.10)	$ (.27)	$ -	$ .14
Net loss discontinued operations	(.18)	(.14)	(.50)	(.05)	(.31)
Net income (loss)	.19	(.24)	(.81)	(.05)	(.18)

Dividends declared and paid	-	-	-	.15	.20
Book value	5.64	5.44	5.68	6.53	6.74
Other Data					
Depreciation and amortization	3,068	2,976	2,981	2,824	3,646
Capital expenditures	2,313	1,325	2,035	6,280	2,471
Employees at year end	442	470	406	472	510
Shareholders of record at year end	1,009	1,039	1,082	1,120	1,154
Average shares outstanding - diluted	6,142	5,997	5,964	5,965	6,166
Stock Price					
Price range of Common Stock					
High	$ 10.75	$ 8.54	$ 5.05	$ 7.65	$ 9.13
Low	6.52	3.96	1.69	2.95	4.50
Close	9.90	6.92	4.13	3.60	4.75

(1) See Note Q to Consolidated Financial Statements.

Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations

Critical Accounting Policies and Estimates

Management's Discussion and Analysis of Financial Condition and Results of Operations discusses the Company's consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an on-going basis, management evaluates its estimates and judgments based on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. Management believes the following critical accounting policies, among others, affect its more significant judgments and estimates used in the preparation of the Company's consolidated financial statements.

The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. If the financial condition of any of the customers of the Company were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

The Company writes down its inventory for estimated obsolescence or unmarketable inventory in an amount equal to the difference between the cost of inventory and the estimated market value based upon assumptions about future demand and current market conditions. If actual market conditions are less favorable than those projected by management, additional inventory write-downs may be required.

As noted in Note I to the Consolidated Financial Statements, the Company has accrued $1,121,000 in environmental remediation costs which, in management's best estimate, will satisfy anticipated costs of known remediation requirements as outlined in Note I. As a result of the evolving nature of the environmental regulations, the difficulty in estimating the extent and remedy of environmental contamination, and the availability and application of technology, the estimated costs for future environmental compliance and remediation are subject to uncertainties and it is not possible to predict the amount or timing of future costs of environmental matters which may subsequently be determined. Subject to the difficulty in estimating future environmental costs, the Company believes that the likelihood of material losses in excess of the amounts recorded is remote. However, any changes, including regulatory changes, may require the Company to record additional remediation reserves.

As noted in Notes C and Q to the Consolidated Financial Statements, the Company has recorded asset impairment charges under SFAS 144 in each of the last three years including a $581,000 charge in 2004 as part of the loss recognized for discontinued operations. Based on assessments performed on the continuing assets of the Company, which indicated no write-downs were deemed necessary, the Company believes that it is unlikely that these types of impairment charges will continue to occur. However, if business conditions at any of the plant sites were to deteriorate to an extent where cash flows and other impairment measurements indicate values for the related long-lived assets are less than the carrying values of those assets, additional impairment charges may be necessary.

In the fourth quarter of 2004, the Financial Accounting Standards Board ("FASB") issued Statements No. 151, "Inventory Costs" and No. 153, "Exchanges of Nonmonetary Assets," both having an effective date in June of 2005. The Company does not believe either statement will have an impact on the Company's financial statements.

Liquidity and Capital Resources

The current ratio for the year ended January 1, 2005, was 3.8:1, which is up from the previous year-end ratios of 3.5:1 in 2003 and 2.5:1 in 2002. Working capital for 2004 increased $6,382,000 to $35,088,000 from the amount in 2003. Cash flows provided by operations totaled $504,000 coming from $4,280,000 provided by discontinuing operations offset by $3,776,000 used in continuing operations. The increase in working capital and use of cash flows from continuing operations came primarily from increases in inventories and accounts receivable of $7,836,000 and $3,238,000, respectively, offset by an increase of $399,000 in accounts payable and net income from continuing operations of $5,342,000 before depreciation and amortization expense of $3,068,000. The increases in inventories came from the Metals Segment due primarily to raw material cost increases and to a lesser extent, increased units discussed in the Metals Segment comparisons below. The accounts receivable increases were generated from increased sales activity experienced in December of 2004 as compared to the same period in 2003. The cash flows provided by discontinued operations were derived from declines in accounts receivable and inventories coupled with an increase in accounts payable totaling $1,433,000, $2,319,000 and $370,000, respectively. The cash flows were generated from the sale of the Company's liquid dye business in the first quarter of 2004 and the planned reduction of the remaining dye business assets in anticipation of selling off this business as discussed in the Discontinued Operations discussion below. An increase in line of credit borrowings of $2,444,000 funded capital expenditures of $2,313,000. The Company expects that cash flows from 2005 operations and available borrowings will be sufficient to make debt payments and fund estimated capital expenditures of $2,600,000 and normal operating requirements. On July 26, 2002, the Company entered into a new Credit Agreement with a new lender to provide a $19,000,000 line of credit. On July 24, 2003, the Agreement was amended increasing the borrowing amount to $23,000,000, primarily under the existing terms, and extending the expiration date to July 25, 2006. Borrowings under the Agreement are limited to a borrowing base calculation including eligible accounts receivable, inventories, and cash surrender value of the Company's life insurance as

defined in the Agreement. As of January 1, 2005, the amount available for borrowing was $23,000,000 of which $21,205,000 was borrowed leaving $1,795,000 of availability. Covenants include, among others, a prohibition on the payment of dividends.

Results of Operations

Comparison of 2004 to 2003

The Company generated net earnings from continuing operations of $2,274,000, or $.37 per share, on a 24 percent sales increase to $99,839,000 in 2004. This compares to a loss from continuing operations of $580,000, or $.10 per share, in 2003. For the fourth quarter of 2004, the Company had earnings from continuing operations of $714,000, or $.12 per share, compared to a loss from continuing operations of $508,000, or $.08 per share, on a twelve percent increase in sales to $24,308,000. The Company recorded losses from discontinued operations of $1,100,000, or $.18 per share, and $673,000, or $.11 per share, for the year and fourth quarter of 2004, respectively, compared to net losses of $840,000, or $.14 per share, and $764,000, or $.13 per share for the same periods of 2003. As a result, the Company earned $1,174,000, or $.19 per share, for 2004 and $40,000, or $.01 per share, for the fourth quarter compared to a loss in 2003 of $1,420,000, or $.24 pre share, and a loss of $1,272,000, or $.21 per share, for the fourth quarter of 2003.

Consolidated gross profits improved to 14 percent of sales in 2004 compared to ten percent experienced in 2003 coming primarily from the Metals Segment as discussed in the Metals Segment comparisons below. Consolidated selling, general and administrative expense for 2004 increased $1,255,000 to $9,432,000 compared to 2003, but declined as a percent of sales to nine percent in 2004 from ten percent in 2003. The dollar increase came primarily from a combination of profit incentives

paid in the Metals Segment and the recording of environmental charges in Corporate expenses discussed in the Corporate comparisons below.

Comparison of 2003 to 2002

For 2003, the Company incurred a consolidated loss from continuing operations of $580,000, or $.10 per share, on an eight percent sales increase to $80,408,000. This compares to a loss from continuing operations of $1,633,000, or $.27 per share, in 2002. For the fourth quarter of 2003, the Company had a loss from continuing operations of $508,000, or $.08 per share, compared to having net income from continuing operations of $120,000, or $.02 per share in 2002, on a twelve percent increase in sales to $21,782,000. The Company recorded losses from discontinued operations of $841,000, or $.14 per share, and $764,000, or $.13 per share, for the year and fourth quarter of 2003, respectively, compared to losses of $2,975,000, or $.50 per share, and $103,000, or $.02 per share for the same periods in 2002.

The Company incurred a consolidated loss for 2003 of $1,421,000, or $.24 per share compared to a loss of $4,843,000, or $.81 per share in 2002. For the fourth quarter of 2003, the Company had a loss of $1,272,000, or $.21 per share. This compares to net income of $17,000, or $.00 per share earned in the fourth quarter of 2002. Consolidated results from continuing operations in 2003 were significantly impacted by several transactions that were recorded during the year. In the fourth quarter of 2003, the Company recorded charges discussed in the 2003 compared to 2002 Segment comparisons below totaling $655,000, net of tax, or $.11 per share. Included in the 2003 other income are $150,000 of non-recurring income received from the sale of the Company's NASDAQ stock symbol, and $119,000 in dividend income received from the Company's life insurance policies, both recorded in the third quarter of 2003.

Although consolidated selling, general and administrative expense for 2003 increased $176,000 to $8,177,000 compared to 2002, they declined as a percent of sales to ten percent from eleven percent. The decline in percentage of sales came from cost reductions of personnel and non-critical operating expense items, many of which impacted selling and administrative expense, implemented in the third quarter of 2002.

Metals Segment-- The following table summarizes operating results and backlogs for the three years indicated. Reference should be made to Note R to the Consolidated Financial Statements.

	2004		2003		2002	
(Amount in thousands)	Amount	%	Amount	%	Amount	%
Net Sales	$ 62,565	100.0%	$ 48,674	100.0%	$ 43,364	100.0%
Cost of goods sold	53,950	86.2%	44,086	90.6%	41,411	95.5%
Gross profit	8,615	13.8%	4,588	9.4%	1,953	4.5%
Selling and administrative expense	4,038	6.5%	3,285	6.7%	3,605	8.3%
Operating income (loss)	$ 4,577	7.3%	$ 1,303	2.7%	$ (1,652)	(3.8%)
Special charges described below						
Write-down of inventories	$ -		$ -		$ 671	
Year-end backlogs -						
Piping systems	$ 11,500		$ 6,700		$ 5,800	

=========	=========	=========

Comparison of 2004 to 2003 - Metals Segment

Dollar sales increased 29 percent for the year and 12 percent for the fourth quarter of 2004 from the same periods of 2003. The increase for the year resulted from 42 percent higher average selling prices partially offset by seven percent lower unit volumes. The increase for the quarter resulted from 77 percent higher average selling prices offset by 36 percent lower unit volumes. Surcharges paid on stainless steel raw materials increased throughout the year increasing from an average of about $.38 per pound in December 2003 to an average of about $.78 per pound in December 2004. The Segment was able to pass through most of these cost increases, which accounted for most of the increase in selling prices, and benefited throughout 2004 from selling price increases implemented to offset the continued increases in surcharges included in raw material costs. Because of the steadily increasing raw material and selling prices experienced throughout the year, the Segment generated higher profits from selling lower cost inventories, which contributed to the significant gross profit improvement experienced for the year and fourth quarter compared to the same periods last year. The most noteworthy accomplishment in the Segment's pipe business in 2004 was a 72 percent increase in special alloy sales which rose to 21 percent of pipe sales. This is the highest level ever achieved and is the result of the Segment's focus on developing more non-commodity pipe business where profit margins are higher. Although the piping systems business had a loss for the year, after experiencing three consecutive quarters of losses in 2004, piping systems generated an operating profit for the fourth quarter. The fourth quarter was the first one in 2004 where customers' scheduling requirements allowed piping systems to get a sufficient amount of work into the shop to enable the operation to operate profitably for the quarter. Piping systems' backlog ended the year at $11,500,000, all of which should be completed in 2005, compared to a $6,700,000 backlog at the end of 2003.

Selling and administrative expense increased $753,000, or 23 percent compared to 2003, but remained at seven percent of sales. The increase in dollars came primarily from increases in profit based incentives, sales commissions from increased sales, and bad debt expense. The Company increased

its reserves for bad debts to offset exposure from the higher level of accounts receivable consistent with the increase in sales activity experienced through 2004.

Comparison of 2003 to 2002 - Metals Segment

Dollar sales increased 12 percent in 2003 compared to 2002. The increase for the year resulted from 19 percent higher average selling prices partially offset by six percent lower unit volumes. Surcharges paid on stainless steel raw materials increased throughout the year increasing from an average of about $.12 per pound in December 2002 to an average of about $.38 per pound in December 2003. The Segment was able to pass through most of these cost increases, which accounted for most of the increase in selling prices, especially in the fourth quarter. The increase in the year-to-date selling price also resulted from a change in product mix to a higher percentage of higher-margin large diameter pipe, experienced primarily in the second and third quarters of 2003. The combination of higher selling prices and favorable product mix along with cost reductions implemented in the third quarter of 2002 contributed to the significant gross profit improvement experienced for the year compared to the same period of 2002. While commodity pipe generated operating income for the year, piping systems did not fare as well, incurring losses for the year consistent with 2002. Piping systems' backlog maintained a better than average level throughout the year, ending the year at $6,700,000. However, due to the customers' scheduling requirements for our material, we were unable to get a sufficient amount of work into the shop to enable piping systems to operate profitably through the first nine months. The situation improved in the fourth quarter, and piping systems was able to generate a modest profit for the quarter.

Selling and administrative expense for 2003 decreased $320,000 compared to 2002, or nine percent, and declined slightly as a percentage of sales as a result of cost reductions implemented in September of 2002, including reductions of personnel and non-critical operating expense items, many of which impacted selling and administrative expense.

Specialty Chemicals Segment-- The following tables summarize operating results for the three years indicated. Reference should be made to Note R to the Consolidated Financial Statements.

	2004		2003		2002	
(Amount in thousands)	Amount	%	Amount	%	Amount	%
Net Sales	$ 37,274	100.0%	$ 31,734	100.0%	$ 30,987	100.0%
Cost of goods sold	31,913	85.6%	27,932	88.0%	26,766	86.4%
Gross profit	5,361	14.4%	3,802	12.0%	4,221	13.6%
Selling and administrative expense	3,822	10.3%	3,910	12.3%	3,520	11.4%
Long-lived asset impairment cost	-	-	490	1.5%	481	1.6%
Operating income (loss)	$ 1,539	4.1%	$ (598)	(1.8%)	$ 220	.6%
Special charges described below						
Write-down of inventories	$ -		$ 481		$ -	
Write-down of plant & equipment	$ -		$ 490		$ 481	

Comparison of 2004 to 2003- Specialty Chemicals Segment

Sales were up $5,540,000, or 17 percent, gross profits increased $1,559,000, or 41 percent, and operating income was $1,539,000 compared to a loss of $598,000 in 2004 compared to 2003, respectively. Favorable market conditions for most of the Segments' products and new product development at the Spartanburg location accounted for the increase in sales. The 41 percent increase in gross profits in 2004 compared to 2003 resulted from improved profitability at all three of the chemical plants, and from a $481,000 inventory charge in 2003 at the Greensboro plant discussed below. Unlike 2003, the Segment was able to pass some of the higher operating costs, especially energy costs, to its customers which allowed the Segment to generate additional margin contribution from the increased sales volume. For the fourth quarter of 2004, sales were up $830,000, or 11 percent and gross profits increased $610,000, or 167 percent compared to 2003. Fourth quarter operating income was $146,000 compared to a loss of $1,120,000 in the fourth quarter of 2003. The modest level of profitability in the fourth quarter was caused primarily by poor results at the Spartanburg plant because of the low level of contract campaigns. This location often has volatility in its production levels quarter to quarter because of the customers' scheduling requirements. Included in operating income in the fourth quarter of 2003 were the $481,000 inventory charge and a $490,000 impairment loss discussed below. Management is pleased with the dramatic improvement achieved without any benefit from a new product that was the object of much of the Segment's effort in 2004.

Selling and administrative expense declined $88,000 in 2004 compared to 2003, and declined as a percent of sales to ten percent in 2004 compared to 12 percent in 2003. The decline came primarily from reduced bad debt expense at OP caused by the need to increase bad debt reserves in 2003 to account for several customer bankruptcies.

Comparison of 2003 to 2002- Specialty Chemicals Segment

Sales were up a modest two percent and gross profits declined ten percent for 2003 compared to 2002. Profitability in both years was negatively impacted from the recording of long-lived asset impairment write-downs of $490,000 in 2003, discussed in the following paragraph, and $481,000 in 2002 on assets located at the Spartanburg location. Gross profits in 2003 were also hurt by an inventory adjustment discussed below. The Segment was unable to pass higher operating costs, especially energy costs, to its customers. As a result, the Segment experienced only a one percent increase in gross profits for the year compared to 2002, adjusted for the $481,000 inventory write-down. The Segment has been able to expand production at its Spartanburg location by adding new products, which provides a better opportunity for the location to more evenly absorb manufacturing cost and avoid significant negative manufacturing variances this location has historically experienced. This allowed the location to operate profitably for the year. However, the location continues to have significant swings in profitability from the timing of its contract tolling campaigns as it incurred losses in the first and fourth quarters of 2003, while generating profits in the second and third quarters of 2003.

The Segment's pigment business located in Greensboro, North Carolina, experienced a significant downturn in textile business during the last six months of 2003 incurring losses during that period. Although the non-textile portion of the pigment business is growing, it is not expanding fast enough to offset the declining textile business. The reduced volume did not produce sufficient contribution margin to offset operating costs causing the losses. As a result of lost business, mainly from customers closing their operations, the location accumulated excessive inventories with few or no customers available to systematically sell off and or blend off the inventory. As a result, a $481,000 inventory charge was recorded in the fourth quarter of 2003. Also during the fourth quarter of 2003, the Company completed an impairment assessment on the plant and equipment located at Greensboro and based on the results of the assessment, recorded a $490,000 impairment loss. See Note C to the Consolidated Financial Statements.

Selling and administrative expense increased $390,000 in 2003 compared to 2002, Selling and administrative expenses as a percent of sales increased to 12 percent in 2003 compared to 11 percent in 2002. The increase came primarily from increases in sales commissions from higher sales and bad debt expense at OP caused by the need to increase bad debt reserves in 2003 to account for several customer bankruptcies, coupled with $45,000 of non-recurring miscellaneous income received in 2002 from warehouse rentals at one of the locations.

For information related to environmental matters, see Note I to the Consolidated Financial Statements.

Discontinued Operations

On July 23, 2003 the Company purchased certain assets of Rite Industries. These assets along with Synalloy's existing textile dye business were placed in a newly formed subsidiary of the Company called Blackman Uhler, LLC (BU Colors). The newly formed company is owned 90 percent by the Company with the remaining percentage owned by a group of former Rite Industries executives. The acquisition provided a new customer base in the paper and other non-textile industries. Total cost of the acquisition was $200,000 and the Company funded the acquisition with available cash. As a result of the continuing downward trends in the textile industry and poor financial performance of the textile dye business, the Company decided at the end of the fourth quarter of 2003 to divest the liquid dye portion of its dye business servicing the textile industry, and began downsizing the remaining dye business. In the fourth quarter of 2003, a $290,000 inventory charge was recorded to cost of goods sold to write down inventories related to the liquid dye product lines. On March 25, 2004, the Company entered into an agreement to sell the liquid dye business comprised of vat, sulfur, liquid disperse and liquid reactive dyes with annual sales of approximately $4,500,000 for approximately its net book value, and several customers and related products of the remaining textile dye business were rationalized. Business conditions in the remaining dye business were poor throughout 2004, especially in the first six months, as BU Colors experienced operating losses in every quarter of 2004. In the third quarter of 2004, the Company decided to attempt to sell the remaining dye business and on December 28, 2004, entered into an Agreement to sell the dye business, closing the sale on January 31, 2005. The terms included the sale of the inventory of BU Colors along with certain equipment and other property associated with the business being sold, and the licensing of certain intellectual property, for a purchase price of approximately $4,872,000 of which $4,022,000 was paid at closing, and the balance of $850,000 will be payable over time based on the operations of the purchaser. In December of 2004, the Company completed an impairment assessment on the plant and equipment located at the Spartanburg facility related to the BU Colors operations. As a result, the Company recognized an impairment loss of $581,000 from the write-down of plant and equipment. As a result of the sale of the dye business, the Company has discontinued the operations of BU Colors and has presented the financial information of BU Colors as discontinued operations, including restating 2003 and 2002.

Unallocated Income and Expense

Reference should be made to Note R to the Consolidated Financial Statements for the schedule that includes these items.

Comparison of 2004 to 2003 - Corporate

Corporate expense increased $589,000, or 60 percent, to $1,572,000 for 2004 compared to 2003. The increase resulted primarily from the addition of environmental expenses of $572,000 to accrue for $372,000 of environmental remediation costs in the fourth quarter of 2004 at the Spartanburg facility and from the recording of a $200,000 environmental charge in the second quarter of 2004 to reflect the settlement with the Environmental Protection Agency of the Company's obligation as a Potentially Responsible Party in the clean up of a waste disposal site. Reference should be made to Note I to the

Consolidated Financial Statements. Interest expense in 2004 increased $131,000 from 2003 from increases in borrowings and the prime interest rate under the lines of credit with a lender.

Comparison of 2003 to 2002 - Corporate

Corporate expense increased $107,000, or twelve percent to $983,000 for 2003 compared to 2002. The increase resulted primarily from an increase in directors' fees and expenses. In 2003, the Company began paying the directors' retainer fees by issuing shares of its common stock, and issued 25,000 shares expensing $103,000 as retainer fees compared to $66,000 paid and expensed in 2002. Other expense, net in 2003 included $150,000 of non-recurring income received from the sale of the Company's NASDAQ stock symbol, and $119,000 in dividend income received from the Company's life insurance policies, both recorded in the third quarter of 2003. Other expense, net in 2002 included the sale of certain non-operating assets, including its investment in a foreign corporation, for a pre-tax gain of $605,000. Interest expense in 2003 increased $150,000 from 2002 due to increases in borrowings under the lines of credit with a lender.

Current Conditions and Outlook

Market conditions in the Metals Segment have improved over the past three months, from December 2004 through February 2005, as sales activity, pricing and unit volumes for commodity pipe have increased from levels experienced over the last half of 2004. Management remains optimistic about the current conditions that exist in the commodity pipe and specialty alloy markets. The Segment has been successful in penetrating new markets, such as projects in the LNG industry, where management believes there is significant growth potential. If piping systems can continue to generate sufficient volume through its operations, and demand for piping continues at it current level, management believes the Metals Segment will operate profitably in 2005.

Management is pleased with the dramatic improvement achieved by the Specialty Chemicals Segment even without any benefit from a new product line that was the object of much of the Segment's effort in 2004. The Segment has introduced a new line of fire retardant chemicals. Applications for this new line of chemicals include mattresses, furniture and home appliances, which are subject to new fire retardant regulations that we believe will become effective in 2005. Qualifications of our products continue to have good success in each of the applications. In addition, our products offer a safer alternative to the use of certain compounds used in products currently servicing these industries. Regulations in California are now requiring mattress manufacturers to utilize fire retardant products that conform to the new regulations in their production process which began January 1, 2005. Management was hopeful that Federal regulations similar to regulations adopted by California would be in place in the first half of 2005, but it now appears that it will be sometime in the first quarter of 2006 before the Federal regulations will address the issue. As a result of these delays, the Segment was unable to generate significant production in 2004. However, management remains confident that demand for fire retardant products will ramp up in the second half of 2005 and grow into significant volumes. Management is encouraged by the performance of this Segment and believes it is positioned to continue to grow from new product opportunities, which has been the hallmark of our Specialty Chemicals Segment. This Segment's business tends to be impacted by general economic conditions, and assuming no significant downturn in the general economy, management expects this Segment to operate profitably in 2005.

Item 7a Quantitative and Qualitative Disclosures About Market Risks

The Company is exposed to market risks from adverse changes in interest rates. In this regard, changes in U. S. interest rates affect the interest earned on the Company's cash and cash equivalents as well as interest paid on its indebtedness. As a policy, the Company does not engage in speculative or leveraged transactions, nor does it hold or issue financial instruments for trading purposes.

The Company is exposed to changes in interest rates primarily as a result of its borrowing activities used to maintain liquidity and fund business operations. There have been no significant changes in the Company's risk exposures from the prior year.

Fair value of the Company's debt obligations, which approximated the recorded value, consisted of:

At January 1, 2005

$21,205,000 under a $23,000,000 line of credit expiring July 25, 2006 with an average variable interest rate of 4.95 percent.

At January 3, 2004

$18,761,000 under a $23,000,000 line of credit expiring July 25, 2006 with an average variable interest rate of 3.82 percent.

Item 8 Financial Statements and Supplementary Data

The Company's consolidated financial statements, related notes, report of management and report of the independent auditors follow on subsequent pages of this report.

Consolidated Statements of Operations

Year ended January 1, 2005, January 3, 2004 and December 28, 2002

	2004	2003	2002
Net sales	$ 99,839,004	$ 80,407,856	$ 74,350,688
Cost of sales	85,862,952	72,018,585	68,176,670
Gross profit	13,976,052	8,389,271	6,174,018
Selling, general and administrative expense	9,431,583	8,177,000	8,000,611
Long-lived asset impairment (Note C)	-	490,000	481,173
Operating income (loss)	4,544,469	(277,729)	(2,307,766)
Other (income) and expense			
Interest expense	1,067,089	936,490	846,188
Other, net	(52)	(339,839)	(29,277)
Gain on sale of investments and assets	-	-	(605,061)

Income (loss) from continuing operations before income tax	3,477,432	(874,380)	(2,519,616)
Provision for (benefit from) income taxes	1,203,000	(294,000)	(887,000)
Net income (loss) from continuing operations before cumulative effect of a change in accounting principle	2,274,432	(580,380)	(1,632,616)
Loss from discontinued operations	(1,671,314)	(1,276,268)	(4,592,000)
(Benefit) from income taxes	(571,000)	(436,000)	(1,617,000)
Net loss from discontinued operations (Note Q)	(1,100,314)	(840,268)	(2,975,000)
Net income (loss) before cumulative effect of a change in accounting principle	1,174,118	(1,420,648)	(4,607,616)
Cumulative effect, net of income tax of $127,000, of a change in accounting principle (Note B)	-	-	(235,473)
Net income (loss)	$ 1,174,118	$ (1,420,648)	$ (4,843,089)
Net income (loss) per basic common share:			
Net income (loss) from continuing operations before cumulative effect of a change in accounting principle	$.38	($.10)	($.27)
Net loss from discontinued operations	($.18)	($.14)	($.50)
Cumulative effect of a change in accounting principle (Note B)	$.00	$.00	($.04)
Net income (loss)	$.20	($.24)	($.81)

Net income (loss) per diluted common share:			
Net income (loss) from continuing operations before cumulative effect of a change in accounting principle	$.37	($.10)	($.27)
Net loss from discontinued operations	($.18)	($.14)	($.50)
Cumulative effect of a change in accounting principle (Note B)	$.00	$.00	($.04)
Net income (loss)	$.19	($.24)	($.81)

See accompanying notes to financial statements.

Consolidated Balance Sheets

January 1, 2005, and January 3, 2004

	2004	2003
Assets		
Current assets		
Cash and cash equivalents	$ 292,350	$ 1,110
Accounts receivable, less allowance for doubtful accounts of $678,000 and $242,000 respectively	14,471,257	11,844,025
Inventories		
Raw materials	12,502,420	8,037,483
Work-in-process	5,823,339	4,622,779
Finished goods	8,024,373	5,853,608
Total inventories	26,350,132	18,513,870
Deferred income taxes (Note M)	933,000	81,000
Prepaid expenses and other current assets	263,913	319,609
Current assets of discontinued operations (Note Q)	5,383,372	9,425,744
Total current assets	47,694,024	40,185,358
Cash value of life insurance	2,554,099	2,467,457
Property, plant and equipment, net (Note E)	18,228,863	18,432,687
Deferred charges, net and other assets (Note F)	2,725,363	2,708,720
Non-current assets of discontinued operations (Note Q)	-	1,130,812
Total assets	$ 71,202,349	$ 64,925,034

January 1, 2005 and January 3, 2004

	2004	2003

Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable	$ 8,086,458	$ 7,687,835
Accrued expenses (Note H)	2,243,101	2,168,045
Current portion of environmental reserves (Note I)	916,754	656,254
Income taxes	10,609	-
Current liabilities of discontinued operations (Note Q)	1,349,316	966,939
Total current liabilities	12,606,238	11,479,073
Long-term debt (Note G)	21,205,066	18,761,415
Environmental reserves (Note I)	204,000	188,249
Deferred compensation (Note J)	542,217	543,975
Deferred income taxes (Note M)	2,715,000	1,290,000
Non-current liabilities of discontinued operations (Note Q)	-	106,000
Shareholders' equity (Notes G, K, and L)		
Common stock, par value $1 per share - Authorized		
12,000,000 shares: issued 8,000,000 shares	8,000,000	8,000,000
Retained earnings	42,553,345	41,433,837
	50,553,345	49,433,837
Less cost of Common Stock in treasury:		
1,980,436 and 2,010,696 shares, respectively	16,623,517	16,877,515
Total shareholders' equity	33,929,828	32,556,322
Total liabilities and shareholders' equity	$ 71,202,349	$ 64,925,034

See accompanying notes to financial statements.

Consolidated Statements of Shareholders' Equity

	Common Stock	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Income	Cost of Common Stock in Treasury	Total
Balance at December 29, 2001	$ 8,000,000	$ 9,491	$ 47,795,305	$ 231,391	$ (17,087,361)	$ 38,948,826
Comprehensive income:						
Net loss			(4,843,089)			(4,843,089)
Reclassification adjustments for gains included in net loss, net of tax (Notes A and D)				(231,391)		(231,391)
Comprehensive loss						(5,074,480)
Balance at December 28, 2002	8,000,000	9,491	42,952,216	-	(17,087,361)	33,874,346
Net loss			(1,420,648)			(1,420,648)
Issuance of common stock from the treasury		(9,491)	(97,731)		209,846	102,624
Balance at January 3, 2004	8,000,000	-	41,433,837	-	(16,877,515)	32,556,322
Net income			1,174,118			1,174,118
Issuance of common stock from the treasury		5,292			119,697	124,989
Stock options exercised		(5,292)	(54,610)		134,301	74,399
Balance at January 1, 2005	$ 8,000,000	$ -	$ 42,553,345	$ -	$ (16,623,517)	$ 33,929,828

See accompanying notes to financial statements.

Consolidated Statements of Cash Flows

Year ended January 1, 2005, January 3, 2004 and December 28, 2002

	2004	2003	2002
Operating activities			
Net income (loss) from continuing operations	$ 2,274,432	$ (580,380)	$ (1,632,616)
Adjustments to reconcile net income (loss) to net cash (used in) provided by continuing operating activities:			
Depreciation expense	2,565,948	2,596,171	2,790,943
Amortization of deferred charges	501,724	380,016	189,773
Deferred compensation	(1,758)	(270,687)	(259,982)
Deferred income taxes	573,000	(745,000)	(290,000)
Provision for losses on accounts receivable	610,525	189,010	366,484
Provision for write-down of inventories	-	481,000	600,000
Provision for write-down of property, plant and equipment	-	490,000	481,173
Loss (gain) on sale of property, plant and equipment	9,607	(1,756)	66,560
Cash value of life insurance	(86,642)	(86,158)	(37,160)
Environmental reserves	276,251	(739,647)	(1,200,814)
Issuance of treasury stock for director fees	124,989	102,625	-
Gain on sale of investments and assets	-	-	(605,061)
Changes in operating assets and liabilities:			
Accounts receivable	(3,237,757)	(1,727,492)	(860,653)
Inventories	(7,836,262)	(2,649,840)	864,178
Other assets	(34,672)	(426,004)	(53,950)
Accounts payable	398,623	1,003,232	929,896
Accrued expenses	75,057	664,244	(326,762)
Income taxes payable	10,609	2,597,696	(1,184,604)
Net cash (used in) provided by continuing operating activities	(3,776,326)	1,277,030	(162,595)
Net cash provided by (used in) discontinued operating activities	4,279,848	(5,256,799)	3,799,423
Net cash provided by (used in) operating activities	503,522	(3,979,769)	3,636,828
Investing activities			
Purchases of property, plant and equipment	(2,313,219)	(1,324,656)	(2,034,724)
Proceeds from sale of property, plant and equipment	10,887	11,862	468,121
(Increase) decrease in notes receivable	(428,000)	346,690	365,175
Proceeds from sale of investment	-	-	931,179
Net cash used in investing activities	(2,730,332)	(966,104)	(270,249)
Financing activities			

Proceeds from (payments on) revolving lines of credit	2,443,651	4,898,327	(3,322,912)
Proceeds from exercised stock options	74,399	-	-
Net cash provided by (used in) financing activities	2,518,050	4,898,327	(3,322,912)
Increase (decrease) in cash and cash equivalents	291,240	(47,546)	43,667
Cash and cash equivalents at beginning of year	1,110	48,656	4,989
Cash and cash equivalents at end of year	$ 292,350	$ 1,110	$ 48,656

See accompanying notes to financial statements.

Notes to Consolidated Financial Statements

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Note A Summary of Significant Accounting Policies

Principles of Consolidation. The consolidated financial statements include the accounts of the Company and its subsidiaries, all of which are wholly-owned except Blackman Uhler, LLC which is 90 percent owned by the Company (See Note Q). All significant intercompany transactions have been eliminated.

Reclassification. For comparative purposes, certain amounts in the 2003 and 2002 financial statements have been reclassified to conform with the 2004 presentation. (See Note Q.)

Use of Estimates. The preparation of the financial statements in conformity with U. S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Accounting Period. The Company's fiscal year is the 52- or 53-week period ending the Saturday nearest to December 31. Fiscal year 2004 ended on January 1, 2005, fiscal year 2003 ended on January 3, 2004, and fiscal year 2002 ended on December 28, 2002. The 2004 and 2002 fiscal years included 52 weeks and 2003 fiscal year included 53 weeks.

Revenue Recognition. Revenue from product sales is recognized at the time ownership of goods transfers to the customer and the earnings process is complete. Shipping costs of approximately $1,443,000, $1,617,000 and $1,480,000 in 2004, 2003 and 2002, respectively, are recorded as a reduction of sales.

Inventories. Inventories are stated at the lower of cost or market. Cost is determined by the first-in, first-out (FIFO) method. The Company writes down its inventory for estimated obsolescence or unmarketable inventory equal to the difference between the cost of inventory and the estimated market value based upon assumptions about future demand and current market conditions. In the fourth quarter of 2004, the FASB issued Statement No. 151, "Inventory Costs" which has an effective date in June of 2005. The Company does not believe the statement will have an impact on the Company's financial statements.

Long-Lived Assets. Property, plant and equipment are stated at cost. Depreciation is provided on the straight-line method over the estimated useful life of the assets. Land improvements and buildings are depreciated over a range of ten to 40 years, and machinery, fixtures and equipment are depreciated over a range of three to 20 years.

The costs of software licenses are amortized over five years using the straight-line method. Debt expenses are amortized over the periods of the underlying debt agreements using the straight-line method.

Intangibles arising from acquisitions represent the excess of cost over fair value of net assets of businesses acquired. Goodwill and indefinite lived intangible assets are not amortized but are reviewed annually for impairment. Other intangible assets that are not deemed to have an indefinite life are amortized over their useful lives.

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The Company continually reviews the recoverability of the carrying value of long-lived assets. The Company also reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of such assets may not be recoverable. When the future undiscounted cash flows of the operation to which the assets relate do not exceed the carrying value of the asset, the assets are written down to fair value.

Cash Equivalents. The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Concentrations of Credit Risk. Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of trade accounts receivable and cash surrender value of life insurance.

Accounts receivable from the sale of products are recorded at net realizable value and the Company grants credit to customers on an unsecured basis. Substantially all of the Company's accounts receivable are due from companies located throughout the United States. The Company provides an allowance for doubtful collections that is based upon a review of outstanding receivables, historical collection information and existing economic conditions. The Company performs periodic credit evaluations of its customers' financial condition and generally does not require collateral. Receivables are generally due within 30 to 45 days. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer.

The cash surrender value of life insurance is the contractual amount on policies maintained with one insurance company. The Company performs a periodic evaluation of the relative credit standing of this company as it relates to the insurance industry.

Research and Development Expense. The Company incurred research and development expense of approximately $551,000, $457,000 and $524,000 in 2004, 2003 and 2002, respectively.

Fair Value of Financial Instruments. The carrying amounts reported in the balance sheet for cash and cash equivalents, cash surrender value of life insurance, investments and borrowings under the Company's line of credit approximates its fair value.

Stock Options. The Company accounts for stock options under Accounting Principles Board Opinion 25 (APB 25), "Accounting for Stock Issued to Employees." See Note L.

In December 2002, the FASB issued Statement No. 148 (SFAS No. 148), "Accounting for Stock-Based Compensation-Transition and Disclosure." SFAS No. 148 amends SFAS No. 123 (SFAS 123), "Accounting for Stock-Based Compensation," to provide alternative methods of transition for a voluntary change to the fair value based method of

accounting for stock-based employee compensation. In addition, this Statement amends the disclosure requirements of SFAS No. 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. SFAS No. 148 is effective for financial statements for fiscal years ending after December 15, 2002. The Company adopted the disclosure requirements of this Statement in 2002.

In December 2004, the FASB recently enacted Statement of Financial Accounting Standards 123-revised 2004 ("SFAS 123R"), "Share-Based Payment" which replaces SFAS 123 and supersedes APB 25. SFAS 123R requires the measurement of all employee share-based payments to employees, including grants of employee stock options, using a fair-value-based method and the recording of such

expense in our consolidated statements of income. The accounting provisions of SFAS 123R are effective for reporting periods beginning after June 15, 2005.

Comprehensive Income. Comprehensive income is comprised of net income plus other comprehensive income which, under existing accounting standards, consists of unrealized gains and losses on certain investments in equity securities. Comprehensive income is reported by the Company in the Consolidated Statements of Shareholders' Equity.

Variable Interest Entities. In January 2003, the FASB released Interpretation No. 46, "Consolidation of Variable Interest Entities" ("FIN 46"). FIN 46 requires that all primary beneficiaries of Variable Interest Entities (VIE) consolidate that entity. FIN 46 is effective immediately for VIEs created or acquired after January 31, 2003. It applies in the first fiscal year or interim period beginning after June 15, 2003, to variable interest entities in which an enterprise holds a VIE it acquired before February 1, 2003. The Company has determined that it has not created or modified any relationships or contracts since February 1, 2003 that could result in potential VIEs and did not identify any relationships that existed prior to February 1, 2003 where the Company would be identified as the primary beneficiary of a VIE. As a result, there was no impact on the Company's financial statements in 2004 or 2003.

Note B Change in Accounting Principle

In accordance with SFAS No. 141, "Business Combinations," and SFAS No. 142, "Goodwill and Other Intangible Assets" ("the Statements"), goodwill and intangible assets deemed to have indefinite lives are no longer amortized but are subject to annual impairment tests. Impairment assessments were performed at the end of the second quarter of 2002 on goodwill recorded at each of the operating entities. The assessment resulted in an impairment charge of $362,000 of goodwill, $201,000 in the Metals Segment and $161,000 in discontinued operations. The write-down was recorded as a one-time after-tax charge of $235,000, or $.04 per share, which was recorded as a restatement in the first quarter of 2002 reflecting the cumulative effect of a change in accounting principle. The impairment assessment was updated through 2004 year-end on the remaining goodwill related to the acquisition of Manufacturers Chemicals and no further write-down was considered necessary.

Note C Special Charges

Accounting For The Impairment Of Long-Lived Assets. During the fourth quarter of 2003, the Company completed an impairment assessment in accordance with SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets (SFAS 144), on the plant and equipment located at Greensboro, North Carolina. Pigment sales to the textile industry out of the Greensboro plant declined steadily through the year, especially in the last six months of 2003 and as a result the plant had become underutilized generating operating losses over the last six months of 2003, primarily because of deteriorating market conditions in the textile industry. After completing an analysis of the business at the site and exploring other options that were available, it became apparent that the facility could not adequately recover the fixed costs related to the facility under current business conditions. This resulted in the recording of a $490,000 impairment loss in the fourth quarter of 2003 on the plant and equipment. The impairment loss was calculated based on the excess of the carrying amount of the long-lived assets over their fair value. Management utilized its best estimate to determine fair values including market conditions, experience in acquiring and disposing of similar plant and equipment, and estimates of future cash flows, to test for recoverability of the long-lived assets.

During the second quarter of 2002, the Company completed an impairment assessment on the plant and equipment located at Spartanburg, South Carolina. The Spartanburg plant was substantially underutilized and generating operating losses, primarily because of deteriorating market conditions. The Company began experiencing certain indications that the operations at this site were deteriorating

further, including the unexpected loss of anticipated dye business, increases in pricing pressure from competitors, and reductions in expected revenues in the specialty chemical tolling business. As a result, the Company revised its business plans and projections to better reflect what management believed were current market conditions. After completing an analysis of the business at the site and exploring other options that were available, it became apparent that the facility could not adequately recover the fixed costs related to the facility under current business conditions. This resulted in the recording in the second quarter of 2002 of a $2,267,000 impairment loss on the plant and equipment, $1,786,000 related to discontinued operations and $481,000 to the Specialty Chemicals Segment. The impairment loss was calculated as described above. The impairment assessments at Spartanburg were updated through the 2003 year-end which resulted in the recording of an additional write-down of $191,000 in the fourth quarter of 2003 against plant and equipment utilized by discontinued operations. The impairment assessments at both facilities have been updated through the 2004 year-end and no additional write-downs were deemed necessary at either the Greensboro location or the continuing operations at the Spartanburg location. (See Note Q)

Other Special Charges. As discussed above, the specialty chemicals Segment's pigment business located in Greensboro, North Carolina, experienced a significant downturn in textile business during the last six months of 2003. As a result of lost business, mainly from customers closing their operations, the location accumulated excessive inventories with few or no customers available to systematically sell or blend off the inventory. As a result a $481,000 inventory charge was recorded to cost of goods sold in the fourth quarter of 2003. In the second quarter of 2002 inventory charges of $2,471,000 were recorded to cost of goods sold, $1,800,000 for discontinued operations and $671,000 for the Metals Segment. The Company has historically sold off excess inventory slowly to avoid distressed pricing that would be required to dispose of the excess inventory more quickly. With the price erosion that occurred over the first six months of 2002 and weak business conditions that existed, excess inventories were not reduced as much as planned. Therefore, excess inventories were written down to reflect management's estimate of the market values. As further discussed in Note I, a $97,000 environmental charge was accrued in the second quarter of 2002 to provide for a proposed settlement of a claim related to shipment of waste to an outside waste disposal site during the 1980s.

Note D Investments in Equity Securities

During 2002, the Company sold its investment in Ta Chen International Corp. for $701,000, realizing a pretax gain of $418,000. The Company also sold the remaining shares of its investment in Span America for $285,000, realizing a pretax gain of $87,000. The unrealized appreciation of the investments was recorded as other comprehensive income included in shareholders' equity, net of deferred income taxes.

Note E Property, Plant and Equipment

Property, plant and equipment consist of the following:

	2004	2003
Land	$ 406,868	$ 406,868
Land improvements	949,378	957,218
Buildings	14,035,167	13,916,819
Machinery, fixtures and equipment	39,216,151	38,235,522

Construction-in-progress	1,153,699	812,594
	55,761,263	54,329,021
Less accumulated depreciation	37,532,400	35,896,334
Total property, plant & equipment	$18,228,863	$18,432,687

Note F Deferred Charges

Deferred charges consist of the following:

	2004	2003
Goodwill	$ 2,050,559	$ 2,050,559
Product license agreements	150,000	150,000
Debt expense	913,285	763,285
	3,113,844	2,963,844
Less accumulated amortization	1,651,614	1,173,290
Total deferred charges	$ 1,462,230	$ 1,790,554

Note G Line of Credit

On July 26, 2002, the Company entered into a Credit Agreement with a lender to provide a $19,000,000 line of credit expiring on July 25, 2004, and refinanced the Company's notes payable and long-term debt replacing the existing bank indebtedness. On July 24, 2003, the agreement was amended, increasing the borrowing amount to $23,000,000, primarily under the existing terms, and extending the expiration date to July 25, 2006. Current interest rates are the bank's prime rate or LIBOR plus 2.75 percent, and can vary based on EBITDA performance from prime to prime plus .75 percent and LIBOR plus 2.50 percent to LIBOR plus 3.25 percent. The Company has the option of electing to borrow portions of the outstanding loan balance under the LIBOR plus 2.50 rate, and has had $10,000,000 subject to that rate since July 28, 2003. The rates at January 1, 2005 were 5.25 percent for borrowings based on the prime rate, and 4.61 percent for borrowings based on the LIBOR rate. Borrowings under the Agreement are limited to a borrowing base calculation including eligible accounts receivable, inventories, and cash surrender value of the Company's life insurance as defined in the Agreement. As of January 1, 2005, the amount available for borrowing was $23,000,000 of which $21,205,000 was borrowed leaving $1,795,000 of availability.

Borrowings under the Credit Agreement are collateralized by accounts receivable, inventory, cash surrender value of life insurance and the equipment located at the Manufacturers Chemicals and Bristol Metals plants. At January 1, 2005, the Company was in compliance with its debt covenants which include, among others, maintaining certain EBITDA and tangible net worth amounts, and prohibit the payment of dividends.

Average borrowings outstanding during fiscal 2004, 2003 and 2002 were $19,338,000, $14,923,000, and $14,178,000 with weighted average interest rates of 4.17 percent, 3.82 percent and 5.41 percent, respectively. The Company made interest payments of $798,000 in 2004, $747,000 in 2003, and $668,000 in 2002.

Note H Accrued Expenses

Accrued expenses consist of the following:

	2004	2003
Salaries, wages and commissions	$ 948,110	$ 463,825
Advances from customers	467,727	597,805
Insurance	121,737	390,533
Interest	111,189	100,387
Pension	135,681	118,339

Taxes, other than income taxes	205,318	190,128
Other accrued items	253,339	307,028
Total accrued expenses	$ 2,243,101	$ 2,168,045

Note I Environmental Compliance Costs

At January 1, 2005, the Company has accrued $1,121,000 in remediation costs which, in management's best estimate, will satisfy anticipated costs of known remediation requirements as outlined below. Expenditures related to costs currently accrued are not discounted to their present values and are expected to be made over the next four years. As a result of the evolving nature of the environmental regulations, the difficulty in estimating the extent and remedy of environmental contamination, and the availability and application of technology, the estimated costs for future environmental compliance and remediation are subject to uncertainties and it is not possible to predict the amount or timing of future costs of environmental matters which may subsequently be determined. Subject to the difficulty in estimating future environmental costs, the Company believes that the likelihood of material losses in excess of the amounts recorded is remote.

Prior to 1987, the Company utilized certain products at its chemical facilities that are currently classified as hazardous waste. Testing of the groundwater in the areas of the treatment impoundments at these facilities disclosed the presence of certain contaminants. In addition, several solid waste management units ("SWMUs") at the plant sites have been identified. In 1998 the Company completed an RCRA Facility Investigation at its Spartanburg plant site, and based on the results, completed a Corrective Measures Study in 2000. A Corrective Measures Plan specifying remediation procedures to be performed was submitted in 2000 for regulatory approval. In the fourth quarter of 2004, a remediation project was started to clean up two of the three remaining SWMU's on the Spartanburg plant site which is expected to be completed in the second quarter of 2005. The Company has $530,000 accrued at January 1, 2005, to provide for completion of this project. The Company also has $132,000 accrued to provide for additional estimated future remedial, cleanup and monitoring costs.

At the Augusta plant site, the Company submitted in 2000 results of a Phase II Monitoring Plan for regulatory approval. After receiving approval, a Risk Assessment and Corrective Measures Plan was developed and submitted for regulatory approval. A Closure and Post-Closure Care Plan was submitted and approved in 2001 for the closure of the surface impoundment. Based on the anticipated results of the studies performed at the site, the Company recorded a special charge of $1,148,000 in the fourth quarter of 2000. The Company completed the surface impoundment during 2002, and has $115,000 accrued at January 1, 2005 for additional estimated future remedial, cleanup and monitoring costs.

The Company has identified and evaluated two SWMUs at its plant in Bristol, Tennessee that revealed residual groundwater contamination. An Interim Corrective Measures Plan was submitted for regulatory approval in December 2000 to address the final area of contamination identified. The Company has $80,000 accrued at January 1, 2005, to provide for estimated future remedial and cleanup costs.

The Company has been designated, along with others, as a potentially responsible party under the Comprehensive Environmental Response, Compensation, and Liability Act, or comparable state statutes, at two waste disposal sites. The Company settled its obligations at both of the sites, recording in selling, general and administrative expense $97,000 in the second quarter of 2002, and $200,000 in the third quarter of 2004.

The Company does not anticipate any insurance recoveries to offset the environmental remediation costs it has incurred. Due to the uncertainty regarding court and regulatory decisions, and possible future legislation or rulings regarding the environment, many insurers will not cover environmental impairment risks, particularly in the chemical industry. Hence, the Company has been unable to obtain this coverage at an affordable price.

Note J Deferred Compensation

The Company has deferred compensation agreements with certain former officers providing for payments for ten years in the event of pre-retirement death or the longer of ten years or life beginning at age 65. The present value of such vested future payments, $542,000 at January 1, 2005, has been accrued.

The Company had a deferred compensation agreement with a former officer and current Board of Directors member. Amounts deferred became payable upon retirement of the officer in 2002. Interest accrued on amounts deferred, net of estimated income tax benefits deferred by the Company until payments were made, at rates consistent with other invested retirement funds held by the Company in accordance with the agreement. The Company made a $266,000 payment in 2002. At December 28, 2002, the amount deferred totaled $272,000 and the remaining balance was paid in January 2003.

Note K Shareholders' Rights

The Company has a Shareholders' Rights Plan (the "Plan") which expires in March 2009. Under the terms of the Plan, the Company declared a dividend distribution of one right for each outstanding share to holders of record at the close of business on March 26, 1999. Each Right entitles holders to purchase 2/10 of one share of Common Stock at a price of $25.00 per share. Initially, the Rights are not exercisable and will automatically trade with the Common Stock. Each right becomes exercisable only after a person or group acquires more than 15 percent of the Company's Common Stock, or announces a tender or exchange offer for more than 15 percent of the stock. At that time, each right holder, other than the acquiring person or group, may use the Right to purchase $25.00 worth of the Company's Common Stock at one-half of the then market price.

Note L Stock Options

A summary of activity in the Company's stock option plans is as follows:

	Weighted Average Exercise Price	Outstanding	Available

At December 29, 2001	$ 9.94	443,500	143,500
Authorized			222,000
Granted	$ 4.65	163,500	(163,500)
Exercised	$ -	-	
Cancelled		(3,750)	3,750
Expired		-	-
At December 28, 2002	$ 8.52	603,250	205,750
Authorized			
Granted	$ 6.12	97,000	(97,000)
Exercised	$ -	-	
Cancelled		(50,250)	50,250
Expired		(55,500)	-
At January 3, 2004	$ 6.16	594,500	159,000
Authorized			
Granted	$ -	-	-
Exercised	$ 4.65	(16,000)	
Cancelled		(32,500)	32,500
Expired		(41,000)	(18,500)
At January 1, 2005	$ 5.96	505,000	173,000

The following table summarizes information about stock options outstanding at January 1, 2005:

	Outstanding Stock Options			Exercisable Stock Options	
		Weighted Average			Weighted
Range of		Exercise	Remaining Contractual		Average Exercise
Exercise Prices	Shares	Price	Life in Years	Shares	Price
$ 14.83	4,500	$ 14.83	0.31	4,500	$ 14.83
$ 18.88	14,500	$ 18.88	1.32	14,500	$ 18.88
$ 15.13	76,000	$ 15.13	2.32	76,000	$ 15.13
$ 13.63	4,500	$ 13.63	3.32	4,500	$ 13.63
$ 7.28 to $ 7.75	89,500	$ 7.70	4.39	89,500	$ 7.70
$ 6.75	4,500	$ 6.75	5.37	4,500	$ 6.75
$ 5.01 to $ 6.11	106,000	$ 6.05	6.57	66,000	$ 6.01
$ 4.65	113,500	$ 4.65	7.31	49,900	$ 4.65
$ 5.82 to $ 6.21	92,000	$ 6.14	8.80	18,400	$ 6.14

----------	----------
-	-
505,000	327,800
========	=======

The Company has three stock option plans. It grants to non-employee directors, officers and key employees options to purchase common stock of the Company under the 1998 Plan. Options were granted through January 28, 1998 under the 1988 Plan, and under the 1994 Plan, options were granted through April 29, 2004. Options may be granted through April 30, 2008 under the 1998 Plan at a price not less than the fair value on the date of grant. Under the 1988 and 1998 Plans, options may be exercised beginning one year after date of grant at a rate of 20 percent annually on a cumulative basis. Under the 1994 Non-Employee Directors' Plan, options may be exercised at the date of grant. At the 2004 and 2003 respective year ends, 327,800 and 309,000 shares of the options outstanding were fully exercisable.

The Company has elected to apply the provisions of APB 25 in the computation of compensation expense. Under APB No. 25's intrinsic value method, compensation expense is determined by computing the excess of the market price of the shares over the exercise price on the measurement date. For the Company's options, the intrinsic value on the measurement date (or grant date) is zero, and no compensation expense is recognized. SFAS 123 requires the Company to disclose pro forma net income and income per share as if a fair value based accounting method had been used in the computation of compensation expense. The fair value of the options computed under Statement No. 123 would be recognized over the vesting period of the options. The fair value for the Company's options granted subsequent to December 31, 1994 was estimated at the time the options were granted using the Black-Scholes option pricing model. There were no options granted in 2004. The following weighted-average assumptions were used for 2003 and 2002, respectively: risk-free interest rate of five percent; volatility factors of the expected market price of the Company's Common Shares of .676 and .694; an expected life of the option of seven years. The dividend yield used in the calculation was zero percent for 2003 and 2002. The weighted average fair values on the date of grant were $4.22 in 2003 and $3.26 in 2002. The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because the Company's options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its options. The effects of applying SFAS 123 may not be representative of the effects on reported net income in future years.

For purposes of pro forma disclosures, the estimated fair value of the options is amortized to expense over the options' vesting period. The following is the pro forma information for 2004, 2003 and 2002:

	2004	2003	2002
	----------	----------	----------
Net income (loss) reported	$ 1,174,118	$(1,420,648)	$(4,843,089)
Compensation expense, net of tax	(138,566)	(127,066)	(199,370)
	----------	----------	----------
Pro forma net income (loss)	$ 1,035,552	$(1,547,714)	$(5,042,459)
	==========	==========	==========
Basic income (loss) per share	$ .20	$ (.24)	$ (.81)
Compensation expense, net of tax	(.03)	(.02)	(.03)
	----------	----------	----------
Pro forma basic income (loss) per share	$ .17	$ (.26)	$ (.84)
	==========	==========	==========
Diluted income (loss) per share	$ .19	$ (.24)	$ (.81)
Compensation expense, net of tax	(.02)	(.02)	(.03)
	----------	----------	----------
Pro forma diluted income (loss) per share	$ .17	$ (.26)	$ (.84)
	==========	==========	==========

Note M Income Taxes

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax liabilities and assets are as follows at the respective year ends:

(Amount in thousands)	2004	2003
	----------	----------
Deferred tax assets:		
Allowance for doubtful accounts	$ 224	$ 17
Deferred compensation	206	196

Inventory capitalization	318	374
Accrues group insurance	119	132
Environmental reserves	108	305
NOL carryforward	11	822
Deferred tax assets	986	1,846
Deferred tax liabilities:		
Tax over book depreciation	2,037	1,832
Prepaid expenses	511	523
Other	220	314
	2,768	2,669
	$ (1,782)	$ (823)

Significant components of the provision for and (benefit from) income taxes for continuing operations are as follows:

(Amount in thousands)	2004	2003	2002
Current:			
Federal	$ 1,443	$ -	$ (1,263)
State	45	-	(18)
Total current	1,488	-	(1,281)
Deferred:			
Federal	(233)	(294)	389
State	(52)	-	5
Total deferred	(285)	(294)	394
Total	$ 1,203	$ (294)	$ (887)

The reconciliation of income tax computed at the U. S. federal statutory tax rates to income tax expense for continuing operations is:

(Amounts in thousands)	2004		2003		2002	
	Amount	%	Amount	%	Amount	%
Tax at US statutory rates	$ 1,182	34.0%	$ (297)	34.0%	$ (857)	34.0%

State income taxes, net of						
Federal tax benefit	45	1.3%	(12)	1.4%	(35)	1.4%
Other, net	(24)	(0.7%)	15	(1.8%)	5	(0.2%)
Total	$ 1,203	34.6%	$ (294)	33.6%	$ (887)	35.2%

Income tax payments of approximately $72,000, $71,000 and $93,000 were made in 2004, 2003 and 2002, respectively. The Company has a Federal net operating loss carryforward (NOL) of $468,000 which expires in 2023. Management has determined that no valuation allowance related to deferred tax assets is necessary at January 1, 2005 and January 3, 2004.

Note N Benefit Plans

The Company has a 401(k) Employee Stock Ownership Plan covering all non-union employees. Employees may contribute to the Plan up to 100 percent of their salary with a maximum of $13,000 for 2004. Contributions by the employees are invested in one or more funds at the direction of the employee; however, employee contributions cannot be invested in Company stock.

Contributions by the Company are made primarily in Synalloy stock. The Company contributes on behalf of each participant who is eligible a matching contribution equal to a percentage which is determined each year by the Board of Directors. For 2004 the maximum was four percent. The matching contribution is allocated bi-monthly. Matching contributions of approximately $348,000, $331,000 and $334,000 were made for 2004, 2003 and 2002, respectively. The Company may also make a discretionary contribution, which shall be distributed to all eligible participants regardless of whether they contribute to the Plan. No discretionary contributions were made to the Plan in 2004, 2003 and 2002.

The Company also contributes to union-sponsored defined contribution retirement plans. Contributions relating to these plans were approximately $333,000, $276,000, and $265,000 for 2004, 2003 and 2002, respectively.

Note O Contingencies

The Company is from time-to-time subject to various claims, other possible legal actions for product liability and other damages, and other matters arising out of the normal conduct of the Company's business. Other than the environmental contingencies discussed in Note I, management believes that based on present information, the likelihood that liability, if any exists, is remote.

Note P Earnings Per Share

The following table sets forth the computation of basic and diluted earnings per share:

	2004	2003	2002
Numerator:			
Net income (loss) from continuing operations	$ 2,274,432	$ (580,380)	$ (1,632,616)
Denominator:			
Denominator for basic earnings per share - weighted average shares	6,007,365	5,976,905	5,964,304
Effect of dilutive securities:			
Employee stock options	134,302	20,225	-
Denominator for diluted earnings per share	6,141,667	5,997,130	5,964,304
Basic income (loss) per share	$ .38	$ (.10)	$ (.27)
Diluted income (loss) per share	$ .37	$ (.10)	$ (.27)

The diluted earnings per share calculation excludes the effect of potentially dilutive shares when the inclusion of those shares in the calculation would have an anti-dilutive effect. The Company had 370,698, 574,275, and 603,250 weighted average shares of common stock which were not included in the diluted earnings per share calculation as their effect was anti-dilutive in 2004, 2003 and 2002, respectively.

Note Q Discontinued Operations

On July 23, 2003 the Company purchased certain assets of Rite Industries. These assets along with Synalloy's existing textile dye business were placed in a newly formed subsidiary of the Company called Blackman Uhler, LLC (BU Colors). The newly formed company is owned 90 percent by the Company with the remaining percentage owned by a group of former Rite Industries executives. The acquisition provided a new customer base in the paper and other non-textile industries. Total cost of the acquisition was $200,000 and the Company funded the acquisition with available cash. As a result of the continuing downward trends in the textile industry and poor financial performance of the textile dye business, the Company decided at the end of the fourth quarter of 2003 to divest the liquid dye portion of its dye business servicing the textile industry, and began downsizing the remaining dye business. In the fourth quarter of 2003, a $290,000 inventory charge was recorded to cost of goods sold to write down inventories related to the liquid dye product lines. On March 25, 2004, the Company entered into an agreement to sell the liquid dye business comprised of vat, sulfur, liquid disperse and liquid reactive dyes with annual sales of approximately $4,500,000 for approximately its net book value, and several customers and related products of the remaining textile dye business were rationalized. Business conditions in the remaining dye business were poor throughout 2004, especially in the first six months, and BU Colors experienced operating losses in every quarter of 2004. In the third quarter of 2004, the Company decided to attempt to sell the remaining dye business and on December 28, 2004, entered into an Agreement to sell the dye business, closing the sale on January 31, 2005. The terms included the sale of the inventory of BU Colors along with certain equipment and other property associated with the business being sold, and the licensing of certain intellectual property, for a purchase price of

approximately $4,872,000 of which $4,022,000 was paid at closing, and the balance of $850,000 will be payable over time based on the operations of the purchaser. As a result of the sale of the dye business, the Company has discontinued the operations of BU Colors and has presented the financial information of BU Colors as discontinued operations, including restating 2003 and 2002. In December of 2004, the Company completed an impairment assessment in accordance with SFAS No. 144, on the plant and equipment located at the Spartanburg facility related to the BU Colors operations. As a result, the Company recognized an impairment loss of $581,000 from the write-down of plant and equipment. Financials of the discontinued operations are as follows:

Balance Sheets of Discontinued Operations

January 1, 2005 and January 3, 2004	**2004**	**2003**
Assets		
Current assets		
Accounts receivable, net	$ 2,057,910	$ 3,701,213
Inventories	3,286,837	5,605,404
Other current assets	38,625	119,127
Total current assets	5,383,372	9,425,744
Property, plant and equipment, net	-	1,130,812
Total assets	$ 5,383,372	$ 10,556,556
Liabilities		
Current liabilities		
Accounts payable	$ 1,130,677	$ 760,922
Accrued expenses	218,639	206,017
Total current liabilities	1,349,316	966,939
Deferred income taxes	-	106,000
Due to Synalloy Corporation	4,034,056	9,483,617
Total liabilities	$ 5,383,372	$ 10,556,556

Statements of Discontinued Operations

Year ended January 1, 2005, January 3, 2004 and December 28, 2002

	2004	**2003**	**2002**
Net sales	$ 21,979,133	$ 18,400,585	$ 11,110,706

Cost of sales	18,989,359	15,721,867	11,643,433
Gross profit (loss)	2,989,774	2,678,718	(532,727)
Selling, general and administrative expense	3,827,007	3,954,785	2,175,803
Operating loss	(837,233)	(1,276,067)	(2,708,530)
Long-lived asset impairment costs (Note C)	581,024	190,850	1,883,470
Interest expense, net	253,057	59,351	-
Minority interest	-	(250,000)	-
Loss from discontinued operations	$(1,671,314)	$(1,276,268)	$(4,592,000)

Note R Industry Segments

The Company operates in two principal industry segments: metals and specialty chemicals. The Company identifies such segments based on products and services. The Metals Segment consists of Bristol Metals, a wholly-owned subsidiary. The Chemicals Segment consists of Blackman Uhler Chemical Company, a division of the Company, Manufacturers Chemicals and Organic-Pigments Corporation (OP), wholly-owned subsidiaries of the Company. In 2003 and 2002, the Company operated in three industry segments including the two segments discussed above and the Colors Segment. The Colors Segment consisted of OP and Blackman Uhler, LLC (BU Colors), which is 90 percent owned by the Company. The Colors Segment manufactured dyes, pigments and auxiliaries. As a result of the sale of the Color Segment's dye business, discussed in Note Q, and movement of the management responsibilities of OP into the Specialty Chemicals Segment in the second quarter of 2004, the financial reporting of OP has been included within the Specialty Chemicals Segment for 2004, BU Colors has been reclassified into discontinued operations, and 2003 and 2002 amounts in the segment table below have been restated to account for the discontinued operations and reflect the change in OP reporting.

The Specialty Chemicals Segment manufactures a wide variety of specialty chemicals and pigments for the textile, carpet, chemical, paper, metals, petroleum, paint and pharmaceutical industries. The Metals Segment manufactures welded stainless steel pipe and highly specialized products, most of which are custom-produced to individual orders, required for corrosive and high-purity processes used principally by the chemical, petrochemical and pulp and paper industries. Products include piping systems, fittings, tanks, pressure vessels and a variety of other components.

Operating profit is total revenue less operating expenses, excluding interest expense and income taxes of the continuing operations. Identifiable assets, all of which are located in the United States, are those assets used in operations by each segment. Centralized data processing and accounting expenses are allocated to the two Segments based upon estimates of their percentage of usage. Corporate assets consist principally of cash, certain investments, and property and equipment. The Metals Segment had one domestic distribution customer (Hughes Supply, Inc.) that accounted for approximately 20 percent, 19 percent and 14 percent of the Metal Segment's revenues in 2004, 2003 and 2002, respectively, and 13 percent in 2004 and 12 percent in 2003 of consolidated revenues. Loss of this customer's revenues would have a material adverse effect on both the Metals Segment and the Company. No single customer or agency (domestic or foreign) of the Specialty Chemicals Segment accounted for more than ten percent of revenues in 2004, 2003 and 2002.

Segment Information:

(Amount in thousands)	2004	2003	2002
Net sales			
Specialty Chemicals Segment	$ 37,274	$ 31,734	$ 30,987
Metals Segment	62,565	48,674	43,364
	$ 99,839	$ 80,408	$ 74,351
Operating income (loss)			
Specialty Chemicals Segment	$ 1,539	$ (598)	$ 220
Metals Segment	4,577	1,303	(1,652)
	6,116	705	(1,432)
Less unallocated corporate expenses	1,572	983	876

Operating income (loss)	4,544	(278)	(2,308)
Other expense, net	1,067	596	212
Income (loss) from continuing operations	$ 3,477	$ (874)	$ (2,520)
Identifiable assets			
Specialty Chemicals Segment	$ 21,890	$ 19,603	
Metals Segment	37,804	29,472	
Corporate	6,125	5,294	
Continuing operations	65,819	54,369	
Discontinued operations	5,383	10,556	
	$ 71,202	$ 64,925	
Depreciation and amortization			
Specialty Chemicals Segment	$ 971	$ 1,000	$ 1,101
Metals Segment	1,291	1,329	1,391
Corporate	342	647	489
	$ 2,604	$ 2,976	$ 2,981
Capital expenditures			
Specialty Chemicals Segment	$ 596	$ 564	$ 1,296
Metals Segment	1,703	697	378
Corporate	14	64	361
	$ 2,313	$ 1,325	$ 2,035
Geographic sales			
United States	$ 96,677	$ 77,394	$ 72,288
Elsewhere	3,162	3,014	2,063
	$ 99,839	$ 80,408	$ 74,351

Note S Quarterly Results (unaudited)

The following is a summary of quarterly operations for 2004 and 2003:

(Amount in thousands)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter

2004				
Net Sales	$ 27,046	$ 24,746	$ 23,739	$ 24,308
Gross Profit	3,848	3,599	3,056	3,473
Net Income from continuing operations	727	653	180	714
Per Common Share - Diluted	0.12	0.11	0.03	0.12
Per Common Share - Basic	0.12	0.11	0.03	0.12
Net (loss) from discontinued operations	(63)	(212)	(151)	(674)
Per Common Share - Diluted	(0.01)	(0.04)	(0.03)	(0.11)
Per Common Share - Basic	(0.01)	(0.04)	(0.03)	(0.11)
Net Income	664	441	29	40
Per Common Share - Diluted	0.11	0.07	0.00	0.01
Per Common Share - Basic	0.11	0.07	0.00	0.01
2003				
Net Sales	$ 17,610	$ 21,800	$ 19,216	$ 21,782
Gross Profit	1,729	2,659	2,158	1,843
Net Income (loss) from continuing operations	(352)	157	123	(508)
Per Common Share - Diluted	(0.06)	0.03	0.02	(0.08)
Per Common Share - Basic	(0.06)	0.03	0.02	(0.08)
Net (loss) from discontinued operations	14	28	(119)	(764)
Per Common Share - Diluted	0.00	0.00	(0.02)	(0.13)
Per Common Share - Basic	0.00	0.00	(0.02)	(0.13)
Net Income (loss)	(338)	185	4	(1,272)
Per Common Share - Diluted	(0.06)	0.03	0.00	(0.21)
Per Common Share - Basic	(0.06)	0.03	0.00	(0.21)

Report of Management

The accompanying financial statements have been prepared in conformity with U. S. generally accepted accounting principles and the financial statements for the years ended January 1, 2005 and January 3, 2004 have been audited by Dixon Hughes PLLC, Independent Auditors. The financial statements for the year ended December 28, 2002 have been audited by Ernst & Young LLP. Management of the Company assumes responsibility for the accuracy and reliability of the financial statements. In discharging such responsibility, management has established certain standards which are subject to continuous review and are monitored through the Company's financial management. The Board of Directors pursues its oversight role for the financial statements through its Audit Committee which consists of outside directors. The Audit Committee meets on a regular basis with representatives of management and Dixon Hughes PLLC.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and

Shareholders of Synalloy Corporation

We have audited the accompanying consolidated balance sheets of Synalloy Corporation (a Delaware corporation) and subsidiaries as of January 1, 2005 and January 3, 2004 and the related consolidated statements of operations, shareholders' equity, and cash flows for the years then ended. Our audits also include the financial statement schedule listed in the index at Item 15(a). These consolidated financial statements and schedule for the years ended January 1, 2005 and January 3, 2004 are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. The consolidated financial statements of Synalloy Corporation for the year ended December 28, 2002, were audited by other auditors whose report dated February 21, 2003, expressed an unqualified opinion on those statements.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the January 1, 2005 and January 3, 2004, consolidated financial statements referred to above present fairly, in all material respects, the financial position of Synalloy Corporation and subsidiaries as of January 1, 2005 and January 3, 2004, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the related financial statement schedule, when considered in relation to the January 1, 2005 and January 3, 2004 basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/ Dixon Hughes PLLC

Charlotte, NC

February 14, 2005

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Report of Independent Registered Public Accounting Firm

Shareholders and Board of Directors

Synalloy Corporation

We have audited the accompanying consolidated statements of operations, shareholders' equity and cash flows of Synalloy Corporation and subsidiaries for the year ended December 28, 2002. Our audit also included the financial information as of December 28, 2002 and for the year then ended contained in the financial statement schedule listed in the Index at 15(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated results of their operations and their cash flows of Synalloy Corporation and subsidiaries for the year ended December 28, 2002, in conformity with accounting principles generally accepted in the United States. Also, in our opinion, the related financial information as of December 28, 2002 and for the year then ended contained in the financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/ Ernst & Young LLP

February 21, 2003,

Except for Note Q, as to which the date is

February 14, 2005

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Item 9 Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

Ernst & Young LLP ("E&Y"), certified public accountants, which had served as the Company's principal independent accountant since the Company's inception, was dismissed from such position effective September 26, 2003. Auditor's report issued by E&Y on the Company's financial statements for each of the Company's fiscal year ended December 28, 2002 contained no adverse opinion or disclaimer of opinion, nor was modified as to uncertainty, audit scope, or accounting principles. The decision to change accountants was made by the Audit Committee of the Board of Directors after a review of the Company's auditing requirements and the cost thereof in light of changes resulting from the Sarbanes-Oxley Act of 2002. During the fiscal year ended December 28, 2002, and the subsequent interim periods preceding the dismissal of E&Y, there were no disagreements with E&Y on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which, if not resolved to E&Y's satisfaction, would have caused E&Y to make reference to the subject matter of the disagreement in its reports on the financial statements for such years. None of the kinds of events required to be reported under Item 304(a) (1) (v) of the SEC's Regulation S-K occurred during Company's fiscal year ended December 28, 2002, or the subsequent interim periods preceding the dismissal of E&Y.

Elliott Davis, LLP, certified public accountants, was engaged by the Company on September 26, 2003 to audit the Company's financial statements for the year ending January 3, 2004. During the Company's two most recent fiscal years and the subsequent interim periods prior to engaging Elliott Davis, the Company did not consult Elliott Davis regarding any matter required to be reported under Item 304(a)(2) of the SEC's Regulation S-K. Elliott Davis was subsequently dismissed as the Company's independent auditors, effective December 2, 2003. Elliott Davis did not audit the Company's financial statements and did not issue an opinion on the Company's financial statements. The decision to dismiss Elliott Davis was made by the Audit Committee of the Board of Directors. From the engagement of Elliott Davis until its dismissal, there were no disagreements with the firm on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which, if not resolved to the satisfaction of Elliott Davis, would have caused it to make reference to the subject matter of the disagreement in its reports on the financial statements. None of the kinds of events required to be reported under Item 304(a) (1) (v) of the SEC's Regulation S-K occurred during Company's two most recent fiscal years and the subsequent interim periods preceding the dismissal of Elliott Davis.

The Audit Committee of the Board of Directors of Synalloy Corporation (the "Company") has approved the engagement of Dixon Hughes PLLC, the successor in the merger of its current independent auditors, Crisp Hughes Evans LLP, and the firm of Dixon Odom PLLC, as its independent auditors effective with the successful merger of the two firms. On March 1, 2004, the Audit Committee of the Board of Directors was notified that the merger of the two firms was completed and that the firm of Crisp Hughes Evans LLP ceased to exist. The Company engaged Crisp Hughes Evans LLP on December 2, 2003, as its new Independent public accountants. Crisp Hughes Evans LLP did not audit the Company's consolidated financial statements and has not issued an opinion on the Company's consolidated financial statements. During the period from December 2, 2003 through the merger of Crisp Hughes Evans LLP with Dixon Odom PLLC, there were no disagreements between the Company and Crisp Hughes Evans LLP on any matter of accounting principles or practices, financial statement disclosures, or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of Crisp Hughes Evans LLP, would have caused it to make reference to the subject matter of the disagreements in connection with its report. During the Company's two most recent fiscal years and the subsequent interim periods prior to engaging Dixon Hughes, the Company did not consult Dixon Hughes regarding any of the matters required to be reported under Item 304(a) (2) of the SEC's Regulation S-K.

Item 9A Controls and Procedures

Based on the evaluation required by 17 C.F.R. Section 240.13a-15(b) or 240.15d-15(b) of the Company's disclosure controls and procedures (as defined in 17 C.F.R. Sections 240.13a-15(e) and 240.15d-15(e)), the Company's chief executive officer and chief financial officer concluded that such controls and procedures, as of the end of the period covered by this annual report, were effective.

No disclosure is required under 17 C.F.R. Section 228.308.

Item 9B Other Information

Not applicable

PART III

Item 10 Directors and Executive Officers of the Registrant

Incorporated by reference to the information set forth under the captions "Election of Directors," "Executive Officers" and "Section 16(a) Beneficial Ownership Reporting Compliance" in the Company's definitive proxy statement to be used in connection with its Annual Meeting of Shareholder to be held April 28, 2005 (the "Proxy Statement").

Audit Committee Financial Expert. The Company's Board of Directors has determined that the Company has at least one "audit committee financial expert," as that term is defined by Item 401(h) of Regulation S-K promulgated by the Securities and Exchange Commission, serving on its Audit Committee. Mr. Carroll D. Vinson meets the terms of the definition. Pursuant to the terms of Item 401(h) of Regulation S-K a person who is determined to be an "audit committee financial expert" will not be deemed an expert for any purpose as a result of being designated or identified as an "audit committee financial expert" pursuant to Item 401, and such designation or identification does not impose on such person any duties, obligations or liability that are greater than the duties, obligations or liability imposed on such person as a member of the Audit Committee and Board of Directors in the absence of such designation or identification. Further, the designation or identification of a person as an "audit committee financial expert" pursuant to Item 401 does not affect the duties, obligations or liability of any other member of the Audit Committee or Board of Directors.

Audit Committee. The Company has a separately designated standing Audit Committee of the board of Directors established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934. The members of the Audit Committee are Carroll D. Vinson, Murray H. Wright and Craig C. Bram.

Code of Ethics. The Company's Board of Directors has adopted a Code of Ethics that applies to the Company's Chief Executive Officer, Vice President, Finance and corporate and divisional controllers. The Code of Ethics is available on the Company's website at: www.synalloy.com. Any amendment to, or waiver from, this Code of Ethics will be posted on the Company's internet site.

Item 11 Executive Compensation

Incorporated by reference to the information set forth under the caption "Remuneration of Directors and Officers" in the Proxy Statement.

Item 12 Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Incorporated by reference to the information set forth under the captions "Beneficial Owners of More Than Five Percent of the Company's Common Stock" and "Security Ownership of Management" in the Proxy Statement.

Equity Compensation Plan Information. The following table sets forth aggregated information as of January 3, 2005 about all of the Company's equity compensation plans.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)(c)
Equity compensation plans approved by security holders	505,000	$5.96	173,000
Equity compensation plans not approved by security holders	0	0	0
Total	505,000	$5.96	173,000

On February 5, 2004, the Board determined that for the 12-month period beginning at the 2004 Annual Meeting of Shareholders, each non-employee Director elected to serve will receive a retainer equivalent to $25,000 to be paid in stock, the number of shares to be determined by the stock price on the day prior to the Annual Meeting of Shareholders. On February 3, 2005, the Board of Directors voted that the 2005 non-employee Directors' retainer would remain unchanged from 2004. The shares granted to the Directors are not registered and are subject to forfeiture in whole or in part upon the occurrence of certain events. The above table does not reflect these shares issued to non-employee directors.

Item 13 Certain Relationships and Related Transactions

None

Item 14 Principal Accountant Fees and Services

Incorporated by reference to the information set forth under the caption "Independent Public Accountants - Fees Paid to Independent Auditors" and "Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Auditors" in the Proxy Statement.

PART IV

Item 15 Exhibits and Financial Statement Schedules

(a) The following documents are filed as a part of this report:

1. Financial Statements: The following consolidated financial statements of Synalloy Corporation are included in Item 8:

   Consolidated Statements of Operations at January 1, 2005, January 3, 2004 and December 28, 2002

   Consolidated Balance Sheets for the years ended January 1, 2005 and January 3, 2004

   Consolidated Statements of Shareholders' Equity for the years ended January 1, 2005, January 3, 2004 and December 28, 2002

   Consolidated Statements of Cash Flows for the years ended January 1, 2005, January 3, 2004 and December 28, 2002

   Notes to Consolidated Financial Statements

2. Financial Statements Schedules: The following consolidated financial statements schedule of Synalloy Corporation is included in Item 15(d)

   Schedule II - Valuation and Qualifying Accounts for the years ended January 1, 2005, January 3, 2004 and December 28, 2002

   All other schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission are not required under the related instructions or are inapplicable, and therefore have been omitted.

3. Listing of Exhibits:

   See "Exhibit Index"

Schedule II Valuation and Qualifying Accounts

Column A Description	Column B Balance at Beginning of Period	Column C Charged to Cost and Expenses	Column D Deductions Describe(1)	Column E Balance at End of Period
Year ended January 1, 2005				
Deducted from asset account:				
Allowance for doubtful accounts	$ 242,000	$ 610,000	$ 174,000	$ 678,000
Year ended January 3, 2004				
Deducted from asset account:				
Allowance for doubtful accounts	$ 536,000	$ 189,000	$ 483,000	$ 242,000
Year ended December 28, 2002				
Deducted from asset account:				
Allowance for doubtful accounts	$ 549,000	$ 367,000	$ 380,000	$ 536,000

(1) Allowances, uncollected accounts and credit balances written off against reserve, net of recoveries.

Signatures

Pursuant to the requirements of Section 13 or 15(d) 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.

By /s/ Ralph Matera Ralph Matera Chief Executive Officer	March 28, 2005 Date
By /s/ Gregory M. Bowie Gregory M. Bowie Chief Financial Officer	March 28, 2005 Date

SYNALLOY CORPORATION
Registrant

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

By /s/ James G. Lane, Jr. James G. Lane, Jr. Chairman of the Board	March 28, 2005 Date
By /s/ Craig C. Bram Craig C. Bram Director	March 28, 2005 Date
By /s/ Sibyl N. Fishburn Sibyl N. Fishburn Director	March 28, 2005 Date
By /s/ Carroll D. Vinson Carroll D. Vinson Director	March 28, 2005 Date
By /s/ Murray H. Wright Murray H. Wright Director	March 28, 2005 Date

Index to Exhibits

Exhibit No. from Item 601 of Regulation S-B	Description
3.1	Restated Certificate of Incorporation of Registrant, as amended, incorporated by reference to Registrant's Form 10-Q for the period ended March 31, 2001 (the "first quarter 2001 Form 10-Q")
3.2	Bylaws of Registrant, as amended, incorporated by reference to the first quarter 2001 Form 10-Q
4.1	Form of Common Stock Certificate, incorporated by reference to the first quarter 2001 Form 10-Q
4.2	Rights Agreement, dated as of February 4, 1999, as amended May 22, 2000, between registrant and American Stock Transfer and Trust Company, incorporated by reference to exhibits to Registrant's Form 8-K filed May 22, 2000 and Form 8-A filed March 29, 1999
10.1	Synalloy Corporation 1988 Long-Term Incentive Stock Plan, incorporated by reference to the first quarter 2001 Form 10-Q
10.2	Synalloy Corporation Restated 1994 Non-Employee Directors' Stock Option Plan, incorporated by reference to the first quarter 2001 Form 10-Q
10.3	Synalloy Corporation 1998 Long-Term Incentive Stock Plan, incorporated by reference to the first quarter 2001 Form 10-Q
10.4	Registrant's Subsidiary and Divisional Management Incentive Plan, incorporated by reference to the first quarter 2001 Form 10-Q
10.5	Loan and Security Agreement, dated as of July 26, 2002 between Registrant and Foothill Capital Corporation, and related documents, incorporated by reference to the Registrant's Form 10-Q for the period ended June 29, 2002
10.6	Amended Loan and Security Agreement, dated as of January 28, 2003 between Registrant and Foothill Capital Corporation, incorporated by reference to Registrant's Form 10-K for the year ended January 3, 2004 (the "2003 Form 10-K")
10.7	Amended Loan and Security Agreement, dated as of July 24, 2003 between Registrant and Foothill Capital Corporation, incorporated by reference to Registrant's 2003 Form 10-K
10.8	Amended Loan and Security Agreement, dated as of January 12, 2004 between Registrant and Foothill Capital Corporation, incorporated by reference to Registrant's 2003 Form 10-K
10.9	Amended loan and Security Agreement, dated as of September 1, 2004, between Registrant and Wells Fargo Foothill, Inc. incorporated by reference to the Form 10Q for the period ended October 2, 2004
10.10	Amended Loan and Security Agreement, dated as of January 31, 2005 between Registrant and Wells Fargo Foothill, Inc.
10.11	Amended Loan and Security Agreement, dated as of February 15, 2005 between Registrant and Wells Fargo Foothill, Inc.

10.12	Amended Salary Continuation Agreement, dated February 6, 2003, between Registrant and Ronald H. Braam, incorporated by reference to the 2003 Form 10-K
10.13	Amended Employment Agreement, dated November 1, 2003, between Registrant and Ronald H. Braam, incorporated by reference to the 2003 Form 10-K
10.14	Amendment dated March 5, 2005 to Employment Agreement, dated November 1, 2003, between Registrant and Ronald H. Braam

10.15	Amended Employment Agreement, dated July 1, 2004, between Registrant and Ralph Matera, incorporated by reference to the Form 10-Q for the period ended July 3, 2004
10.16	Employment Agreement between Registrant and Howard L. Printz, dated July 23, 2003
10.17	Agreement between Registrant's Bristol Metals, L. P. subsidiary and the United Steelworkers of America Local 4586, dated December 9, 2004
10.18	Asset Purchase Agreement between Registrant and Greenville Colorants, LLC, dated December 23, 2004
21	Subsidiaries of the Registrant
31	Rule 13a-14(a)/15d-14(a) Certifications of Chief Executive Officer and Chief Financial Officer
32	Certifications Pursuant to 18 U.S.C. Section 1350

FIFTH AMENDMENT TO LOAN AND SECURITY AGREEMENT AND CONSENT

This FIFTH AMENDMENT TO LOAN AND SECURITY AGREEMENT AND CONSENT (this "Amendment and Consent") is entered into as of January 31, 2005 by and among **SYNALLOY CORPORATION**, a Delaware corporation ("Parent"), and each of Parent's Subsidiaries identified on the signature pages hereof (such Subsidiaries, together with Parent, are referred to hereinafter each individually as a "Borrower," and individually and collectively, jointly and severally, as "Borrowers"), and **WELLS FARGO FOOTHILL, INC.**, formerly known as Foothill Capital Corporation, a California corporation ("Lender").

WITNESSETH:

WHEREAS, Borrowers and Lender are parties to that certain Loan and Security Agreement dated as of July 26, 2002, as amended by that certain First Amendment to Loan and Security Agreement dated as of January 28, 2003, as further amended by that certain Second Amendment to Loan and Security Agreement and Consent dated as of July 24, 2003, as further amended by that certain Third Amendment to Loan and Security Agreement dated as of July 12, 2004 and as further amended by that certain Fourth Amendment to Loan and Security Agreement dated as of September 8, 2004 (as amended, restated, supplemented or otherwise modified from time to time, the "Loan Agreement") (capitalized terms used herein without definition shall have the respective meanings ascribed to such terms in the Loan Agreement); and

WHEREAS, Borrowers and Lender have agreed to amend certain terms and conditions of the Loan Agreement as set forth herein; and

WHEREAS, Blackman Uhler, L.L.C., a Delaware limited liability company ("Blackman Uhler") is a Borrower under the Loan Agreement; and

WHEREAS, the Parent has requested that the Lender consent to Blackman Uhler's sale of certain of its colors division and corresponding assets (the "Assets") to Greenville Colorants, LLC ("Colorants") for a net purchase price of $4,500,000 or such greater amount as may be determined pursuant to the provisions of that certain Asset Purchase Agreement between Colorants and Blackman Uhler dated as of December 23, 2004 (the "Asset Purchase Agreement") and waive the provisions of Section 7.4 of the Loan Agreement to permit such sale of Assets; and

WHEREAS, the Lender has agreed to the requested consents and waiver on the terms and conditions set forth herein;

NOW THEREFORE, in consideration of the foregoing premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

I.

AMENDMENTS TO THE LOAN AGREEMENT.

1. Amendment to Section 1.1 of the Loan Agreement. Section 1.1 of the Loan Agreement, "Definitions", is hereby amended and modified by inserting the following definitions in correct alphabetical order:

   ""Fifth Amendment" means that certain Fifth Amendment to Loan and Security Agreement and Consent dated as of January 31, 2005 among Borrowers and Lender."

   ""Fifth Amendment Effective Date" shall mean the Fifth Amendment Effective Date as defined in the Fifth Amendment."

2. Amendments to Section 2.1 of the Loan Agreement. Section 2.1 of the Loan Agreement, "Revolver Advances", is hereby modified and amended as follows:
   a. By deleting the word "and" immediately preceding clause (ii) of first sentence of Section 2.1(b);
   b. By deleting the period at the end of clause (ii) of the first sentence of Section 2.1(b) and by substituting "; and" in lieu thereof; and
   c. By inserting the following new clause (iii) at the conclusion of the first sentence of Section 2.1(b) (as amended hereby):

"(iii) an amount equal to 50% of amount of the Eligible Accounts in existence as of the Fifth Amendment Effective Date arising from Borrowers' color division."

II.

CONSENT.

The Lender hereby consents to Blackman Uhler's sale of the Assets to Colorants, pursuant to the provisions of the Asset Purchase Agreement, and the Lender hereby waives the provisions of Section 7.4 of the Loan Agreement solely to the extent necessary to consummate such sale of Assets so long as the proceeds from the sale of Assets are deposited and applied in accordance with the provisions of Section 2.4 and Section 2.7, respectively, of the Loan Agreement. Lender agrees that upon receipt by Lender of the Purchase Price as set forth in Section 4.2 hereof, Lender will release its lien on all of the rights and assets being transferred to Colorants (but not the proceeds thereof) pursuant to the Asset Purchase Agreement and agrees to file, at the cost of the Borrowers, a partial release evidencing the same in all appropriate jurisdictions. Such partial release shall not affect the Lender's lien or all other Collateral of the Borrowers and Guarantors, which lien shall remain in full force and effect.

III.

NO OTHER AMENDMENTS AND WAIVERS.

Except as otherwise expressed herein, the execution, delivery and effectiveness of this Amendment and Consent shall not operate as a waiver of any right, power or remedy of Lender under the Loan Agreement or any of the other Loan Documents, nor constitute a waiver of any provision of the Loan Agreement or any of the other Loan Documents. Except for the amendments and waiver set forth above, the text of the Loan Agreement and all other Loan Documents shall remain unchanged and in full force and effect and each Borrower hereby ratifies and confirms its obligations thereunder. This Amendment and Consent shall not constitute a modification of the Loan Agreement or a course of dealing with Lender at variance with the Loan Agreement such as to require further notice by Lender to require strict compliance with the terms of the Loan Agreement and the other Loan Documents in the future, except as expressly set forth herein. Each Borrower acknowledges and expressly agrees that Lender reserves the right to, and does in fact, require strict compliance with all terms and provisions of the Loan Agreement and the other Loan Documents. Borrowers have no knowledge of any challenge to Lender's claims arising under the Loan Documents or the effectiveness of the Loan Documents.

IV.

CONDITIONS PRECEDENT TO EFFECTIVENESS.

This Amendment and Consent shall become effective and be deemed effective upon Lender's receipt of each of the following in form and substance acceptable to Lender (such date being the "Fifth Amendment Effective Date"):

1. counterparts of this Amendment and Consent duly executed by Borrowers and Lender;
2. receipt by Lender of Purchase Price to the account set forth in Attachment A hereto; and
3. such other information, documents, instruments or approvals as Lender or Lender's counsel may reasonably require.

V.

REPRESENTATIONS AND WARRANTIES OF BORROWERS.

Each Borrower represents and warrants to Lender as follows:

1. Each Borrower is duly organized and existing and in good standing under the laws of the jurisdiction of its organization and qualified to do business in any state where the failure to be so qualified reasonably could be expected to have a Material Adverse Change.
2. The execution, delivery, and performance by each Borrower of this Amendment and Consent and the Loan Documents to which it is a party, as amended hereby, are within such Borrower's corporate or partnership authority, have been duly authorized by all necessary corporate or partnership action and do not and will not (i) violate any provision of federal, state, or local law or regulation applicable to such Borrower, the Governing Documents of any Borrower, or any order, judgment, or decree of any court or other Governmental Authority binding on any Borrower, (ii) conflict with, result in a breach of, or constitute (with due notice or lapse of time or both) a default under any material contractual obligation of any Borrower, (iii) result in or require the creation or imposition of any Lien of any nature whatsoever upon any properties or assets of any Borrower, other than Permitted Liens, or (iv) require any approval of any Borrower's shareholders, partners, or members or any approval or consent of any Person under any material contractual obligation of any Borrower.
3. The execution, delivery, and performance by each Borrower of this Amendment and Consent and the Loan Documents to which it is a party, as amended hereby, do not and will not require any registration with, consent, or approval of, or notice to, or other action with or by, any Governmental Authority or other Person.
4. This Amendment and Consent and each other Loan Document to which each Borrower is a party, and all other documents contemplated hereby and thereby, when executed and delivered by such Borrower will be the legally valid and binding obligations of such Borrower, enforceable against each Borrower in accordance with their respective terms, except as enforcement may be limited by equitable principles or by bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or limiting creditors' rights generally.
5. No Default or Event of Default exists or shall result from the sale of the Assets to Colorants.

VI.

MISCELLANEOUS.

1. Counterparts. This Amendment and Consent may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same agreement. Delivery of an executed counterpart of this Amendment and Consent by telefacsimile or by email transmission of an Adobe portable document format file (also known as a "PDF file") shall be equally as effective as delivery of an original executed counterpart of this Amendment and Consent. Any party delivering an executed counterpart of this Amendment and Consent by telefacsimile or by email also shall deliver an original executed counterpart of this Amendment and Consent but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Amendment and Consent.
2. Reference to and Effect on the Loan Documents. Upon the effectiveness of this Amendment and Consent, on and after the date hereof each reference in the Loan Agreement to "this Agreement," "hereunder," "hereof" or words of like import referring to the Loan Agreement, and each reference in the other Loan Documents to "the Loan Agreement" "thereunder," "thereof" or words of like import referring to the Loan Agreement, shall mean and be a reference to the Loan Agreement as amended hereby.
3. Costs, Expenses and Taxes. Borrowers agree to pay on demand all reasonable costs and expenses in connection with the preparation, execution, and delivery of this Amendment and Consent and the other instruments and documents to be delivered hereunder, including, without limitation, the reasonable fees and out-of-pocket expenses of counsel for Lender with respect thereto and with respect to advising Lender as to its rights and responsibilities hereunder and thereunder.

4. Governing Law. The validity of this Amendment and Consent, the construction, interpretation, and enforcement hereof, and the rights of the parties hereto with respect to all matters arising hereunder or related hereto shall be determined under, governed by, and construed in accordance with the laws of the State of Georgia, without regard to the conflicts of law principles thereof.
5. Loan Document. This Amendment and Consent shall be deemed to be a Loan Document for all purposes.

[SIGNATURES OMITTED]

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SIXTH AMENDMENT TO LOAN AND SECURITY AGREEMENT

This SIXTH AMENDMENT TO LOAN AND SECURITY AGREEMENT (this " Amendment") is entered into as of February 15, 2005 by and among **SYNALLOY CORPORATION**, a Delaware corporation ("Parent"), and each of Parent's Subsidiaries identified on the signature pages hereof (such Subsidiaries, together with Parent, are referred to hereinafter each individually as a "Borrower," and individually and collectively, jointly and severally, as "Borrowers"), and **WELLS FARGO FOOTHILL, INC.**, formerly known as Foothill Capital Corporation, a California corporation ("Lender").

WITNESSETH:

WHEREAS, Borrowers and Lender are parties to that certain Loan and Security Agreement dated as of July 26, 2002, as amended by that certain First Amendment to Loan and Security Agreement dated as of January 28, 2003, as further amended by that certain Second Amendment to Loan and Security Agreement and Consent dated as of July 24, 2003, as further amended by that certain Third Amendment to Loan and Security Agreement dated as of July 12, 2004, as further amended by that certain Fourth Amendment to Loan and Security Agreement dated as of September 8, 2004 and as further amended by that certain Fifth Amendment to Loan and Security Agreement and Consent dated as of January 31, 2005 (as may be further amended, restated, supplemented or otherwise modified from time to time, the "Loan Agreement"; capitalized terms used herein without definition shall have the respective meanings ascribed to such terms in the Loan Agreement); and

WHEREAS, Borrowers and Lender have agreed to amend certain terms and conditions of the Loan Agreement as set forth herein.

NOW THEREFORE, in consideration of the foregoing premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

I.

AMENDMENT TO THE LOAN AGREEMENT.

Amendment to Article 8 of the Loan Agreement. Article 8 of the Loan Agreement, Events of Default, is hereby amended by deleting Section 8.2 of such Article in its entirety and by substituting the following in lieu thereof:

"**8.2** (a) If Borrowers or any Guarantor, as applicable, fail to perform, keep or observe any term, provision or covenant or agreement contained in Sections 6.3(iii) (Financial Statements, Reports, Certificates), 6.5 (Allowances), and 6.10 (Compliance with Laws), and such failure continues for a period of 5 Business Days, or (b) if Borrowers or any Guarantor, as applicable, fail to perform, keep, or observe any term, provision, covenant, or agreement contained in this Agreement or in any of the other Loan Documents, or in any other present or future agreement between Borrowers or any Guarantor and Lender; in each case, other than any such term, provision, covenant, or agreement that is the subject of another provision of this Article 8, in which event such other provision of this Article 8 shall govern; provided, that during any period of time that any such failure or non-performance of Borrowers or any Guarantor, as applicable, referred to in this paragraph exists, even if such failure or non-performance is not yet an Event of Default by virtue of the existence of a grace or cure period or the pre-condition of the giving of a notice, at the option of Lender, Lender shall not be required during such period to make Advances to Borrowers;"

II.

NO OTHER AMENDMENTS AND WAIVERS.

Except as otherwise expressed herein, the execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of Lender under the Loan Agreement or any of the other Loan Documents, nor constitute a waiver of any provision of the Loan Agreement or any of the other Loan Documents. Except for the amendments and waiver set forth above, the text of the Loan Agreement and all other Loan Documents shall remain unchanged and in full force and effect and each Borrower hereby ratifies and confirms its obligations thereunder. This Amendment shall not constitute a modification of the Loan Agreement or a course of dealing with Lender at variance with the Loan Agreement such as to require further notice by Lender to require strict compliance with the terms of the Loan Agreement and the other Loan Documents in the future, except as expressly set forth herein. Each Borrower acknowledges and expressly agrees that Lender reserves the right to, and does in fact, require strict compliance with all terms and provisions of the Loan Agreement and the other Loan Documents. Borrowers have no knowledge of any challenge to Lender's claims arising under the Loan Documents or the effectiveness of the Loan Documents.

III.

CONDITIONS PRECEDENT TO EFFECTIVENESS.

This Amendment shall become effective and be deemed effective upon Lender's receipt of each of the following in form and substance acceptable to Lender:

1. counterparts of this Amendment duly executed by Borrowers and Lender; and

2. such other information, documents, instruments or approvals as Lender or Lender's counsel may reasonably require.

IV.

REPRESENTATIONS AND WARRANTIES OF BORROWERS.

Each Borrower represents and warrants to Lender as follows:

1. Each Borrower is duly organized and existing and in good standing under the laws of the jurisdiction of its organization and qualified to do business in any state where the failure to be so qualified reasonably could be expected to have a Material Adverse Change.

2. The execution, delivery, and performance by each Borrower of this Amendment and the Loan Documents to which it is a party, as amended hereby, are within such Borrower's corporate or partnership authority, have been duly authorized by all necessary corporate or partnership action and do not and will not (i) violate any provision of federal, state, or local law or regulation applicable to such Borrower, the Governing Documents of any Borrower, or any order, judgment, or decree of any court or other Governmental Authority binding on any Borrower, (ii) conflict with, result in a breach of, or constitute (with due notice or lapse of time or both) a default under any material contractual obligation of any Borrower, (iii) result in or require the creation or imposition of any Lien of any nature whatsoever upon any properties or assets of any Borrower, other than Permitted Liens, or (iv) require any approval of any Borrower's shareholders, partners, or members or any approval or consent of any Person under any material contractual obligation of any Borrower.

3. The execution, delivery, and performance by each Borrower of this Amendment and the Loan Documents to which it is a party, as amended hereby, do not and will not require any registration with, consent, or approval of, or notice to, or other action with or by, any Governmental Authority or other Person.

4. This Amendment and each other Loan Document to which each Borrower is a party, and all other documents contemplated hereby and thereby, when executed and delivered by such Borrower will be the legally valid and binding obligations of such Borrower, enforceable against each Borrower in accordance with their respective terms, except as enforcement may be limited by equitable principles or by bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or limiting creditors' rights generally.

5. No Default or Event of Default is existing.

V.

MISCELLANEOUS.

1. Counterparts. This Amendment may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same agreement. Delivery of an executed counterpart of this Amendment by telefacsimile or by email transmission of an Adobe portable document format file (also known as a "PDF file") shall be equally as effective as delivery of an original executed counterpart of this Amendment. Any party delivering an executed counterpart of this Amendment by telefacsimile or by email also shall deliver an original executed counterpart of this Amendment but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Amendment.

2. Reference to and Effect on the Loan Documents. Upon the effectiveness of this Amendment, on and after the date hereof each reference in the Loan Agreement to "this Agreement," "hereunder," "hereof" or words of like import referring to the Loan Agreement, and each reference in the other Loan Documents to "the Loan Agreement" "thereunder," "thereof" or words of like import referring to the Loan Agreement, shall mean and be a reference to the Loan Agreement as amended hereby.

3. Costs, Expenses and Taxes. Borrowers agree to pay on demand all reasonable costs and expenses in connection with the preparation, execution, and delivery of this Amendment and the other instruments and documents to be delivered hereunder, including, without limitation, the reasonable fees and out-of-pocket expenses of counsel for Lender with respect thereto and with respect to advising Lender as to its rights and responsibilities hereunder and thereunder.

4. Governing Law. The validity of this Amendment, the construction, interpretation, and enforcement hereof, and the rights of the parties hereto with respect to all matters arising hereunder or related hereto shall be determined under, governed by, and construed in accordance with the laws of the State of Georgia, without regard to the conflicts of law principles thereof.

5. Loan Document. This Amendment shall be deemed to be a Loan Document for all purposes.

[SIGNATURES OMITTED]

THIS AGREEMENT IS SUBJECT TO ARBITRATION PURSUANT TO S.C.CODE ANN. SECTION 15-48-10 ET SEQ., CODE OF LAWS OF SOUTH CAROLINA, 1976 (AS AMENDED).

IF THE SOUTH CAROLINA UNIFORM ARBITRATION ACT IS DEEMED NOT TO APPLY, THIS AGREEMENT IS SUBJECT TO ARBITRATION PURSUANT TO THE FEDERAL ARBITRATION ACT, TITLE 9, SECTION 1 ET. SEQ., UNITED STATES CODE (AS AMENDED).

AMENDED

EMPLOYMENT AGREEMENT

This Agreement is effective upon its execution by and between Synalloy Corporation, a corporation organized under the laws of the State of Delaware (the "'Corporation"'), and Ronald H. Braam, a resident of Cleveland, Tennessee (the "'Employee"').

W I T N E S S E T H:

That in consideration of the agreements hereinafter contained, the parties hereto agree as follows:

1. Employment. The Corporation agrees to extend until November 1, 2005, the term of the initial Agreement between Employer and the Employee. The Employee agrees to serve as President of Specialty Chemicals and in such other capacities as the Board of Directors of the Corporation (the "'Board"') may designate from time to time. During the term of his employment, the Employee shall devote his full time, attention, skill and efforts to the performance of his duties for the Corporation. On November 1, 2005 and each anniversary thereafter, this agreement shall be automatically extended for one year unless either party gives notice of intent to cancel this agreement ninety days prior to an automatic extension date.

2. Compensation. The Corporation shall pay the Employee during the term of his employment hereunder a base salary of One Hundred Sixty-five Thousand and 00/100ths Dollars ($165,000.00) per year together with compensation payable as provided in Paragraph 3 below, unless forfeited by the occurrence of any of the events of forfeiture specified in Paragraph 7 below. Salary shall be payable monthly or on a less frequent basis by mutual agreement.

3. Bonus. In addition to the base salary provided for in Paragraph 2 above, for each fiscal year during which Employee serves as President of the Specialty Chemicals Group and provided Employee is in the employ of the Corporation on the last day of such fiscal year (except as provided in paragraphs 5 and 6 hereof), the Employee shall be entitled to be a Designated Participant in any Synalloy Corporation Subsidiary and Divisional Management Incentive Plan covering the Specialty Chemicals Group. A copy of the Plan covering fiscal 2002 is attached to and is a part of this Agreement.

4. Other Benefits. Employee shall be eligible to participate in all employee benefits plans in accordance with the terms of such plans. Corporation and Employee are parties to an agreement dated May 21, 1980, and modified June 16, 1985 and February 6, 2003, which provides for certain benefits to the parties thereto. This employment agreement does not change or modify any provision of that agreement as modified.

5. Disability. If because of illness, physical or mental disability, or other incapacity, certified by a physician acceptable to the Corporation, Employee shall fail to render the services provided for by this Agreement, or if Employee contracts an illness or injury, certified by a physician acceptable to the Corporation, which will permanently prevent the performance by him of the services provided for by this Agreement, then the "'base salary"' provided for in Paragraph 2 hereof shall continue for three (3) months, with the bonus-compensation for that fiscal year to be prorated to the date Employee's disability commenced.

6. Death. If the Employee dies during the term of this Agreement, then the "'base salary"' provided for in Paragraph 2 hereof shall continue during for three (3) months, which "'base salary"' shall be paid to the estate of Employee, with the bonus-compensation for that fiscal year to be prorated to the date of Employee's death. In the event of Employee's death and the termination of this Agreement on the terms of this paragraph, all other obligations of the Corporation under this Agreement shall cease and terminate.

7. Termination for Cause. Nothing in this Agreement shall be construed to prevent the Corporation from terminating Employee's employment hereunder at any time for cause. Fraud, dishonesty, gross negligence, willful misconduct, misappropriation, embezzlement, material violation of any code of conduct adopted by the Board, excessive absences from work (except for reasons of health), entry of any order by the Securities and Exchange Commission pursuant to Section 21C of the Securities Exchange Act of 1934 or Section 8A of the Securities Act of 1933 prohibiting Employee from serving as an officer or director of an issuer that has a class of securities registered pursuant to Section 12 of the Securities Exchange Act of 1934 or that is required to file reports pursuant to Section 15(d) of that Act, or the like, or any act or omission deemed by the Board to have been disloyal to the Corporation shall constitute cause for termination. Termination for cause pursuant to this paragraph shall not constitute a breach of this Agreement by the Corporation.

8. Covenant Not to Compete. Employee agrees during the term of employment and for a period of one (1) year after his employment terminates for any reason, the Employee will not, without the prior written approval of the Board, become an officer, employee, agent, partner, or director of any business enterprise which competes with the Corporation and its affiliates for customers, orders, supply sources, or contracts in those businesses in which the Corporation and its affiliates were engaged on the date his employment terminated, unless, Employee's activities for such business enterprise are limited in such a way that Employee is not engaged, directly or indirectly, in competition with the Corporation or its affiliates for customers, orders, supply sources or contracts, and limited to the States of North Carolina, South Carolina, Georgia, Tennessee and Alabama.

   Employee further agrees that at no time during his employment or thereafter will he divulge, communicate or use to the detriment of the Corporation any of the Corporation's confidential information, data, trade secrets, sale methods, customer lists, supply sources, or other proprietary information.

9. Severability. The invalidity or unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provision hereof.

10. Arbitration. Any controversy or claim arising out of, or relating to this Agreement, or the breach thereof, shall be settled by arbitration in the City of Spartanburg, State of South Carolina, in accordance with the rules then obtaining of the American Arbitration Association, and judgment upon the award rendered may be entered in any Court having jurisdiction thereof.

11. Notices. Any notice required or permitted to be given under this Agreement shall be sufficient if in writing, and if sent by registered or certified mail to his residence in the case of Employee, or to its Executive Offices in the case of the Corporation.

12. Benefit. This Agreement, in accordance with its terms and conditions, shall inure to the benefit of and be binding upon the Corporation, its successors and assigns, including but not limited to any corporation which may acquire all or substantially all of the Corporation's assets and business, or with or into which the Corporation may be consolidated or merged, and Employee, his heirs, executors, administrators, and legal representatives, provided that the obligations of the Employee hereunder may not be delegated. Employee agrees, however, that any such sale or merger shall not be deemed a termination hereunder provided that the Employee's operational duties are not substantially reduced as a result thereof.

13. Choice of Law. This Agreement shall be construed in accordance with and governed by the laws of the State of South Carolina.

14. Entire Agreement. This instrument amends and restates the Employment Agreement between the parties dated November 25, 1996, and contains the entire agreement of the parties hereto. It may not be changed orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification, extension or discharge is sought.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year below written.

[SIGNATURES OMITTED]

EXECUTIVE EMPLOYMENT AGREEMENT

This EXECUTIVE EMPLOYMENT AGREEMENT ("Agreement") dated as of July 23, 2003 is effective upon its execution by and between Blackman Uhler, LLC a limited liability company organized under the laws of the State of Delaware (the "Company"), and Howard L. Printz, a resident of New York, New York (the "Employee").

WHEREAS, the Company desires to engage the services of the Employee as its President and Chief Executive Officer of the Northern Affiliate as hereinafter defined, and the Employee desires to accept such engagement, on the terms and subject to the conditions hereinafter set forth.

WHEREAS, both parties agree that this Agreement is conditioned upon the Company acquiring certain assets of Rite Industries, Inc., including its Northern Paper Specialty Dye business ("Northern Business"), under an Asset Purchase Agreement between Synalloy Corporation ("Synalloy") and Rite Industries, Inc. which has been assigned to the Company

WHEREAS, both parties agree that if the Company does not acquire and maintain for the duration of this Agreement a controlling interest in Rite's Northern Business, either party has the option to terminate this Agreement as set forth herein; whereby this Agreement and all obligations herein will become void.

NOW THEREFORE, in consideration of the mutual promises, terms, provisions and conditions set forth in this Agreement and for other good and valuable consideration the parties hereto agree as follows:

1. Employment. The Company agrees to employ the Employee and the Employee agrees to serve the Company for a period of twenty-four (24) months, unless extended or shortened pursuant to the terms of this Agreement (the "Term"). Employee's employment shall become effective on the Closing Date as defined in the Asset Purchase Agreement and only in the event such closing shall occur (the "Employment Date").

2. Capacity and Performance.

(a) The Employee shall serve as President and Chief Executive Officer of the Company's Blackman Uhler Northern Specialty Dye Business (name to be determined at a later date), which will be operated as a division of the Company ("Northern Affiliate").

a. During the term of his employment, the Employee shall perform such assignments and have such duties and authorities as are appropriate to his position(s), and shall perform such assignments. The Employee's duties shall include, without limitation, overall operational responsibility for all Northern Affiliate business, including the oversight of sales, purchasing, personnel, expenses, operating budgets, marketing, promotion, strategic planning and development for the Northern Affiliate's business. It is understood and agreed that, during the Employee's employment as President and Chief Executive Officer of the Northern Affiliate, the Employee shall be a Member of the Management Board of the Company, and shall report solely to the President and Chief Executive Officer of Synalloy.

(c) During the term hereof, the Employee shall devote his full business time and his best efforts, business judgment, skill and knowledge exclusively to the advancement of the business and interests of the Northern Affiliate and to the discharge of his duties and responsibilities hereunder. The Employee will be involved in all aspects of discussions regarding strategic acquisitions as same relates to the Company and its Northern Affiliate.

(d) The Company will not require Employee to relocate his residence to South Carolina or to relocate the Employee's principal office more than fifty (50) miles from New York City.

3. Compensation. The Company shall pay the Employee, beginning on the Employment Date and continuing throughout the Term, a base salary of One Hundred Sixty-five Thousand and 00/100ths Dollars ($165,000.00) per year (the "Base Salary") together with compensation payable as provided in Paragraphs 4, 5 and 6 below. The Base Salary shall be payable monthly or on a more frequent basis by mutual agreement ("Monthly Payment").

4. Bonus. In addition to the Base Salary provided for in Paragraph 3 above, Employee shall be eligible to participate in the Divisional Management Incentive Plan ("Incentive Plan") covering the Northern Affiliate (name to be determined at a later date), a copy of which is attached hereto as Schedule 4.

5. Automobile Allowance. In addition to the Base Salary Employee shall be provided an automobile allowance of Fifteen Thousand and 00/100 Dollars ($15,000.00) per year, payable monthly (the "Automobile Allowance").

6. Stock Options. Employee, upon becoming an Employee of the Company, shall be granted Twelve Thousand (12,000) options under the Synalloy Corporation 1998 Stock Option Plan ("Stock Plan"), a copy of which is attached hereto as Schedule 6.

7. Vacations. The Employee shall be entitled to an annual vacation of four (4) weeks, during which time his compensation shall be paid in full. The Employee may take said vacation over a consecutive period or in several non-consecutive periods, at the discretion of the Employee. In addition, the Employee shall be entitled to sick leave and paid holidays, consistent with the terms of applicable Company policies for its executives.

8. Employee Benefits.

(a) Retirement Plans. Commencing on the Employment Date, and during the Term hereof, the Employee shall be eligible to participate in Synalloy's 401(k) savings and profit-sharing plan, as well as all other retirement plans which may be in effect from time to time. Such participation shall be subject to the terms of the applicable plan documents.

(b) Health and Welfare Plans. Commencing on the Employment Date, and during the Term hereof, the Employee shall be entitled to participate in any and all employee benefit plans, including without limitation, medical, dental or life insurance plans, which are in effect for employees of Synalloy. Participation in such plans shall be subject to the terms of the applicable plan documents. Synalloy may alter, modify, or add to its employee benefit plans and its retirement plans set forth in this subsection hereof at any time, as it, in its sole discretion, determines to be appropriate.

(c) Business Expenses. Subject to such policies regarding expenses and expense reimbursement as may be adopted by the Company and compliance therewith by the Employee, the Company shall pay or reimburse the Employee for all reasonable business expenses incurred or paid by the Employee in the performance of his duties and responsibilities hereunder subject to any maximum annual limit and other restrictions on such expenses as may be set by the Company and further subject to such reasonable substantiation and documentation as may be specified by the Company from time to time.

(d) Life Insurance. Employee shall be covered under the life insurance plans generally available to Synalloy employees.

(e) Disability Benefits. Employee shall be covered under the disability plans generally available to Synalloy employees.

9. Termination.

(a) By Company. In the event the Company elects to terminate this Agreement with Employee other than as provided in section 10 hereof, the Company shall continue to pay the Employee equal Monthly Payments for the remainder of the Term as set forth in Section 3, plus six (6) additional monthly payments, beginning 30 days after the end of the Term, equal to Employee's Base Salary at the rate in effect on the date of termination as severance. (collectively the "Termination Period" and "Termination Payment" respectively) In addition to the foregoing, the Company shall (i) maintain the Employee's benefits to which the Employee is entitled to in accordance with Section 8 for the duration of the Term; (ii) pay the Employee any bonus compensation to which the Employee is entitled in accordance with Section 4 hereof; (iii) pay the Automobile Allowance through the remainder of the Term, and (iv) reimburse the Employee in accordance with Section 8(c) for any business expenses for which the Employee has not yet been reimbursed (collectively "Termination Benefits"). In exchange for said provisions, Employee agrees to be bound during the Termination Period by the terms and conditions set forth in Section 12 herein.

(b) By Employee other than for Cause or Good Reason. If the Employee elects to terminate this Agreement prior to the expiration of the Term other than as provided in section 11 hereof, and upon a thirty (30) day notice to Company, the Employee shall not be entitled to any additional compensation by the Company. Furthermore, for the remainder of the Term, and an additional six (6) months thereafter, the Employee agrees to be bound by the terms and conditions set forth in Section 12 herein.

(c) By Either Party After Twenty-Four Months. After twenty-four (24) months, either party may terminate this Agreement upon a thirty (30) day notice to the other party. If the Company elects to terminate the Agreement (except for cause), rights and obligations of each party shall be as set forth in Section 9(a) herein. If the Employee elects to terminate this Agreement, the rights and obligations of each party shall be as set forth in Section 9(b) herein.

(d) Death of Employee. In the event of the Employee's death during the Term, the Employee's employment shall immediately and automatically terminate. In such event, the Company shall pay to the Employee's designated beneficiary or, if no beneficiary has been designated by the Employee, to his estate: (i) any earned and unpaid Base Salary, prorated through the date of the Employee's death; (ii) bonus compensation to which the Employee is entitled in accordance with Section 4 hereof, prorated to the date of the Employee's death; and (iii) reimbursement in accordance with Section 8(c) for any business expenses for which the Employee has not yet been reimbursed.

10. Termination By the Company for Cause. Nothing in this Agreement shall be construed to prevent the Company from terminating Employee's employment hereunder at any time for cause. The Company may terminate the Employee's employment hereunder for Cause at any time upon notice to the Employee setting forth in reasonable detail the nature of such Cause. The following, as determined by the Board in its reasonable judgment, shall constitute such Cause for termination: (i) willful misconduct or gross neglect in the performance of the Employee's duties and responsibilities to the Northern Affiliate as described in Section 2 hereof (other than a failure resulting from disability); or (ii) the engaging of the Employee in the misappropriation of funds, properties or assets of the Company or its Northern Affiliate, intentional tort(s), fraud or other material dishonesty with respect to the Company or its Northern Affiliate, or other willful or gross misconduct that is materially harmful to the business, interests or reputation of the Company or its Northern Affiliate; or (iii) the Employee's conviction of a crime constituting a felony, including the entry of a plea of guilty or no contest by the Employee to a charge of a crime constituting a felony; or (iv) the failure of the Northern Affiliate to achieve at least one ($1.00) dollar of operating income as defined under generally accepted accounting principals, based on the business plan approved by the Managing Board of the Company before the beginning of the applicable fiscal year, as determined from an audit of the Northern Affiliate performed by the independent accounting firm of Synalloy, during any full fiscal year of the Company beginning with the fiscal year ending January 1, 2005, unless the Board of the Company shall approve a budget for the fiscal year which projects an operating loss and the loss of the Northern Affiliate is no greater than the approved budgeted loss. Upon the giving of notice of termination of the Employee's employment hereunder for Cause, the Company shall have no further obligation or liability to the Employee nor to his beneficiary or estate, other than for Base Salary earned and unpaid to the date of termination and reimbursement in accordance with Section 8(c) for any business expenses for which the Employee has not yet been reimbursed. If Employee is terminated under Section 10(iv) above, the Employee shall not be bound by the terms and conditions set forth in Section 12 herein, and such termination will not occur until after Company has reviewed the audited results with Employee and no sooner than two (2) months from the applicable fiscal year end.

11. Termination By the Employee for Good Reason. The Employee may terminate his employment hereunder for Good Reason, provided that the Employee provides written notice to the Company, setting forth in reasonable detail the nature of such Good Reason. For purposes of this Section 11, "Good Reason" shall mean any act or omission identified below to which the Employee does not consent and which does not occur in connection with the termination of the Employee's employment for Cause, as provided in this Agreement. The following shall constitute "Good Reason" for termination by the Employee: (i) any assignment to the Employee of any duties, functions, or responsibilities, that are materially inconsistent with the Employee's positions described in Section 2 above; or (ii) any relocation of the Employee or an office of the Northern Affiliate contrary to the provisions of Section 2(d) above; (iii) requires the Executive to report to anyone other than the President and CEO of Synalloy Corporation or (iv) substantially interferes with the Employee's ability to substantially perform the duties, functions or responsibilities, or exercise the authority, of his positions as described in Section 2 above. In the event of a termination by the Employee in accordance with this Section 11, then, within ten (10) days following the effective date of the Employee's termination, the Company shall pay the Employee the Termination Payment and continue the Termination Benefits.

12. Covenant Not to Compete. Notwithstanding Employee's prior and continuing relationship with Chromatech Corp., which relationship has been previously disclosed to the Company and which relationship has Employee may continue upon termination of this Agreement, Employee agrees that throughout his employment with the Company and for a period of six (6) months thereafter, the Employee will not, without the prior written approval of the Board of the Company, become an officer, employee, agent, partner, shareholder or director of any business enterprise which competes with the Company and its affiliates for customers, orders, supply sources, or contracts in those businesses in which the Company was engaged on the date his employment terminated. Employee acknowledges that the Company is a leader in the chemical and metals businesses in which it manufactures and has substantial customer relationships throughout the continental United States.

Employee further agrees that at no time during his employment or thereafter will he divulge, communicate or use to the detriment of the Company any of the Company's, data, trade secrets, sale methods, customer lists, supply sources, or other proprietary information, which comprise elements that are unique to the Company. ("Restricted Information") The parties hereto agree that said Restricted Information shall not include information which; (i) has been disclosed with the prior written consent of the Company; (ii) is generally available to the general public; (iii) is required to be produced or disclosed by applicable law or any governmental authority; (iv) was independently developed by the Employee outside of his scope of employment; and (v) was in Employee's possession and/or control prior to the execution of this Agreement.

13. Severability. The invalidity or unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provision hereof.

14. Arbitration. In the event that any dispute shall arise between the parties hereto as to any controversy or claim arising out of, or relating to this Agreement, or the breach thereof, same shall be settled by arbitration in the City of Spartanburg, State of South Carolina, in accordance with the rules then governing the American Arbitration Association, and judgment upon any award rendered by the arbitrator or arbitrators may be entered in any court having jurisdiction thereof.

(a) Refusal of one party to arbitrate shall entitle the remaining party to specifically enforce this Agreement in a court of competent jurisdiction, and, as a result of said refusal to arbitrate, the remaining party shall be entitled to receive costs, reasonable attorneys' fees and his share of the arbitration fee. Arbitration by the parties shall take place at a time and place as may be agreed upon, but if no agreement shall be reached, then at the principal place of business of the Company.

(b) If it is determined by the arbitrators that one party was in default hereof or instituted (or defended) such arbitration proceeding not in good faith or without a reasonable basis in law or fact ("Defaulting Party"), the Defaulting Party shall bear the costs of the arbitration proceeding and pay to the other party or parties the reasonable attorney's fees and costs incurred in such proceeding, which amounts shall be separately determined by the arbitrators in such proceeding and become part of the amount of the arbitration award, payable by the Defaulting Party to the other party or parties.

(c) If the Defaulting Party does not pay to the other party the arbitration award within ten (10) days of written demand therefor, and the other party shall institute suit in a court of competent jurisdiction to enforce said decision, the Defaulting Party shall pay the other party the reasonable attorney's fees and court costs incurred in such action.

(d) While any Arbitration proceeding is pending, no party is excused from the payment of monies due hereunder, but if it is determined by the Arbitrators that monies paid during the Arbitration period were not due, the payee shall remit the amount of monies so paid, together with interest from the date of receipt to the proper party, within ten (10) days of the issuance of the Arbitration Award.

15. Notices. Any notice required or permitted to be given under this Agreement shall be sufficient if in writing, and if sent by registered or certified mail to his residence in the case of Employee, or to its Executive Offices in the case of the Company.

16. Benefit. This Agreement, in accordance with its terms and conditions, shall inure to the benefit of and be binding upon the Company, its successors and assigns, including but not limited to any entity which may acquire all or substantially all of the Company's assets and business, or with or into which the Company may be consolidated or merged, and Employee, his heirs, executors, administrators, and legal representatives, provided that the duties and obligations of the Employee hereunder may not be delegated. Employee agrees, however, that any such sale or merger shall not be deemed a termination hereunder provided that the Employee's operational duties and authorities are not substantially modified or reduced as a result thereof. Employee agrees that the Company may transfer his rights hereunto to any affiliate of the Company.

17. Situs. This Agreement shall be construed in accordance with and governed by the laws of the State of South Carolina.

18. Entire Agreement. This instrument contains the entire agreement of the parties hereto. It may not be changed orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification, extension or discharge is sought.

[SIGNATURES OMITTED]

JOINDER

The undersigned hereby joins the within Executive Employment Agreement ("Agreement") to the extent referred hereinafter, in order to evidence its acceptance of the provisions hereof and its agreement to perform them or cause them to be performed in accordance with the following:

Synalloy hereby unconditionally guarantees to Employee the prompt and timely payment and performance of every financial obligation and benefit contained in the Executive Employee Agreement ("Agreement") that the Company is or shall become liable to Employee under the Agreement, together with reasonable attorneys' fees, costs, interest and expenses of collection and enforcement incurred by Employee. All capitalize terms in this Guaranty not otherwise defined shall have the definition assigned to such term in the Agreement.

(A) The liability of Synalloy shall continue until payment is made of every obligation of the Company now due or hereafter to become due to or in favor of the Employee, and until payment is made of any loss or damage incurred by the Employee with respect to any matter covered by this Guaranty.

(B) Synalloy waives: (a) notice of presentment, demand for payment, or protest of any of the Company's obligations, or the obligation of any person, firm, or corporation; and (b) all defenses, offsets, and counterclaims which Synalloy may at any time have to any claim of the Employee against the Company.

(C) Synalloy represents that, at the time of the execution and delivery of this Guaranty: (a) all authorizations, consents and approvals of Synalloy required in connection with the execution and delivery of this Guaranty or in connection with the performance of Synalloy's obligations hereunder have been obtained or will be hereafter obtained whenever required hereunder or by law; (b) there is no action, suit, proceeding, inquiry or investigation, at law or in equity, or before or by any court, public board or body, pending, or within the knowledge of Synalloy threatened, wherein an unfavorable decision, ruling or finding would (i) materially adversely affect the transactions contemplated in the Agreement or this Guaranty; or (ii) adversely affect the validity or enforceability of the Agreement or this Guaranty; (c) nothing exists to impair the effectiveness of the liability of Synalloy to the Employee, or the immediate taking effect of this Guaranty as the sole agreement between Synalloy and the Employee;(d) neither the execution and delivery of this Guaranty, the consummation of the transactions contemplated hereunder, nor the fulfillment of nor compliance with the terms and conditions contained herein is prevented, limited by, conflicts with or results in a breach of the terms, conditions or provisions of any law, order of any court or governmental agency, or any evidence of indebtedness, agreement or instrument of whatever nature to which Synalloy is now a party, or to which Synalloy is bound, or constitutes a default under any of the foregoing.

(D) The Employee may, at his option, proceed in the first instance against Synalloy, to collect any obligation or obtain any benefit covered by this Guaranty without first proceeding against the Company, or any other person, firm or corporation; it being understood that this is a Guaranty of performance, and not of collection.

(E) The whole of this Guaranty is herein set forth, and there is no verbal or other written agreement, and no understanding or custom affecting the terms hereof.

A. Any waiver by Employee of any default under the Agreement shall be limited to that particular instance and shall not operate as or be deemed to be a waiver of any future default or defaults.

[SIGNATURES OMITTED]

P R E A M B L E

THIS AGREEMENT, dated December 9, 2004, is entered into between BRISTOL METALS, L.P., Bristol, Tennessee (hereinafter referred to as the Company), and the UNITED STEELWORKERS OF AMERICA (hereinafter referred to as the Union).

It is the intent and purpose of the parties hereto that this agreement will promote and improve industrial and economic relationships between the employees and the Company, and to set forth herein the basic agreement covering rates of pay, hours of work and conditions of employment to be observed between the parties hereto.

ARTICLE 1 - Recognition

1. As a result of the election, supervised by the National Labor Relations Board of April 5, 1951 and May 5, 1954, and the Decision in Case No. 10-UC-23, January 10, 1969, the Company recognizes the United Steelworkers of America, as the sole exclusive bargaining agency for all fabrication, production and maintenance employees at the Company's Bristol, Tennessee Plant, excluding all office, clerical, technical, professional, supervisory and custodial employees, as defined in the National Labor Relations Act.

2. The Company and the Union agree to attempt the settlement of all grievances at lowest levels possible, and the Union agrees to conserve as much of the Company's time as possible, in the disposition of complaints.

3. It is understood that all provisions of this Agreement are subject to existing Federal, State and Local Laws.

4. In order to insure maximum, uninterrupted production during the term of this contract, the Company will not lock out its employees on account of labor differences and the Union on its behalf and on behalf of its agents, representatives, employees and members, individually and collectively, agrees there will be no strikes of any kind or nature, including sympathy strikes, during the term of this contract.

In the event of such a strike or threat thereof, the Company, while hereby preserving all the rights and remedies it may have at law or equity, will notify the Union promptly, which in turn, will exert all maximum efforts to prevent or terminate any such strike activity or conduct.

Any employee who engages in such prohibited conduct may be disciplined or discharged at the sole discretion of the Company, and such decision will not be reviewable under the grievance-arbitration procedures of the contract, except on the question of whether the grieving employee actually participated, actively or passively, in such conduct; or whether such employee was irrationally disciplined or discharged.

ARTICLE 2 - Management

1. The Union agrees that, subject to the other provisions of this agreement, the function of Management belongs solely to the Company, and that it will not interfere with the Company's free exercise of this function.

2. The function of Management includes, among other things: The right to select and to hire new employees; the right to direct the work forces; the right to formulate reasonable plant rules; the right to discipline, suspend, discharge for cause, transfer, demote or promote, and the right to relieve employees of their duty because of lack of work, lack of skill or inefficiency, in such manner as to promote the efficient operation of the plant; and the right to assign work to employees; to decide the number and location of its plants; to determine the products to be manufactured, including the means and processes of manufacturing and to introduce new or improved production methods or facilities and except to the extent provided for in this agreement, the Company reserves and retains, solely and exclusively, all of its inherent rights to manage the business as such rights existed prior to the execution of this agreement.

ARTICLE 3 - Check-Off Provisions

Upon receipt of voluntary written authorization from any employee in the form to be provided by the Union, the Company will deduct from the earnings of said employee his monthly membership dues in the Union under the following procedure:

The greater amount of Five Dollars or an amount equal to 1.3% of the employee's total earnings in the immediately prior month not to exceed two and one-half times an employee's average hourly earnings in the immediate prior month. Such authorization may be in the following form:

CHECK-OFF AUTHORIZATION

For the United Steelworkers of America

Company_____

Plant_____

Date_____, 20_____

Pursuant to this authorization and assignment, please deduct from my pay each month, while I am in employment within the collective bargaining unit in the Company, monthly dues, assessments and (if owing by me) an initiation fee each as designated by the Treasurer of the International Union, as my membership dues in said Union.

The afore said membership dues shall be remitted promptly by you to the International Treasurer of the United Steelworkers of America, or its lawful successor at the address which he authorizes, in writing, for that purpose.

The assignment and authorization shall be effective and cannot be canceled for a period of one (1) year from the date appearing above or until the termination date of the current collective bargaining agreement between the Company and the Union, whichever occurs sooner.

I hereby voluntarily authorize you to continue the above authorization and assignment in effect after the expiration of the shorter of the periods above specified, for further successive periods of one (1) year from such date. I agree that this authorization and assignment shall become effective and cannot be canceled by me during any such years, but that I may cancel and revoke by giving to the appropriate management representative of the plant in which I am then employed, an individual written notice signed by me and which shall be postmarked or received by the Company within fifteen days following the expiration of any such year or within the fifteen days following the termination date of any collective bargaining agreement between the Company and the Union covering my employment if such date shall occur within one of such annual periods. Such notice of revocation shall become effective respecting the dues for the month following the month in which such written notice is given; a copy of any such notice will be given by me to the Financial Secretary of the Local Union.

Local Union No. United Steelworkers of America

Signature _____

Witness_____

Check No._____

Ledger No. _____

The Union shall indemnify and save the Company harmless against any and all claims, demands, suits or other form of liabilities that rise out of or by reason of action taken by the Company in reliance on the aforementioned written assignment or for the purpose of complying with any of the provisions of this section.

The Union shall submit to the Company at its request a list of its members; such list shall not be required more often than three month intervals. The Company will furnish a designated officer or individual of the Local Union each month as expeditiously as reasonably practicable, two (2) copies of the names of the employees from whose earnings such deductions have been made, along with the amounts of money so deducted.

ARTICLE 4 - PAC Check-off Authorization

The Company agrees that it will checkoff and transmit to the Treasurer of the United Steelworkers of America Political Action Committee (USWA PAC) voluntary contributions to the USWA Political Action Fund from the earnings of those employees who voluntarily authorize such contributions on forms provided for that purpose by the USWA PAC. The amount and timing of such check-off deductions and the transmittal of such voluntary contributions shall be as specified in such forms and in conformance with any applicable state or federal statue.

The signing of such USWA PAC checkoff form and the making of such voluntary annual contributions are not conditions of membership in the Union or of employment with the Company.

The Union shall indemnify and save the Company harmless against any and all claims, demands, suits or other forms of liability that shall arise out of or by reason of action taken or not taken by the Company for the purpose complying with any of the provisions of this Section.

The United Steelworkers of America Political Action Committee supports various candidates for federal and other elective office, is connected with the United Steelworkers of America, a labor organization, and solicits and accepts only voluntary contributions, which are deposited in an account separate and segregated from the dues fund of the Union, in its own fund raising efforts and in joint fund raising efforts with the AFL-CIO and its Committee on Political Education.

In cases where a deduction is made which duplicates a payment already made to the Union by an employee, or where a deduction is not in conformity with the provisions of the Union Constitution and Bylaws or the National Labor Relations Act, refunds to the employee will be made by the local Union.

ARTICLE 5 - No Discrimination

It is agreed that there shall be no discrimination as provided in applicable State and Federal Statutes, against any employee by the Union or the Company because of race, color, religion, national origin, sex, age, or memberships or non membership in a labor organization.

The parties recognize that the individuals covered by this Agreement are likewise covered by the Family and Medical Leave Act of 1993, and that the Company will abide the Act which provides for up to twelve (12) weeks of unpaid leave per year for employees in appropriate circumstances.

ARTICLE 6 - Wages

The various jobs within the following classifications shall be:

JOB CLASIFICATION	JOBS IN CLASSIFICATION
1	General Helper
	Fit - Up Helper
	Press Operator Helper
	Yard Tractor Driver
	7 -1/2 Ton Overhead Crane
	10-Ton Overhead Crane
	All other small machine operators
2	Pipe Marker
	Gas Furnaces
	Fork Lift Operator
	Maintenance Apprentice
	Beveller
	Crane Hookup
	Tack & Spot Welding
	Pickle Tank Helper
	Doall Saw Operator
	Storekeeper
	Shipping & Receiving
	Plasma Burner
	Hydro Tester
	Sand Belt Operator
3	Power Press Brake Helper
	Power Shear Helper
	500-Ton Forming Press Operator
	Ajax Furnace
	Pipe Sizing
	Pipe Sizing Press Operator
	Template Operator
	Rotary Straightener
	Neutralizing Operator
	Raw Material Receiver
	Lubrication Technician
	Machine Beveler
	Picker Tank Operator
	Pipe Marker Operator

	Warehouse Operator
4	Power Press Brake Operator
	Power Shear Operator
	Power Roll, Tank Head, and Angel
	Roll Operator
	Mobile Crane Operator
	Tube, Stake and Semi-Automatic Equipment
	X-Ray Tech
	QC Senior Lab Tech
	Material Receiving Technician
5	Maintenance Mechanic
	Maintenance Electrician
	Welder
	Special Projects Mechanic
6	Fit - Up
	Level 3 Radiographer (X-Ray)

RATES

Rates of pay for the foregoing classifications are set forth in Appendix "A". Rates shown in the various Columns of Appendix "A" shall become effective as follows: Column 1, December 13, 2004; Column 2, December 12, 2005; Column 3, December 11, 2006; Column 4, December 10, 2007; Column 5; December 8, 2008.

All job classifications deleted will be restored to the classification where located at the time of deletion, if the Company brings the job back. Employees in Classifications 2 and 4 can bid on job vacancies in Classifications 2+ and 4+, respectively, without such bids being prohibited as cross bids.

RATES FOR NEW JOBS AND CHANGED JOBS

When the Company establishes a new job in the bargaining unit, it shall temporarily place it in a classification in line with the wage scale for similar work in jobs covered by this Agreement.

After a reasonable period of time allowed for perfecting the procedures and the machine or equipment involved, and when the job becomes fully operational, that is, is functioning normally in the production process, the Company will provisionally place it in a classification in line with the wage rate for similar work in jobs covered by this Agreement.

If no one in the classification is available to fill the job, it shall be posted for bids in the normal manner.

The provisional classification for such a job will remain in effect for sixty days from the time the provisional classification is made. If, after the sixty day period, the Company deems the classification to be proper and accurate and the Company notifies the Union in writing, and no grievance is filed by the Union within five calendar days after the end of the sixty day period, the provisional classification will be considered the permanent classification for the job.

If during the term of this Agreement a significant and substantial change in job content in a job has been effected by the Company to the extent that the wage rate has become inappropriate as compared to the wage rate for similar jobs covered by this Agreement, and the company fails to reclassify the job, the Union may request the Company to review the circumstances in conference with the Union.

However, resort to the grievance procedure may be invoked only on the basis that the action of the Company is arbitrary and capricious.

There will be no retroactivity with respect to rates. Grievances filed hereunder shall be concerned only with the consistency of the rate paid for

similar work in jobs covered by this agreement.

ARTICLE 7 - Shift Assignments and Shift Preference

The Company will staff all shifts on the basis of the employee's preference of shifts, taking into account his classification, skills, experience and plant seniority as vacancies occur. However, the junior qualified employee may be assigned to a particular shift when in the judgment of the Company, his skills and experience are needed to provide a balance of skills and experience between the shifts, and such will promote the efficient operation of the plant.

When such an assignment takes place, however, and the employee who was assigned possesses sufficient plant seniority to work on a different shift of his preference, after a period of thirty days on such assignment he may apply for a shift of his preference within his department based on his plant seniority, classification, skill and experience, provided that such application may be made by the employee only once in any six (6) calendar month period and provided that an employee with the necessary skill and experience, who possesses less plant seniority, is available to replace him. Under such circumstances, the Company will train a junior employee. Subject to the foregoing conditions but in addition to the above applications, application for shift preference may be made throughout the plant once each year during a period of two consecutive calendar weeks to be designated by the Company.

The parties hereto agree it is not the intention of the parties to abuse the assignment of employees between shifts, and that the company agrees to confer with the Union, upon request, concerning alleged abuse.

ARTICLE 8 - Profit Sharing Plan

Reason for the Profit Sharing Plan

The manufacture and sale of stainless steel pipe and fittings is a highly competitive business with many domestic as well as foreign producers. Because worldwide productive capacity is much greater than demand, prices for these products will continue to be under pressure. Under these conditions, the only way we can produce profits is by working together to control costs and operate efficiently. It is hoped that this profit sharing plan ("plan"), which is effective only during the term of this agreement, will:

1. Motivate every employee eligible under the plan to improve his or her performance and help in every way they can to produce profits.

2. Reward employees for their efforts by paying them a share of Brismet profits as additional remuneration over and above their wages and salaries.

Who Participates

Every production, maintenance and supervisory employee who is assigned to pipe and fittings manufacturing (Departments 75 and 72), hereinafter called Brismet, and who:

1. Is a full-time employee that has completed 90 days of full-time employment;

2. Is employed at the end of any quarter for which a distribution is paid;

3 . Is employed by the Company or on layoff at the time any distribution is paid for the first, second, third, and fourth quarter unless termination was due to retirement or disability for which the employee received benefits under the Company's corresponding benefit plan; and

4. Is employed by the Company at the end of the fiscal year in question unless termination was due to retirement or disability for which the employee received benefits under the Company's corresponding benefit plan.

Source of Pool

Six percent (6%) of Brismet's operating earnings before income taxes as reflected in the corporate accounting records and financial statements will form a pool to be distributed to eligible employees. Such earnings are to be the sole source of contributions to the pool. Revenues and expenses will be allocated to Brismet using accounting methods which the Company believes, at its sole discretion, most accurately reflect Brismet's profits.

Allocation of Pool to Employees

The pool will be divided so that every eligible employee gets the same percent of his or her straight-time pay (excluding all overtime) that all other eligible employees receive. Only wages earned after 90 days of full-time employment will be included for purposes of calculating the distribution made to an employee.

When Distribution Will Be Paid

Profits for each fiscal year and any related distribution will not be finally determined until completion of the annual audit by the Company's outside certified public accountants. However, in order to give employees the opportunity to receive their distributions sooner, any distributions will be made according to the following schedule:

1. Approximately 45 days after the end of the Company's fiscal first, second and third quarters for each fiscal year, the Company will pay 75% of any estimated distributions for each quarter based on Brismet's cumulative earnings.

2. Approximately 75 days after the Company's fiscal year-end, but in no event sooner than the completion of the Company's audit, distributions will be made for the year less any previous quarterly payments. Should the actual distributions for the year be less than the previous payments, employees will not be asked to return the overpayment.

Qualifying as a Bona Fide Profit Sharing Plan

It is agreed that the inclusion of this plan in the collective bargaining agreement and its implementation is conditioned upon the plan being qualified as a bona fide "profit sharing plan" under 29 C.F.R. Part 549.

ARTICLE 9 - Vacations

All eligible employees on the payroll of the Company on June 1st of a Vacation Year who have been in the Company's employ for twelve (12) consecutive months or more on June 1st of the Vacation Year shall be entitled to a vacation with pay in accordance with the following:

Accumulated Seniority	**Days of Vacation**
Prior to June 1st	
1 year but less than 3 years	5 days
3 years but less than 10 years	10 days
10 years but less than 20 years	15 days
20 years or more	20 days

Employees continuously on the payroll on June 1 with less than 1 year of seniority and who have satisfactorily completed the 90 day probationary period shall receive partial vacation pay equal to one-twelfth (1/12) of forty hours pay at his regular rate for each full month of uninterrupted service prior to the initial June 1 eligibility date or receive the equivalent vacation benefit time off. This partial vacation will be paid on the first pay day after the initial eligibility date.

Employees who have not completed the 90-day probationary period prior to the initial June 1 eligibility date must satisfactorily complete the probationary period prior to receiving any partial vacation pay. Upon successful completion of the probationary period, such employees shall receive partial vacation pay equal to one-twelfth (1/12) of forty hours pay at his regular rate for each full month of uninterrupted service prior to the initial eligibility date. This partial vacation pay will be paid on the first day after the employee has satisfactorily completed the probationary period. Each of the forgoing elections is conditioned upon the employee being otherwise eligible for the vacation benefits described herein. Thereafter, the normal eligibility rules will apply.

Where an employee otherwise would be eligible for an additional week (5 days) of vacation benefit under the above schedule for the June 1 eligibility date, such employee shall receive vacation with pay for the amount of vacation benefit for which he is eligible plus partial vacation pay equal to one-twelfth (1/12th) of forty (40) hours pay at his regular hourly rate for each full month of uninterrupted service between the employee's anniversary date of hire and June 1 of the current year or receive the equivalent vacation benefit time off.

The above vacation table was changed during December 9, 2004 contract negotiations. The change to the vacation benefit is not retroactive and shall be implemented beginning June 1, 2005.

All vacations will be allowed and must be taken during the twelve (12) months or vacation year after an employee becomes eligible. EXAMPLE: An employee who is eligible for one (1) week on June 1, 1981, will be given and must take his week's vacation prior to June 1st, 1982.

Vacations are not cumulative. Vacation period may be designated by the Company to meet the operating needs of the Plant and may be designated during a one or two week period in which the plant may be closed for vacation. Notice to this effect shall be posted each year during the last seven days of March. Provided, the Company agrees not to close the plant for vacation period during a week in which July 4 is observed as a holiday under the terms of this Agreement.

In the event a decision is made not to close down the plant for vacation, employees will be granted vacations on the basis of seniority as far as possible, subject to the efficient operating requirements of the plant. Employees with more than two weeks vacation will have priority over junior employees for two week's vacation period.

All requests for choice of vacation period shall be made by employees, in writing, and to which they shall be bound, between the 15th and 20th day of April, and the Company, after consultation with the Union, will announce by May 1, whether the request will be honored or not. Employees will be reminded of this requirement during the last seven days of March.

An employee may elect to waive his vacation time off and receive vacation pay in lieu thereof, by requesting such between the 15th and 20th day of April. Under such circumstances, vacation pay will be paid at the end of the first full week in June.

Upon retirement, a retiring employee shall be entitled to receive a pro-rated portion of his or her vacation allotment for the coming year, based upon the observed vacation year (June 1 to May 31). The amount of such payment shall be computed by determining the amount of vacation time that the employee would have received had he remained on the payroll until June 1 and pro-rating such amount based upon the number of months of active employment on the employee's part between June 1 in one calendar year and May 31 of the next calendar year. Such amount shall be paid after the next vacation year commences on June 1. EXAMPLE: Employee A retires January 1, 2000. Had he remained on the payroll until June 1, 2000, he would have received four weeks of vacation which he could have taken between June 1, 2000 and May 31, 2001. Upon retirement on June 1, 2000, he would receive payment for two weeks of vacation computed as follows: 6 months of active employment (June 1, 1999 - January 1, 2000) divided by 12 potential months of employment (June 1, 1999 - May 31, 2000) = 1/2; 1/2 x 4 weeks vacation = 2 weeks vacation.

ELIGIBILITY

An employee must have been employed twelve (12) consecutive months and worked a minimum of 1,400 hours during those twelve (12) months prior to June 1st in order to be eligible for a vacation of five (5) days.

An employee must have been employed thirty-six (36) consecutive months and worked a minimum of 1,400 hours during the twelve (12) month period prior to June 1st in order to be eligible for a vacation of ten (10) days. This may consist of two separate periods (five (5) days each) as designated by the Company.

An employee must have been employed one hundred fifty-six (156) consecutive months and worked a minimum of 1,400 hours during the twelve (12) month period prior to June 1st in order to be eligible for a vacation of fifteen (15) days. This may consist of three separate periods (five (5) days each) as designated by the Company.

An employee must have been employed two hundred forty (240) consecutive months and worked a minimum of 1,400 hours during the twelve (12) month period prior to June 1st in order to be eligible for a vacation of twenty (20) days. This may consist of four separate periods (five (5) days each) as designated by the Company.

For the purpose of determining whether 1,400 or more hours have been worked, time lost due to an injury arising out of Company employment, jury duty or due to absence from work while on vacation under the agreement, shall be added to the actual hours the employee worked, at the rate of eight (8) hours per day but not less than forty (40) or more than forty-eight (48) hours per week (if his job has operated at 48 hours per week during his absence.)

An employee who is laid off, quits or is discharged, and who meets the eligibility requirements for vacation and has not had a vacation after becoming eligible therefore shall receive his vacation pay at the time of such layoff, quit or discharge.

Time lost by an employee for a period of at least an entire payroll week, due to a bona fide sickness supported by a physician's certificate or other unusual hardship, acceptable to the Company, may be applied to any vacation time to which such employee is entitled if the employee so requests.

Employees will receive pay for holidays as defined in this agreement occurring during vacation period, unless an election has been made under the paragraph following immediately.

Holidays, legal or otherwise, which may occur during the time an employee is on vacation shall not extend the employee's vacation period. Provided, however, that any employee who elects not to receive holiday pay for a holiday, as defined in this Agreement, which occurs during his vacation period, may at the time of this election designate another day, more than thirty (30) days after his vacation period, and be entitled to time off on that day, plus his holiday pay. Provided, further, that no more than five (5) percent of the employees shall be permitted to elect any one alternate day, and that no premium shall attach, in any manner, to such holiday.

The vacation pay for a vacation of one or more weeks shall be forty (40) hours pay per week at the employee's regular hourly rate.

The vacation pay will be paid on the regular payday for the period of the employee's vacation. However, an employee may receive vacation pay before he leaves for vacation time off provided such request is made in writing to the Company at least fourteen (14) days prior to the date his vacation is scheduled to start.

For the employee who requests that vacation be applied because of time lost due to bona fide sickness as described above, the vacation shall be paid on the first regular payday occurring not less than ten (10) days following the date this employee makes such request.

In the event of death of an employee after becoming eligible for a vacation but before taking a vacation, the amount of vacation pay to which he would have been entitled shall be paid to his proper legal representative.

ARTICLE 10 - Hours of Work

1. Eight consecutive hours (exclusive of lunch period) shall constitute a standard day's work and forty (40) hours shall constitute a standard week's work. The Company shall determine the starting and quitting time and the number of hours to be worked. However, before the starting time is changed from 7:00 a.m., the Company will confer with the Union. Eight (8) consecutive hours plus lunch periods, within any period of twenty-four (24) hours, shall constitute a shift.

2. All time worked over forty (40) hours in any one week, shall be paid for at the rate of time and one-half.

3. The opportunity for overtime work assignments shall be divided as equally as reasonably possible (on the basis of the number of times

overtime work is assigned, as distinguished from actual hours of overtime work performed) among employees plant wide in the classification who are qualified to perform the work for which overtime is assigned.

An employee absent from work for any reason on the day that daily overtime is assigned will be deemed to have had an opportunity to perform overtime work.

Equalization of overtime work shall be based on a calendar month-to-month cycle. Any employee believing he has been unreasonably denied an equal opportunity for overtime work during any calendar month may raise the question under Article 15. The "date of origin" under Paragraph 1 (a) of that Article shall be the last day of the calendar month in which the alleged unequal treatment took place.

If it is decided that the employee's allegation has merit, the employee will be placed in a preferential position to perform overtime turns sufficient to remedy the unequal treatment.

When notice is given concerning casual overtime worked by 1:00 p.m., on any day the Company may require employees to perform overtime work to the extent of securing the number of employees for which overtime work is assigned, based on the inverse order of seniority among qualified employees plant wide in the classification in which overtime work is being performed. The Company will notify employees, by the end of their work shift on Thursday, whether or not they will be expected to work the sixth or seventh day. If the Company does not notify the affected employee by Thursday, the affected employee will be considered not scheduled to work the sixth or seventh day.

However, first choice for casual overtime work shall be given to the employee or employees actually performing the work on the day on which the overtime is necessary.

Employees refusing under such circumstances to perform overtime work will be subject to discharge.

Casual overtime, or daily overtime, is that work outside regular working hours, which occurs from time to time, and which is not pre-scheduled.

Scheduled overtime is that work which is pre-scheduled no later than the previous day, generally by department or larger entities, and becomes a part of the scheduled workday.

4. Employees who have not been notified at quitting time and are called in for work after completion of their regular scheduled workday shall receive a minimum of four (4) hours' pay at his regular hourly rate.

5. When it becomes necessary, the Company will make every effort to notify the employees of reduced working schedules by posted or individual notices on or before the close of the previous day's shift. Should the Company not so notify and an employee reports for work the next morning, he shall be allowed to work at least four (4) hours at his regular hourly rate or be paid for four (4) hours if work is not available which he can do. Employees who were not at work the preceding day may not claim this benefit. In cases of emergency beyond the control of the employer, or absence of an employee at time of notice, it may not be possible to give advance notice of lack of work. In such cases, there will be no "call-in" pay for employees reporting to work.

6. Scheduled work week will be normally Monday through Friday.

7. Pay day shall normally be Friday and pay will be computed from Monday through Sunday inclusive of the preceding week. Those working on Thursday night shifts will be paid at the end of the shift. Day shift employees will be paid before checking out on Fridays.

8. Double time will be paid for hours worked on Sunday, except for hours worked on Sunday by an employee whose regular shift begins on Saturday and ends on Sunday or begins on Sunday and ends on Monday. There will be no duplication of pay under this provision and any other provision.

REST PERIODS

Employees shall be granted two (2) rest periods per day not to exceed ten (10) minutes each, one during the earlier part of the shift and one during the later part of the shift. The times at which such rest periods are taken are to be determined by the employee's foreman or other designated Management representatives. The employees working on the continuous tube mills and other positions where they are receiving plus pay are required to work during the foregoing rest periods and will receive additional pay for such periods equal to their regular straight time rate of pay.

ARTICLE 11 - Holidays

1. The following days shall be recognized as holidays for the purpose of this Agreement: New Year's Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Day after Thanksgiving, Day before Christmas, Christmas Day.

When any of these holidays fall on a Saturday or Sunday, Friday or the following Monday will be recognized as a holiday.

2. Employees shall be paid for the holidays provided they meet all of the following eligibility requirements:

a. If the holiday falls on a day on which the employee would normally have been scheduled to work had a holiday not occurred, the Company shall not disqualify such employee by changing such normal schedules for the purpose of avoiding payment for the holiday.

b. Except during his authorized vacation period, the employee's working at least eight hours during the week in which the holiday occurs.

c. An employee who is scheduled and agrees to work on a holiday and is absent for any reason except sickness, death in the family, or some similar extraordinary circumstance is not eligible for holiday pay.

d. The holiday pay shall be at the employee's regular hourly rate for eight (8) hours.

e. It is the policy of the Company to avoid working on holidays covered by this contract. No work will be performed on these holidays unless absolutely necessary to meet customer delivery requirements. Two and one-half times will be paid for hours worked on these holidays. It is understood that this two and one-half times includes the regular holiday pay to which an employee would be entitled had he not worked and that there will be no duplication of pay under this provision and any other provision.

ARTICLE 12 - Seniority

1. For purposes of this Agreement, plant-wide seniority shall prevail for transfers, recalls, layoff, promotions, demotions, and shift preference as vacancies occur subject to giving consideration to the qualifications, which shall include experience, ability, physical fitness, and efficiency required by the job. A seniority list of all employees shall be supplied by the Company to the Union each three (3) months, which, if not questioned by the Union within seven (7) calendar days after receipt, shall be conclusive for the purposes of this Agreement.

2. An employee shall lose his seniority under the following conditions:

a. If he resigns or voluntarily quits;

b. If he is terminated for just cause;

c. If he has less than two (2) years seniority at the time of layoff and remains in layoff status for more than one (1) year;

d. If he has two (2) or more years of seniority at the time of the layoff and remains in layoff status for more than three (3) years.

e. If he fails to return to work upon the expiration

of an approved leave of absence or his vacation;

f. If he fails to return to work at the appropriate time upon being recalled from layoff;

g . If he has not been actively employed due to disability for twenty-four (24) consecutive months.

1. All newly hired employees shall be considered to be on probation for a period of ninety (90) working days. The duration of the probationary period may be extended by mutual agreement of the Company and the Union. At the end of the probationary period, the employee's seniority should be measured from his or her most recent hire date. Probationary employees may be discharged without recourse to the Grievance and Arbitration procedures. During the probationary period, the employee shall not be eligible to participate in employee benefit programs or the receive pay for any time not actually worked, such as vacation or holiday, as may be available to employees who have completed their probationary period.

LAYOFFS

1. When a reduction of forces is necessary, the Company will post the names of the employees to be laid off two (2) days, excluding Saturdays, Sundays, or holidays, prior to such reduction, unless cancellations of orders, changes in customer's requirements, breakdown, accidents or other emergency makes such notice impossible. A copy of the posted list of employees to be laid off will be given to the local Union at the time of posting. Any questions of grievance arising from such reduction of forces must, if possible, be presented within the two (2) day period of such notice.

2. During periods of layoff or cutback the Company will adjust the active work force by transferring employees, on the basis of seniority, to other classifications where needed, and for which they are qualified to immediately perform the full requirements of the job available; provided however that for available jobs in Classification 1 the employees affected need only have minimum qualifications which are defined as not requiring direct supervision, and requiring no more than familiarity instruction. In either case, qualifications will be determined on the basis of the affected employee having previously bid on the classification and performed the available job; temporary transfers thereto; previous experience; individual knowledge, physical abilities; and skills.

Applying the foregoing provisions, such transfers shall be made within the department in which the layoff or cutback has occurred. Only in the event such transfers cannot be effected within the department are such transfers to take place outside the department, pursuant to the foregoing provisions. In the event an employee otherwise would transfer to a classification within his department which is more than three (3) job classifications below his present classification, such employee may elect to be transferred outside the department pursuant to the foregoing provisions, Classifications and incumbents of classifications within a particular department are determined solely by the Company on the basis of the type of product normally worked upon by the employees in their respective classification. Departments are to be pipe manufacturing, custom fabrication, and maintenance.

RECALL

When the work force is to be increased, qualified employees in a classification on layoff will be recalled before additional hiring is accomplished for that classification.

In recalling employees, the Company will notify employees to be recalled by telephone, if feasible, of the date on which they are expected to return to work.

If personal contact is not made by telephone, the Company will notify employees to be recalled by Certified Mail, Return Receipt Requested, mailed to the last address given by the employee to the Company.

It will be the responsibility of the employee to notify the Company by telephone, if feasible, of his intention to return to work on the designated date before 4:00 p.m. of the second day following delivery of the Company's certified letter.

If contact by telephone is not feasible, the employee shall notify the Company of his intention to return to work on the designated date by notifying the Company by Certified Mail, Return Receipt Requested, which shall be mailed prior to the end of the second day following the delivery of the Company's Certified letter.

In the interim period, or in the event of an emergency, the Company may recall any employee for a period not to exceed three (3) days, provided efforts for the emergency recalls are made by seniority.

When recall is complete, it is the sense of the parties that employees will be returned to the classifications they held prior to layoff, if sufficient work in their classification is available.

JOB VACANCIES AND PROMOTIONS

New jobs, classifications or vacancies, which are not filled by stand-by employees, other than additional general helpers and laborers will be posted (two copies) on the Bulletin Board for a period of three (3) workdays.

Applications for such opportunities shall be made on both copies (one for the Company, one for the Union) during this three day period, and may be withdrawn only prior to the time the award is made. If the job is not a full-time job, it shall be posted in the same manner and called a stand-by job, and when the job becomes a full-time job, the employee who successfully bids the stand-by job for that operation shall automatically become the full-time operator. Standby operators shall be paid the same and considered on the same basis as full-time operators while they are performing the duties of the full-time operators. A stand-by operator shall be considered a full-time operator when the job becomes a full-time job or when he works over fifty percent (50%) of his time on the job for any six (6) month period.

An employee will be given a reasonable trial period on a new job or in a new classification. If retained therein at the end of thirty days, it will be presumed the employee is qualified. If deemed unsatisfactory prior thereto, he will be returned to the job he held prior to the bid. Other employees affected by a move of this type will likewise be returned to their previous job.

An employee may bid downward to a lower paying job, when biding on a new job, classification or vacancy, for health reasons only. In such downward bid, he must be presently fully qualified to perform the work without additional training. If successful in such bid, the employee will not be permitted to bid in either direction on any job a full 12 calendar month period from the time he began work on the lower paying job.

An employee who has been cutback from an earlier classification during a cutback or layoff period may elect to remain in the classification to which he was cut back with withdrawal. Withdrawals are permitted in only two circumstances - withdrawal of a bid before an award is made; and the type withdrawal set forth in this paragraph.

At the beginning of this contract term, the Company will designate those employees who are presently stand-by operators, and may from time to time post other stand-by jobs for bid. When a job has no stand-by operator, or when a stand-by operator is not available, that is, not at work on the premises at the time, temporary vacancies may be filled without regard to seniority for a period of three (3) days in filling a temporary vacancy, and employee working regularly at a job in a lower classification, but who has previously worked regularly at the temporarily vacant job, will, if he has seniority over other employees similarly situated, be given preference over other employees in filling the temporary vacancy. However, if such vacancy continues beyond three (3) days because of illness, leave of absence, vacation or other cause of the employee regularly assigned to the job, then the Shop Committee and Management will meet in an effort to fill the vacancy either by continuing the employee temporarily selected or selecting another employee for such additional period of time as may be agreed upon. If such vacancy cannot be filled from among employees within the bargaining unit then the Company may employee a new employee to fill the job. Employees who are transferred from their regular job in order to fill a temporary vacancy as described above will be paid their regular rate or the rate of the job to which they are transferred, whichever is higher.

In lieu of actually moving the proper employee to the temporary vacancy, the Company, in its discretion, may elect to compensate the employee for the difference in compensation involved. Compensation will be limited to one employee.

A stand-by operator, or any employee, who takes the job of an operator, or any other employee, on a temporary basis--that is, when the operator or other employee is absent because of illness, leave of absence, vacation, or other such temporary absence--shall acquire no rights to such job over the operator or other employee, regardless of seniority.

In the event it is determined that no present employee with seniority is qualified to fill the position in question, then the Company may hire a new employee to fill the position.

Employees absent from work shall be notified by the Shop Committee when a job is posted for bid.

The Company agrees to furnish the Shop Committee the names of employees on the active payroll who are absent from work on the day a job is initially posted for bid.

ARTICLE 13 - Absenteeism

1. To maintain efficient production schedules, the parties insist on regular, punctual attendance of all employees.

2. Chronic absenteeism or chronic tardiness will be cause for discharge or other disciplinary action.

3. An employee who has previous knowledge of an expected absence from work shall notify the Company in advance of such absence.

In emergency situations, or where unexpected events cause an absence from work, an employee must notify the Company as soon as possible on the day of such absence and provide the reason therefore.

Employees who fail to provide notice, as provided above, for three successive workdays shall be considered as voluntary quits.

ARTICLE 14 - Safety and Health

1. Both parties to this Agreement will strive to improve the safety conditions for the protection of employees and to agree to police this provision so as to insure against unnecessary injury to the employee and costly interruption to operation. Neither party will uphold needless or careless acts calculated to injure an employee or his fellow workers.

2. The Company will furnish without cost to the employees all protective equipment deemed necessary by the Company. All such items shall be checked out to the employee who shall be responsible for its safekeeping and care. Failure of this responsibility by the employee shall result in the cost of the item being deducted from his next check. The Company will pay a differential of $50.00 per pair for Safety Shoes, purchased and worn regularly by employees while on duty. Employees who regularly work in the pickling operation will be eligible to receive this payment twice per year. Should employees be required by law to wear hard hats and ear plugs, they will be furnished by the Company.

3. The Union shall designate at least two (2) safety committeemen in the Plant. These committeemen shall be part of the Plant's safety committee which shall meet monthly with the company's representative in an effort to improve safety conditions and practices in the Plant.

4. An employee shall not be required to work on a job which will be dangerous to life or limb.

5. The Company agrees to equip a satisfactory First Aid Station.

6. Should an employee suffer a job-related, compensable injury, he shall be paid for the balance of the day on which the injury occurred.

ARTICLE 15 - Shop Committee

1. The Union Shop Committee shall consist of not more than four (4) members, one of whom shall be designated as Chairman. There may be one additional committeeman for the night shift.

2. The Union Shop Committee shall be recognized as the Plant Grievance Committee and all disputes resulting from the application and/or interpretation of this agreement shall be handled by said Committee with the assistance of the Union International Representative in cases where such assistance is deemed necessary by the Committee.

3. The Union shall notify the Company in writing of the names of the Shop Committee, and the Company shall furnish in writing to the Union the names of its Supervisors.

ARTICLE 16 - Grievance Procedure

1. All grievance and/or disputes arising out of the application or interpretation of the provisions of the Agreement shall be handled in accordance with the following procedure. Employees may be discharged during their probationary period without recourse to the grievance and arbitration procedures.

a. The aggrieved employee shall register his grievance within two (2) workdays from the date of origin of his alleged grievance with his immediate foreman, or he may request his foreman to call the grievance committeeman in his area and the committeeman shall be called as soon as possible, but not later than the end of the shift in which the request is made.

b. Failing satisfactory adjustment within two (2) workdays after being presented to the immediate foreman, the grievance shall be reduced to writing by the Shop Committee and appealed to the Superintendent within two (2) workdays thereafter and the Superintendent shall forthwith offer to meet with the Shop Committee within two (2) workdays for the purpose of adjusting said grievance. The Superintendent shall within two (2) workdays after such meeting has been held give a written acceptance to the grievance.

c. Failing satisfactory adjustment in Step b., the President of the Company or his designated representative shall be notified in writing within five (5) days after the written answer provided for in Step b. has been received. The President of the Company or his designated representative shall meet with the Shop Committee and the International Representative on the 2nd and/or 4th Monday of each month to discuss grievances for which a formal appeal has been made. These meetings may be held on other dates which may be more convenient to the parties by mutual agreement. The President of the Company or his designated Representative shall, within five (5) days after such meeting has been held, give written answer to the Shop Committee with a copy to the International Representative.

d. Should a grievance fail to be settled as provided above, either party may submit the matter to arbitration by giving written notice of its desire to do so to the other party. The Arbitrator shall be selected in the following manner: The Company and the Union shall jointly request the Federal Medication and Conciliation Service to name seven (7) available Arbitrators. Chosen by a toss of a coin, the winner shall strike the name of one Arbitrator, and alternately each party shall strike another, the remaining last name to be the person to serve as the Arbitrator.

e. The Arbitrator shall promptly inquire into all matters affecting the complaint and shall within thirty (30) days of his appointment render his decision in writing, and said decision shall be final and binding upon the parties to this Agreement. One half of the expense of the Arbitrator shall be paid by each party.

f. Arbitrated matters shall be confined to the meaning and application of the provisions of this Agreement.

2. The Union International Representative may be requested to, and shall have the right to, assist in the adjustment of any and all grievances after Step b. of the grievance procedure has been invoked.

3. The Union International Representative shall have access to the Company's property during working hours for the purpose of ascertaining if the provisions of the Agreement are being complied with. The Union International Representative shall obtain from the Company, specific authorization for each visit and such visits shall be subject to such regulations as may be made from time to time by the Company.

4. The Company will not impose regulations which will exclude the Union International Representative from its property, nor render ineffective the intent of the foregoing paragraph.

5. Grievances not reduced to writing by the Shop Committee and not appealed to the superintendent within six (6) workdays from the date of origin of the alleged grievance shall not be considered under this grievance procedure.

When a negative answer is given to a grievance at any step, or when no answer is given to a grievance at any step, the appeal to the next step must be accomplished within the time limits set forth. Otherwise, the appeal shall be deemed to have been waived.

The aggrieved employee may be present at all steps of the grievance procedure. In group grievances, the group may be represented by not more than two employees.

ARTICLE 17 - Leave of Absence

1. Upon written request of the Union, a leave of absence without pay will be granted any employee to serve as a full-time representative of the Union. Leave of absence shall be for a period of one (1) year, subject to annual renewal by mutual agreement. In no event will the number of employees so serving exceed one. Employees serving as full-time representatives of the Union shall maintain and accumulate seniority. The Company will not arbitrarily withhold leaves of absence without pay to not more than five (5) employees to attend Union, State or National Conventions and Conferences.

ARTICLE 18 - Supervisory Employees

Supervisory employees shall not perform work on any hourly rated job classification if the result would be to displace an employee in the bargaining unit, but this will not prevent such work: (1) in emergency; (2) when regular employees are not available, including such times as when employees are being called in; (3) in the instruction or training of employees; (4) in testing materials and production; and (5) in the performance of necessary work when production difficulties are encountered.

Lead persons shall be appointed by, and serve at, the discretion of management. Lead persons have supervisory authority only when their supervisor is absent from the plane or away from the work area, including his office, for an extended period of time.

ARTICLE 19 - General

1. The Company will provide a Union Bulletin Board in a suitable location in the Plant and will post thereon notices of Union Meetings and Union activities as may be submitted by the Union for such posting.

2. The parties hereto agree that there shall be no Union activities on Company time, except that which is specifically provided for in this Agreement.

3. The Company agrees that it will furnish all present and new employees with a copy of the current contract between the Company and the Union. They will also be furnished with copies of the Insurance Program. The Company and the Union will jointly pay the cost of printing these booklets which shall have the Union Label.

4. The Company agrees that all employees will be furnished a copy of the current Shop and Safety Rules for which they will acknowledge receipt by their signature.

5. The Company agrees to furnish the Secretary of the Local Union with a list of separations from employment and new hires on a monthly basis.

6. When circumstances permit, deductions will be made from payments to employees for Virginia State Income Tax.

7. No contract or agreement affecting the employees of this Company to whom this Agreement applies shall be entered into between the Company and any employee or group of employees other than their certified representative, that will in any way conflict with or supersede this

Agreement or any extension thereof.

8. When the Company adopts a plant rule or changes a plant rule, it will post a copy of the rule and immediately furnish a copy to the secretary of the local Union.

The rule will be presumed to be valid and in force when posted. If the Union desires to challenge the rule because it is deemed in conflict with the terms of this Agreement, it must do so in writing within five (5) calendar days of the time a copy was furnished to the Union. Otherwise, the rule shall, in fact, be valid.

9. Employees who have been continuously employed for one year at the time of entering the Armed Forces of the United States under the Universal Military Training and Service act shall receive two (2) weeks pay, based on the employee's average earnings for the preceding six months.

The Company and the Union agree to follow the provisions of the Universal Military Training and Service Act, as amended, in connection with the reinstatement of employees of the Company who have been discharged from the military and naval services of the United States.

10. A Labor-Management Participation Team Program will be implemented as soon as practicable.

11. The Union may review any new test developed in-house by the Company after the effective date of the Agreement and make suggestions regarding such tests.

12. Written warning letters are to be removed from an employee's record thirty (30) months after the issuance of the said letter, provided that the offense involved has not been repeated within the 30-month period.

ARTICLE 20 - Group Insurance

Bargaining Unit employees will be eligible for whatever insurance programs the Company's hourly non-bargaining unit employees are eligible, subject to applicable provisions of the parties Supplemental Agreement dated December 9, 2004 (details shall be contained in booklets to be published and distributed to employees following the execution of this Agreement.)

If you have medical coverage and want dental coverage, you must cover the same dependents on dental as medical. For example, you can't have family medical and EE only dental or EE + 1 dental. You can elect medical without dental or dental without medical. Dental rates are higher for dental only coverage.

The weekly medical/dental rates for employees, effective January 1, 2005 and January 1, 2006 shall be as follows:

	Medical	Dental	Medical & Dental	Dental w/o Medical
Single (Employee Only)	$ 8.69	$ .00	$ 8.69	$ 1.15
Employee + Child/Children	$ 12.41	$ 1.25	$ 13.66	$ 2.77
Employee + Spouse	$ 17.36	$ 1.25	$ 18.61	$ 2.77
Employee + Family	$ 21.09	$ 3.82	$ 24.91	$ 6.46

Beginning in 2007 Bristol Metals, L.P. reserves the right to increase the Medical Rates in years 2007 through year 2009. The increase will not be greater than $3.00 per week per year cumulative over the years 2007 through 2009 not to exceed a total of $9.00 per week for the years 2007 through 2009.

The schedule of benefits agreed upon during collective bargaining negotiations shall be unchanged for year 2005. For the years beginning January 1, 2006, January 1, 2007, January 1, 2008, and January 1, 2009 the Company reserves the right to make minor changes to the schedule of benefits after engaging in dialogue with the Union.

ARTICLE 21 - Pension Agreement

Consistent with the provisions of the preceding Agreement in this reward, and in order to enable compliance with the law, the Company is authorized to make required changes in the Pension Plan now in effect to comply with current law.

ARTICLE 22 - Vocational Training

The Company agrees to pay the entire cost of vocational training for any employee who successfully completes a related course of study in any bona fide vocational or correspondence school provided that such employee gives advance notice to the Company of his desire to take a course of study and both the course of study and the school are approved by the Company in advance. Any employee taking such a course of study must furnish to the Company satisfactory evidence of having successfully completed it in order to receive reimbursement from the Company for the cost of the course.

ARTICLE 23 - Jury Duty

An employee who is called to serve on jury duty during a regularly scheduled workday shall be paid by the Company for such time lost from work thereby, the difference between the amount received by him for such service and the amount he would have earned at work, it being the intent of the parties that this sentence provides no more or no less than that required by the current laws of the State of Tennessee. In the event such laws are changed, modified, or become invalid during the term of this Agreement, the parties agree to meet for the purpose of discussing the effect of such change, modification, or invalidation.

It shall be a condition of the foregoing that an employee notify the Company at the time he is called to such duty; that an employee so serving secure from the Clerk of Court and submit to the Company certification of the days he served, the amount he was paid, and the time he was released.

Any employee who is released from jury duty, after having served less than three (3) hours, will be required to report for the remainder of first shift or at their regularly scheduled starting time if working 2nd or 3rd shift. Third shift employees will be excused without pay from work for the shift immediately preceding any day of jury service unless the employee elects to work.

ARTICLE 24 - Bereavement Leave

In the event an employee is absent on a regularly scheduled work day as a result of a death in the immediate family i.e. the employee's wife, husband, parents, children (including those legally adopted and stepchildren), grandparents, brothers, sisters, mother-in-law or father-in-law, he shall be paid one (1) day's pay at his regular straight - time rate for each day lost up to a maximum of two (2) consecutive days, one of which must be the day of the funeral.

Unpaid leaves to attend the funeral of relatives not members of the immediate family will be considered on a case-by-case basis.

ARTICLE 25 - Termination

All provisions of this Agreement shall remain in full force and effect through January 31, 2010, and at midnight on said date this contract shall expire.

[SIGNATURES OMITTED]

APPENDIX "A"

Classification

Number	Column 1	Column 2	Column 3	Column 4	Column 5
1	9.76	10.03	10.31	10.59	10.88
2	10.91	11.21	11.52	11.84	12.16
2+	11.35	11.67	11.99	12.32	12.66
3	12.40	12.74	13.09	13.45	13.82
4	13.50	13.87	14.25	14.65	15.05
4+	14.07	14.45	14.85	15.26	15.68
5	13.86	14.24	14.63	15.04	15.45
6	14.21	14.60	15.00	15.42	15.84

APPENDIX "B"

Changes in Synalloy Corporation's Health Benefits

Effective January 1, 2004

1. **Prescription Drug**

   $5.00 for generic, $20 for preferred brand drugs, $40 for non-preferred. Must use selected pharmacies which include most national chains.

2. **New Mail-Order Prescription Drug**

   For a 90-day supply of maintenance drugs, $10 for generics, $40 for preferred brand drugs and $80 for non-preferred brand drugs.

3. **Hospital Expenses**

   80% after $100 co-pay per admission. Paid at 60% after deductible for non-network providers

4. **Physician's Office Visits**

   100% after co-pay of $20 per visit for all doctors (Calendar Year Deductible Waived). Paid at 60% after deductible for non-network providers.

5. **Pre-Admission and Post Confinement Testing Expenses**

   80% Subject to Calendar Year Deductible. Paid at 60% after deductible for non-network providers

6. **Surgical & Anesthesiologist Expenses Incurred as Outpatient**

   80% subject to Calendar Year Deductible. Paid at 60% after deductible for non-network providers

7.
8. **Multiple Surgical Procedures for Outpatient**

   80% subject to Calendar Year Deductible. Paid at 60% after deductible for non-network providers

9. **Voluntary Second Surgical Opinion**

   80% subject to Calendar Year Deductible. Paid at 60% after deductible for non-network providers

10. **Pre-Natal Care Expenses**

    80% subject to Calendar Year Deductible. Paid at 60% after deductible for non-network providers

11. **Supplemental Accident Benefit**

    Included under "Other Allowable Charges" 80% subject to Calendar Year Deductible

    Paid at 60% after deductible for non-network providers

12. **Other Plan Exclusions and Limitations**

    * Plan exclusion applicable to "operating a vehicle if you under the influence of alcohol, as evidenced by a blood alcohol level of at least .10% to apply: **delete** exception applicable to Local 4586.

    * Exclusion applicable to "charges incurred in connection with participating in any motorized racing or speed contests, hang-gliding, or parachute jumping activities: to apply: **delete** exception applicable to Local 4586.

13. **Medical and Dental Dependent Coverage Changes**

    If you have medical coverage and want dental coverage, you must cover the same dependents on dental as medical. For example, you can't have family medical and EE only dental or EE + 1 dental. You can elect medical without dental or dental without medical. Dental rates are higher for dental only coverage.

Coverage rates effective 1/1/05

	Medical	Dental	Medical & Dental	Dental w/o Medical
Single (Employee Only)	$ 8.69	$ .00	$ 8.69	$ 1.15
Employee + Child/Children	$ 12.41	$ 1.25	$ 13.66	$ 2.77
Employee + Spouse	$ 17.36	$ 1.25	$ 18.61	$ 2.77

Employee + Family	$ 21.09	$ 3.82	$ 24.91	$ 6.46

ASSET PURCHASE AGREEMENT

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ACQUISITION OF THE ASSETS OF

BLACKMAN UHLER, LLC

BY

GREENVILLE COLORANTS, LLC

DATED: December 23, 2004

ASSET PURCHASE AGREEMENT

AGREEMENT entered into as of the 23rd day of December, 2004, by and among GREENVILLE COLORANTS, LLC, a New Jersey limited liability company ("Buyer"), the individual principals of Buyer who are signatories to this Agreement (the "Buyer Principals"), BLACKMAN UHLER, LLC, a Delaware limited liability company with its principal place of business in Spartanburg, South Carolina ("Seller"), SYNALLOY CORPORATION, a Delaware corporation, the principal member of Seller (the "Member").

RECITALS:

WHEREAS, Buyer wishes to acquire certain assets of Seller and assume certain limited obligations of Seller, and Seller wishes to convey such assets to Buyer

and Buyer desires to assume such limited obligations, subject to such limited obligations and subject to the terms and conditions set forth in this Agreement;

NOW, THEREFORE, in consideration for the mutual agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, in order to consummate said sale, the parties hereto agree as follows:

ARTICLE 1. PURCHASE AND SALE OF ASSETS.

1.1 Sale of Assets.

(a) Subject to the provisions of this Agreement and except for those assets expressly excluded in paragraph (b) (the "Excluded Assets"), Seller agrees to sell and Buyer agrees to purchase, at the Closing (as defined in Section 1.5 hereto), all of the properties, assets and business of Seller described as follows which are used by the Seller in the manufacture and sale of dyes (the "Business"):

i. all inventory of Seller as agreed upon on the Closing Inventory Schedule (as hereinafter defined);

(ii) all rights under outstanding purchase orders for inventory which will be listed on the Closing Inventory Schedule;

(iii) all vendor and customer contracts listed on Schedule 1.1(a)(iii) (the "Assigned Contracts"), all customer lists, customer records, customer files and customer histories related to the Business (the "Customer Records");

i. all of Seller's goodwill and intangible assets related to the Business including, without limitation, all trademarks, service marks, trade secrets, product formulations and methods of synthesis (including Azoic formulations and synthesis), brochures, color library, both electronic and paper, and intangible assets necessary or desirable to continue the Business of Seller, excluding data processing or similar services purchased by Seller from Member (the "Intangible Assets"). Seller will change its corporate name from BU, LLC at Closing so that Buyer will have the ability to change its name to BU, LLC; and

ii. the equipment set forth on Schedule 1.1(a)(v) which will be conveyed to Buyer in an "as is" condition, free and clear of all liens and encumbrances.

The assets and property of Seller to be sold to and purchased by Buyer under this Agreement are hereinafter sometimes referred to as the "Subject Assets."

(b) Excluded from the Subject Assets are all assets of the Seller other than those being sold under subsection (a) above.

1.2 Assumption of Liabilities. Buyer agrees to assume the following liabilities and obligations incurred in or by the Seller in connection with the Business which are existing on the Closing Date: (a) all obligations of the Seller incurred in connection with the Business which arise in the ordinary course of Business after Closing under the Purchase Orders and Assigned Contracts; and (b) all obligations of the Seller expressly set forth on Schedule 1.2. Notwithstanding the generality of the foregoing or anything in this Agreement or the Schedules to the contrary, Buyer shall not assume and shall not be responsible for any payables associated with inventory listed on the Closing Inventory Schedule.

Except as provided above, Buyer shall not assume and shall not be liable for any debt, obligation, responsibility or liability of Seller, or any Affiliate, or any claim against any of the foregoing, whether known or unknown, contingent or absolute, asserted or unasserted, or otherwise and regardless of whether or not disclosed herein or in a Schedule hereto. The foregoing limitation shall include any liability and/or obligation arising out of activities, events, facts or circumstances occurring or existing prior to the Closing or the operation of Seller's businesses prior to or after the Closing.

1.3 Purchase Price and Payment.

(a) In consideration of the sale, transfer, conveyance, assignment and delivery of the Subject Assets by Seller to Buyer, and in reliance upon the representations and warranties made herein by Seller and Member, Buyer will, in full payment therefore, pay to Seller a total purchase priced (the "Purchase Price") of Four Million Nine Hundred Fifty Thousand Dollars ($4,950,000) consisting of the following:

i. One Hundred Thousand Dollars ($100,000) which has previously been paid to Seller in the form of a non-refundable deposit;

(ii) Four Hundred Thousand Dollars ($400,000) by check on the signing of this Agreement which will be held by Seller (the "Deposit") ; provided, however, that in the event that the transaction shall not close, the Deposit shall be paid as provided in Section 10.5 hereof;

(iii) By delivery at the Closing of Three Million Six Hundred Thousand Dollars ($3,600,000) in immediately available funds; and

(iv) By payment of one percent (1%) of the monthly gross receipts, exclusions of freight, insurance and taxes of the Buyer and its Affiliates beginning in the month of October 2005, and continuing until the earlier of (i) June 2008, or (ii) the payments under this subsection (iv) totaling Eight Hundred Fifty Thousand Dollars ($850,000). Buyer's accountant will provide Seller with a monthly report as to the monthly receipts. The obligation of the Buyer under this subparagraph shall be secured by a security interest in the Buyer's assets, which interest Seller and Member agree, if requested, to subordinate to any working capital or other borrowing of Buyer from third party financial institutions. The obligations under this subsection shall be unconditional and not subject to set-off or Buyer withhold related to any obligation or dispute which may exist between Buyer and Seller. Payments shall be made on or before the 10th day of the following month. In the event that Buyer shall fail to make timely payment of any monthly payment, after ten days written notice thereof, the difference between the amount paid to date under this subsection and $800,000 shall be immediately due and payable. Buyer recognizes and agrees that the ongoing obligations that it owes under this subsection will be pledged and assigned to the Seller and Member's lender(s) as collateral for the obligations owed by Seller and Member to their lender(s). Seller and Member shall have the right, upon three (3) business days written notice and at its cost to inspect the records of Buyer and its Affiliates related hereto during normal business hours to verify the computation of gross receipts (excluding freight, insurance and taxes).

1.4 Adjustment of Purchase Price. The Purchase Price is based in part on the Seller selling to Buyer inventory of a total cost value equal to that set forth on the Base Inventory Schedule (using the same landed cost valuation methods employed in determining the values set forth on the Base Inventory Sheet). In the event that the inventory delivered to Buyer at Closing as reflected on the Closing Inventory Schedule (including purchase orders for inventory in transit which will paid by Seller) varies by more than one percent (1%) from the value set forth on the Base Inventory Schedule, the Purchase Price will be adjusted, dollar for dollar, for the total amount of such variance from the values set forth on the Base Inventory Schedule. In the event that the variance results in a decrease of the Purchase Price, the decreased amount shall be refunded to Buyer by Seller from payments due under Section 1.3(a)(iii) above. In the event that the variance results in an increase of the Purchase Price, the increased amount shall be payable at Closing. The parties agree that a physical inventory will be taken on the two (2) days preceding Closing and on the day prior Closing, the parties will agree to the adjustment, if any, to the Purchase Price. Such agreed upon inventory (including purchase orders for inventory in transit which will be paid by Seller) will be in a Schedule which shall be a condition of Closing (the "Closing Inventory

Schedule").

1.5 Time and Place of Closing. The closing of the purchase and sale provided for in this Agreement (herein called the "Closing") shall be held at the offices of Leatherwood Walker Todd & Mann, P.C., 300 E. McBee Avenue, Suite 500, Greenville, South Carolina 29601 at 10:00 o'clock a.m. on January 28, 2005, (the "Closing Date") or at such other place, date or time as may be fixed by mutual agreement of the parties.

1.6 Transfer of Subject Assets. At the Closing, Seller shall deliver or cause to be delivered to Buyer good and sufficient instruments of transfer transferring to Buyer title to all the Subject Assets including bills of sale, assignments of leases, and such other instruments of transfer as may be required. Such instruments of transfer (i) shall be in the form and will contain the warranties, covenants and other provisions (not inconsistent with the provisions hereto) which are usual and customary for transferring title to the type of property involved under the laws of the jurisdictions applicable to such transfers, (ii) shall be in the form and substance satisfactory to counsel for Buyer, and (iii) except as expressly provided herein, shall effectively vest in Buyer good and marketable title to all the Subject Assets, free and clear of all liens, restrictions and encumbrances, except liens for taxes not yet due and payable. At all times after Closing, Buyer shall have the right to remove all or portions of the purchased inventory from Seller's place of business. Seller shall be responsible for assembling such inventory at its facility for transport by Buyer at Buyer's cost. Buyer will remove any inventory from Seller's facility within two (2) weeks of the end of the tolling agreement specified in Section 1.13.

1.7 Delivery of Records and Contracts. At the Closing, Seller shall deliver or cause to be delivered to Buyer originals of all of Seller's contracts, commitments and rights related to the Business, with such assignments thereof and consents to assignments as are necessary to assure Buyer of the full benefit of the same. Seller shall take all requisite steps to put Buyer in actual possession and operating control of the Subject Assets being transferred in connection herewith. After the Closing, each party shall afford to the other and its accountants and attorneys reasonable access to the books and records respect to the Business and shall permit the other to make extracts and copies therefrom for any proper purpose.

1.8 Further Assurances. Seller from time to time after the Closing at the request of Buyer and without further consideration shall execute and deliver further instruments of transfer and assignment (in addition to those delivered under Section 1.7) and take such other action as Buyer may reasonably require to more effectively transfer and assign to, and vest in, Buyer each of the Subject Assets. To the extent that the assignment of any contract, commitment or right shall require the consent of other parties thereto, this Agreement shall not constitute an assignment thereof except to the extent such consent is obtained; however, Seller shall use its best efforts before and after the Closing to obtain any necessary consents or waivers to assure Buyer of the benefits of such contracts, commitments or rights. Seller shall cooperate with Buyer to permit Buyer to enjoy Seller's rating and benefits under the workman's compensation laws and unemployment compensation laws of applicable jurisdictions, to the extent permitted by such laws. Nothing herein shall be deemed a waiver by Buyer of its right to receive at the Closing an effective assignment of each of the contracts, commitments or rights of Seller.

1.9 Allocation of Purchase Price. The Purchase Price payable by Buyer for the Subject Assets pursuant to Section 1.3 and the face amount of the Assumed Liabilities assumed pursuant to Section 1.2 shall represent payment for the Subject Assets at the prices shown on a memorandum to be prepared by Buyer and acceptable to Seller, initialed by the parties and delivered by Buyer at the Closing or as soon thereafter as required information is made available. The prices reflected in said memorandum shall represent the fair market values of the Subject Assets at the Closing, to the best of the knowledge and belief of parties and the parties hereto agree that they will not take a position inconsistent with such allocation for Federal income tax purposes.

10. Right to Hire Employees. During such time as Seller is manufacturing for Buyer under the tolling relationship described in Section 1.13, Seller shall use its reasonable efforts to make available to Buyer, Seller's employees whose work was predominately with respect to the Business for hire at or after the Closing. Seller shall be responsible for all wages, benefits, severance obligations, vacation and sick leave accruals and other obligations for such employees up to the date such employee is no longer an employee of Seller.

11. Non-Competition Agreement. At the Closing, Seller, Member and Buyer shall enter into a Non-Competition Agreement in substantially the form attached as Exhibit 1.11 which prohibits Member or Seller and their Affiliates from directly or indirectly participating in the business of selling dyes. Such non-compete shall permit the Member and its Affiliates to continue to sell dyes (i) directly to end users in the rug and floor covering industries for their own use, (ii) directly to the customers (and successors to all of the business of such customers) of the Member and its Affiliates that are scheduled on Schedule 1.11 for their own use or for resale for use in the rug and floor industry only and upon the occurrence of certain events, Azoic products.

12. License Agreement. At the Closing the Member shall grant to Buyer a paid-up, royalty free, exclusive, assignable worldwide license to Buyer to use the Blackman Uhler name and applicable product trade names in connection with the Business and for so long as the Business continues in operation by Buyer or its successors or assigns pursuant to a License Agreement in substantially the form attached as Exhibit 1.12. Such License Agreement shall provide that Seller and Member shall not have the right to use or otherwise license the Blackman Uhler name to sell dyes which compete against Buyer or its affiliates, but shall have the right to use and license the Blackman Uhler name in all other industries than the Business.

13. Interim Tolling Agreement. At the Closing, Seller, Member and Buyer shall enter into a tolling agreement which shall terminate on March 31, 2005, unless renewed by the parties which shall contain the following provisions:

    a. Seller will toll convert Buyer's products for a blending charge of $.20 per pound, a bagging charge of $.25 per pound, a repacking charge of $.15 per pound, and/or $.05 a pound for shipping.

    b. Seller will not pay any shipping costs or provide any inventory, including packaging.

    c. Buyer will be responsible for quality control related to the products by maintaining laboratory personnel on the Spartanburg site and will be responsible for approving the quality of any raw materials and/or finished goods utilized in the toll conversion and/or shipped to customers

    d. Seller will deliver to Buyer copies of the bill of ladings and other documents necessary for Buyer's records.

    e. Buyer will be responsible for taking customer orders and communicating to Seller production and shipping requirements, including payment of carriers, providing sufficient time for Seller to meet customer requirements.

    f. Seller will keep Buyer's inventory maintained at the Spartanburg site segregated and insured and will provide Buyer with documentation of applicable inventory balances and transactions. Raw material, work in process and finished goods inventory shall at all times be owned by and titled in the name of Buyer.

    g. Buyer may terminate the tolling agreement anytime with two weeks notice.

    h. Invoices for tolling fees will be submitted to Buyer at the end of each month and will be due ten (10) days after the end of each month.

    Such Tolling Agreement shall be in substantially the form attached as Exhibit 1.13.

10. Long-Term Tolling Agreement. At Closing, Seller, Member and Buyer will enter into a tolling agreement (the "Long-Term Tolling Agreement") regarding Azoic products for a period of three (3) years at a price of $.82 per pound. Such agreement shall be cancelable by Buyer on ninety (90) days' written notice. Such agreement shall provide that Seller and its Affiliates may manufacture and sell such products in the event that Buyer

fails to continue this line as a part of its operations, other than as a result of the sale or transfer of the applicable part of the business. Such Long-Term Tolling Agreement shall be in substantially the form attached as Exhibit 1.14.

1.15 Right of First Refusal. Member and Seller jointly and severally agree that for a period of ten (10) years following the closing, prior to any sale of all or any portion of the equipment used by Seller in the Business which is not purchased by the Buyer which constitutes blending equipment (the "Blending Equipment"), Seller and Member shall give written notice to Buyer detailing the Blending Equipment to be sold, the proposed buyer, the price and the payment terms for such equipment. Buyer shall have thirty (30) days to inspect the equipment proposed to be sold and an additional fifteen (15) days to agree in writing to acquire the Blending Equipment (or portion thereof) upon the terms described in the notice. Any such closing shall occur upon thirty (30) days of Buyer's notice of intent to purchase. At closing, Seller and Member shall provide good and marketable title to the equipment free and clear of all liens and encumbrances and evidence satisfactory to Buyer of the foregoing. All of the assets which Member and/or Seller currently own which constitute "Blending Equipment" is set forth as Schedule 1.15.

1.16 Collection of Accounts Receivable. All accounts receivable of the Seller generated prior to the Closing are not Subject Assets. Buyer shall provide Seller with such reasonable assistance as Seller may request in collecting such receivables. In the event that either party receives payment from a customer related to the accounts of the other party, the party receiving such payment shall forward payments to the other party within three (3) days of their receipt. Neither Buyer or Seller will request or suggest that any customer make or refrain from making any specific allocation or designation. Buyer will not settle or compromise any amounts owed to Seller by an account debtor without the consent of Seller. Title to the accounts receivable existing prior to Closing will remain with the Seller.

ARTICLE 2. REPRESENTATIONS AND WARRANTIES OF SELLER AND MEMBER.

Seller and Member, jointly and severally, hereby represent and warrant to Buyer as follows (all representations and warranties related to the business of Seller or Member relate solely to the Business):

2.1 Organization and Qualification of Seller. Seller is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware with full power and authority to own, lease and operate its properties and to conduct its business in the manner and in the places where such properties are owned or leased or such business is conducted by it. The copies of Seller's Articles of Organization, certified by the Secretary of State of the State of Delaware and of Seller's Operating Agreement as amended to date, certified by Seller's Secretary (or the equivalent), previously delivered to Buyer's counsel, are, and will be at the Closing, complete and correct. Seller is duly qualified as a foreign corporation in the State of New Jersey and State of South Carolina. Seller is not qualified to do business as a foreign corporation in any other jurisdiction and, to the knowledge of Seller and Member, is not required to be licensed or qualified to conduct its business or own its property in any other jurisdiction where the failure to be so qualified or in good standing would have a material adverse effect upon the business, business prospects, assets, operations or condition (financial or otherwise) of Seller (a "Material Adverse Effect").

2.2 Ownership of Seller. Schedule 2.2 lists each Member of Seller and the percentage financial and voting rights attributable to each. There are no (i) outstanding or authorized subscriptions, warrants, options or other rights granted by Seller or Member to purchase or acquire membership interests of Seller or (ii) other securities of Seller directly or indirectly convertible into or exchangeable for membership interests of Seller.

2.3 Subsidiaries. Seller does not own, directly or indirectly, any capital stock of any corporation and has no subsidiaries. Seller does not own securities issued by any other business organization or governmental authority and Seller is not a partner or participant in any joint venture or partnership of any kind.

2.4 Authorization of Transaction. Seller has the full power and authority to execute, deliver and perform this Agreement and to carry out the transactions contemplated hereby. All necessary action, corporate or otherwise, including receipt of unanimous approval of the members of Seller, has been taken by Seller to authorize the execution, delivery and performance of this Agreement, and the transactions contemplated hereby, and the Agreement is the legal, valid and binding obligation of Seller and Member, enforceable against Seller and Member in accordance with its terms.

2.5 Present Compliance with Obligations and Laws. Seller is not: (a) in violation of its Articles of Organization or Operating Agreement; (b) in default in the performance of any obligation, agreement or condition of any debt instrument which (with or without the passage of time or the giving of notice) afford to any person the right to accelerate any indebtedness or terminate any right; (c) in default of or breach of (with or without the passage of time or the giving of notice) any other contract to which it is a party or by which it or any of its assets are bound; or (d) in violation of any law, regulation, administrative order or judicial order, decree or judgment applicable to it or its business or assets or to which it is subject or by which any of its assets or business may be bound, where any such violation or default could have a Material Adverse Effect.

2.6 No Conflict of Transaction With Obligations and Laws. Except as disclosed in Schedule 2.6, neither the execution, delivery and performance of this Agreement, nor the performance of the transactions contemplated hereby, will: (i) constitute a breach or violation of any provision of the Articles of Organization or Operating Agreement of Seller; (ii) require any consent, approval or authorization of or declaration, filing or registration with any person or governmental authority, (iii) conflict with or constitute (with or without the passage of time or the giving of notice) a breach of, or default under, any debt instrument by Seller and to which Seller is a party, or give any person the right to accelerate any indebtedness or terminate, modify or cancel any right; (iv) constitute (with or without the passage of time or giving of notice) a default under or breach by Seller or either Member of any other agreement, instrument or obligation to which Seller or either Member is a party or by which it or he or any of their respective assets are bound; (v) result in a violation of any law, regulation, administrative order or judicial order applicable to Seller or its business or assets or to which it is subject, or by which its assets or business may be bound; (vi) invalidate or adversely affect any permit, license or authorization used in Seller's business or (vii) result in the creation of any lien upon any of the assets of Seller.

2.7 Financial Statements.

(a) Attached as Schedule 2.7 hereto are the following financial statements (the "Financial Statements") of Seller, all of which statements are complete and correct and fairly present in all material respects the financial position of Seller on the date of such statements and the results of its operations on the applicable basis for the periods covered thereby, and such Financial Statements have, except as set forth on Schedule 2.7, been prepared in accordance with generally accepted accounting principles consistently applied throughout the periods involved and prior periods:

i. Income Statement and Statement of Cash Flows for the 9-month period ending October 2, 2004.

ii. Balance Sheet as of October 2, 2004.

The balance sheet dated October 2, 2004, included in the Financial Statements is sometimes referred to hereinafter as the "Base Balance Sheet."

(b) The books of account of Seller delivered by the Seller to the Buyer fairly reflect the financial position of Seller in all material respects, and have been maintained on a consistent basis.

2.8 Absence of Certain Changes. Except as set forth on Schedule 2.8 hereto, since the date of the Base Balance Sheet there has not been:

(a) any contingent liability incurred by Seller as guarantor or otherwise with respect to the obligations of others or any other contingent or fixed obligations or liabilities incurred by Seller;

(b) any mortgage, encumbrance or lien placed on any of the properties of Seller which will remain in existence at the time of Closing;

(c) any obligation or liability incurred by Seller other than obligations and liabilities incurred in the ordinary course of business;

(d) any purchase, sale or other disposition, or any agreement or other arrangement for the purchase, sale or other disposition, of any of the

properties or assets of Seller other than in the ordinary course of business or any purchase of any capital asset costing more than $1,000;

(e) any damage, destruction or loss, whether or not covered by insurance, materially and adversely affecting the properties, assets or business of Seller;

(f) any non-cash declaration, setting aside or payment of any dividend on, or the making of any other non-cash distribution in respect of, the capital stock of Seller or any direct or indirect non-cash redemption, purchase or other non-cash acquisition by Seller of its own capital stock;

(g) any representation elections, arbitration proceedings, labor strikes, slowdowns or stoppages, or claims of discrimination or unfair labor practices involving Seller and any entrance into any employment contract, consulting agreement or any change in the compensation payable or to become payable by Seller to any of its officers, employees or agents;

(h) any material change with respect to the business organization, management, or supervisory personnel of Seller;

(i) any payment or discharge of a material lien, claim, obligation or liability of Seller which was not shown on the Base Balance Sheet or incurred in the ordinary course of business thereafter;

(j) any write-down of the value of any inventory (including write-downs by reason of shrinkage or mark-down) or any write-offs as uncollectible of any notes or accounts receivable except for write-downs and write-offs that are in the aggregate less than $1,000 or incurred in the ordinary course of business;

(k) any termination, cancellation, limitation or material modification or material change in any business relationship with any material supplier or customer;

a. any change in any method of accounting or accounting practice;

b. any write-down of the value of any inventory (including write-downs by reason of shrinkage or mark-down) or any write-offs as uncollectible of any notes or accounts receivable except for write-downs and write-offs that are in the aggregate less than $1,000 or incurred in the ordinary course of business;

c. any change in the type, kind, amount or issuer of insurance in effect and maintained by Seller except to the extent such change resulted in equivalent insurance with a substitute insurer acceptable to Buyer;

d. any termination, cancellation, limitation or material modification or material change in any business relationship with any material supplier or customer;

e. any change in the financial condition, working capital, earnings, reserves, properties, assets, liabilities, business or operations of Seller which change by itself or in conjunction with all other such changes, whether or not arising in the ordinary course of business, has had a Material Adverse Effect with respect to Seller;

f. any change in any method of accounting or accounting practice;

g. to the knowledge of Seller and Member, any disposal or lapse of any rights to the use of any trademark, trade name, copyright, or disposal of or disclosure to any person other than Buyer of any trade secret, formula, process or know-how not theretofore a matter of public knowledge other than pursuant to confidentiality agreements;

h. any change in the type, kind, amount or issuer of insurance in effect and maintained by Seller except to the extent such change resulted in equivalent insurance with a substitute insurer acceptable to Buyer;

i. any agreement, whether in writing or otherwise, to take any action described in this Section 2.8;

j. to the knowledge of Seller and Member, any disposal or lapse of any rights to the use of any trademark, trade name, copyright, or disposal of or disclosure to any person other than Buyer of any trade secret, formula, process or know-how not theretofore a matter of public knowledge other than pursuant to confidentiality agreements;

k. any change in the financial condition, working capital, earnings, reserves, properties, assets, liabilities, business or operations of Seller which change by itself or in conjunction with all other such changes, whether or not arising in the ordinary course of business, has had a Material Adverse Effect with respect to Seller; or

l. any agreement, whether in writing or otherwise, to take any action described in this Section 2.8.

2.9 Title to Premises; Liens: Condition of Properties . Seller has and shall at Closing convey to Buyer good title to all of the Subject Assets. The Subject Assets will be transferred to Buyer free and clear of all liens, security interests and encumbrances of every kind and nature except for property taxes not yet due and payable.

2.10 Inventories. At Closing, the Closing Inventory Schedule will contain a complete and accurate list of all inventory of Seller. All goods contained in the inventories of Seller reflected on the Closing Inventory Schedule will be of a quality and quantity consistent with the business of Seller as historically conducted. The cost, value, aging and product mix of the inventory shown on the Closing Inventory Schedule will not be materially different than that shown on the Schedule of Inventory dated September 20, 2004 and attached as Schedule 2.10 (the "Base Inventory Schedule"). Purchase commitments for raw materials and parts are not in excess of normal requirements, and, to the knowledge of Seller and Member, none are at prices materially in excess of current market prices.

2.11 Intellectual Property Rights.

(a) A true and complete list of all patents, patent applications, trademarks, service marks, trademark and service mark applications, trade names, and copyrights presently owned or held by Seller and any license of or right related thereto, related to the Business is set forth on Schedule 2.11 hereto and a general description of all trade secrets has been delivered to Buyer (all of the foregoing collectively referred to as "Intellectual Property"). Schedule 2.11 lists the owner of each item of Intellectual Property. Seller owns or has a written license for all of the Intellectual Property necessary to the conduct of its Business as presently conducted and after the Closing, Buyer will possess (by ownership or license) all such Intellectual Property Rights free and clear on liens and encumbrances (other than those granted by Buyer).

(b) Seller has the right to use, free and clear of claims or rights of others, all trade secrets, customer lists and processes used by it in connection with its business and is not using any confidential information or trade secrets of any former employer of any of its past or present employees. Seller has at all times used commercially reasonable efforts to maintain the confidentiality of its trade secrets.

(c) Copies of all forms of nondisclosure or confidentiality agreements utilized by Seller to protect trade secrets have been provided to Buyer. To Seller's and Member's knowledge, the business as presently conducted or as proposed to be conducted by Seller (to the extent such proposed conduct of the business has been disclosed to Buyer) does not and will not cause Seller to infringe or violate any Intellectual Property rights of any other person.

(d) The execution, delivery and performance of this Agreement and consummation of the transactions contemplated hereby will not trigger any severance payment obligation under any contract or at-law or any notice requirement under any Federal or State Plant Closing law as a result of which Buyer may be liable.

2.12 Contracts and Commitments

(a) Each of the Assigned Contracts is valid, binding and enforceable in accordance with its terms against Seller and, to the knowledge of Seller and Member, against the other parties thereto, is subsisting and (subject to obtaining required consents) fully assignable, and no default by Seller, or to the knowledge of Seller and Member, by any other party exists thereunder.

(b) Except for contracts, commitments, plans, agreements, understandings and licenses, whether written or oral, described in Schedule 2.12(b) hereto (the "Contracts"), Seller is not a party to or subject to:

(i) any contract or agreement for the purchase of any commodity, material (other than raw materials used in the manufacture and/or resale of end-products equipment or asset, except purchase orders in the ordinary course for less than One Thousand Dollars ($1,000) each, such orders not exceeding in the aggregate of Five Thousand Dollars ($5,000);

(ii) any other contracts or agreements creating any obligations of Seller after the date of the Base Balance Sheet of $1,000 or more with respect to any such contract or agreement, other than sales and purchase commitments in the ordinary course of business;

(iii) any contract or agreement providing for the purchase of all or substantially all of its requirements of a particular product from a supplier;

(iv) any contract or agreement which by its terms does not terminate or is not terminable without penalty by Seller (or its successor or assign) within one year after the date hereof,

(v) any contract or agreement for the sale or lease of its products not made in the ordinary course of business;

(vi) any contract with any sales agent, sales representative or distributor of products of Seller;

(vii) any contract containing covenants limiting the freedom of Seller to compete in any line of business or with any person or entity;

(viii) any license or franchise agreement (as licensor or licensee or franchisor or franchisee); or

(ix) any arrangement or obligation with respect to the return of inventory or merchandise other than on account of a defective condition, incorrect quantities or missed delivery dates.

(c) Except for assignments which are not obtained, neither Seller nor any Member has knowledge of any termination, cancellation, limitation or modification or change in any business relationship with any material supplier or customer. For the purposes hereof, a supplier or customer is material if it accounts for more than two percent (2%) of the orders or sales, as the case may be, of Seller on an annual basis.

2.13 Labor and Employee Relations.

(a) Except as shown on Schedule 2.13(a) hereto, there are no currently effective consulting or employment agreements or other material agreements with individual consultants or employees to which Seller is a party. Complete and accurate copies of all such written agreements have been delivered to Buyer. The name and rate of compensation (including all bonus compensation) of each officer, employee or agent of Seller has been previously supplied to Buyer.

(b) None of the employees of Seller is covered by any collective bargaining agreement with any trade or labor union, employees' association or similar association. Seller has complied with all applicable laws, rules and regulations relating to the employment of labor, including without limitation those relating to wages, hours, unfair labor practices, discrimination, and payment of social security and similar taxes, except where failure to comply would not have a Material Adverse Effect. There are no representation elections, arbitration proceedings, labor strikes, slowdowns or stoppages, or claims of discrimination or unfair labor practices pending, or, to the knowledge of Seller and Member, threatened, with respect to the employees of Seller.

(c) There are no complaints against Seller pending or, to the knowledge of Seller and Member, threatened before the National Labor Relations Board or any similar state or local labor agencies, or before the Equal Employment Opportunity Commission or any similar state or local agency, by or on behalf of any employee or former employee of Seller.

(d) Seller has provided to Buyer a copy of its employee handbook which contains a fair summary of all material employment policies currently in effect under which Seller operates or has communicated to its employees.

(e) To Seller's knowledge, there has not been any citation, fine or penalty imposed or asserted against Seller under any law or regulation relating to employment, immigration or occupational safety matters.

2.14 [Intentionally Deleted]

2.15 Warranty or Other Claims. Except as set forth on Schedule 2.15, neither Seller nor Member knows of, or has reason to know of, any existing or threatened claims, or any facts upon which a claim could be based, against Seller for product that are defective or fail to meet any product or service warranties.

2.16 Litigation. Except for matters described in Schedule 2.16 hereto, there are no claims, actions, suits, arbitration or other proceedings or investigations pending (or, to the knowledge of Seller and Member, threatened) against Seller and there are no outstanding court orders, court decrees, or court stipulations to which Seller is a party or by which any of its assets are bound, any of which (a) question this Agreement or affect the transactions contemplated hereby, or (b) restrict the present business, properties, operations, prospects, assets or condition, financial or otherwise, of Seller, or (c) will result in any material adverse change in the business, properties, operations, prospects, or assets of Seller, on a stand alone or consolidated basis. Neither Seller nor Member has any reason to believe that any such claim, action, suit, arbitration or other proceeding or investigation may be brought against Seller.

2.17 Finder's Fee. Neither Seller nor either Member has incurred or become liable for any broker's commission or finder's fee relating to or in connection with the transactions contemplated by this Agreement.

2.18 Permits. Seller holds and is in compliance with all licenses, permits, registrations, orders, authorizations, approvals and franchises which are required to permit it to conduct its business as presently conducted, except where failure to so comply would not have a Material Adverse Effect, and all such licenses, permits, registrations, orders, authorizations, approvals and franchises are listed on Schedule 2.18 hereto, and except as indicated on said Schedule are now valid, in full force and effect. Seller has not received any notification of any asserted present failure (or past and unremedied failure) by it to have obtained any such license, permit, registration, order, authorization, approval or franchise. Seller has not received any notification of non-compliance or violation with any such license, permit, registrations, order, authorizations, approvals or franchises.

2.17 Finder's Fee. Neither Seller nor either Member has incurred or become liable for any broker's commission or finder's fee relating to or in connection with

the transactions contemplated by this Agreement.

2.18 Disclosure of Material Information. Neither this Agreement nor any exhibit hereto or certificate issued pursuant hereto contains any untrue statement of a material fact, or omits to state a material fact necessary to make the statements herein or therein not misleading, relating to the business or affairs of Seller. There is no fact known to Seller or either Member which adversely affects, or is likely to (so far as now can be reasonably foreseen) substantially and materially adversely affect materially adversely affect, the business, condition (financial or otherwise) or prospects of Seller which has not been specifically disclosed herein.

ARTICLE 3. REPRESENTATIONS AND WARRANTIES OF BUYER.

Buyer hereby represents and warrants to Seller and Member as follows:

3.1 Organization of Buyer. Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of New Jersey with full power to own or lease its properties and to conduct its business in the manner and in the places where such properties are owned or leased or such business is conducted by it.

3.2 Authorization of Transaction. Buyer has the full power and authority to execute, deliver and perform this Agreement and to carry out the transactions contemplated hereby. All necessary action, corporate or otherwise, including receipt of unanimous approval of all directors of Buyer, has been taken by Buyer to authorize the execution, delivery and performance of this Agreement and the transactions and agreements contemplated hereby and the same constitute the legal, valid and binding obligations of Buyer enforceable in accordance with their respective terms.

3.3 No Conflict of Transaction with Obligations and Laws .

(a) Neither the execution, delivery and performance of this Agreement or any of the agreements contemplated hereby, nor the performance of the transactions contemplated hereby, will: (i) constitute a breach or violation of Buyer's Articles of Incorporation or bylaws; (ii) conflict with or constitute (with or without the passage of time or the giving of notice) a breach of, or default under any material agreement, instrument or obligation to which Buyer is a party or by which it or its assets are bound which would materially affect the performance by Buyer of its obligations under this Agreement; or (iii) result in a violation of any law, regulation, administrative order or judicial order applicable to Buyer.

(b) The execution, delivery and performance of this Agreement and the transactions contemplated hereby by Buyer do not require the consent, waiver, approval, authorization, exemption of or giving of notice to any governmental authority.

3.4 Finder's Fee. Buyer has not incurred or become liable for any broker's commission or finder's fee relating to or in connection with the transactions contemplated by this Agreement.

3.5 Authorization from Others. Buyer has obtained and delivered to Seller all authorizations, consents and permits of others required to permit the consummation by Buyer of the transactions contemplated by this Agreement and the agreements contemplated hereby.

3.6 Litigation. There is no litigation pending or, to the knowledge of Buyer, threatened against Buyer which will have a material adverse effect on its properties, assets or business or which would prevent or hinder the consummation of the transactions contemplated by this Agreement.

3.7 Employment Agreements. Buyer has negotiated the terms of employment agreements with Howard Printz and any other employees of Seller that it deemed necessary and appropriate.

ARTICLE 4. COVENANTS OF SELLER AND MEMBER

Seller and Member hereby jointly and severally covenant and agree with Buyer as follows:

4.1 Conduct of Business. Between the date of this Agreement and the Closing, Seller will do the following as it relates to the Business unless Buyer shall otherwise consent in writing:

(a) conduct the Business only in the ordinary course and refrain from changing or introducing, in any material respect, any method of management or operations except in the ordinary course of business and consistent with prior practices;

(b) refrain from making any material purchase, sale or disposition of any asset or property other than in the ordinary course of business;

(c) refrain from incurring any contingent liability as a guarantor or otherwise with respect to the obligations of others, and from incurring any other contingent or fixed obligations or liabilities except those that are usual and normal in the ordinary course of business;

(d) except with respect to the sale of inventory in the ordinary course of business, or as required by the terms hereof, refrain from entering into any material agreements or amending or terminating any material contract agreement or license to which it is a party or waiving or releasing any material right or claim;

(e) maintain its equipment and other assets in good working condition and repair consistent with historic practices of Seller, subject only to ordinary wear and tear;

(f) refrain from entering into any employment contract (other than as may be contemplated by this Agreement) or making any change in the compensation payable or to become payable to any of its officers, employees or agents, except for cost of living and/or merit raises for non-salaried employees consistent with historic practices, subject to the prior approval of Buyer, which will not be unreasonably withheld or delayed;

(g) refrain from instituting, terminating, changing or making any representations, either oral or written, to increase or change any Benefit Plan;

(h) withhold or remit with respect to all employees all employment taxes;

(i) refrain from selling or purchasing any assets, other than in the ordinary course of business, merging, consolidating or reorganizing with, or acquiring, any entity, or enter into discussions with any party, other than Buyer, with regard to the foregoing;

(k) use its best efforts to keep intact its business organization, to keep available its present officers, agents and employees and to preserve the goodwill of all suppliers, customers and others having business relations with it;

(l) permit Buyer and its authorized representatives to have reasonable access to all of Seller's properties (both in Spartanburg, South Carolina and Clifton, New Jersey), assets, records, tax returns, employees, contracts and documents, which are reasonably necessary to complete Buyer's due diligence and confirm the representations and warranties contained herein, and to understand, plan for and make arrangements for (including installing communication devices) the transition of the business and furnish to Buyer or its authorized representatives such financial and other

information with respect to its business or properties as Buyer may from time to time reasonably request; and

(m) agree to do any of the things described in the preceding clauses (a) through (e).

4.2 Authorization from Others. Prior to the Closing, the Members will have obtained, and will cause Seller to have obtained, all authorizations, consents and permits of others required to permit the consummation by the Members and Seller of the transactions contemplated by this Agreement.

4.3 Breach of Representations and Warranties. Prior to the Closing, promptly upon the occurrence of, or promptly upon Seller or a Member becoming aware of the imminent or threatened occurrence of, any event which would cause or constitute a breach, or would have caused or constituted a breach had such event occurred or been known to Seller or a Member prior to the date hereof, of any of the representations and warranties of Seller or a Member contained in or referred to in this Agreement, such person shall give detailed written notice thereof to Buyer, and Seller and Member shall use their best efforts to prevent or promptly remedy the same.

4.4 Consummation of Agreement. Seller and Member shall use his, her or its best efforts to perform and fulfill, and to cause Seller to perform and fulfill, all conditions and obligations on their part to be performed and fulfilled under this Agreement, to the end that the transactions contemplated by this Agreement shall be fully carried out. To this end, Seller will obtain all necessary authorizations or approvals of its Members and Board of Directors. From the date hereof until the termination of this Agreement, neither Seller nor Member will discuss or negotiate with any other party, or entertain or consider any inquiries or proposals received from any other party, concerning the possible disposition of the Business.

4.5 Exclusivity. Neither Seller nor the Member shall, directly or indirectly, (a) encourage, solicit, initiate, engage or participate in discussions or negotiations with any person or entity (other than the Buyer) concerning any merger, consolidation, sale of material assets, recapitalization, or other business combination involving the Seller, or (b) provide any information concerning the business, properties or assets of the Seller to any person or entity (other than the Buyer and its representatives or, Buyer's lender and its representatives).

ARTICLE 5. COVENANTS OF BUYER.

Buyer hereby covenants and agrees with Seller and Member as follows:

5.1 Authorization from Others. Prior to the Closing, Buyer will have obtained all authorizations, consents and permits of others required to permit the consummation by Buyer of the transactions contemplated by this Agreement.

5.2 Consummation of Agreement. Buyer shall use its best efforts to perform and fulfill all conditions and obligations on its part to be performed or fulfilled under this Agreement, to the end that the transactions contemplated by this Agreement shall be fully carried out. To this end, Buyer will obtain any approvals of its stockholders or Board of Directors which may be required in order to consummate the transactions contemplated hereby.

ARTICLE 6. CONDITIONS TO OBLIGATIONS OF BUYER.

The obligations of Buyer to consummate this Agreement and the transactions contemplated hereby are subject to the condition that on or before the Closing the actions required by this Article 6 will have been accomplished or waived in writing by Buyer.

6.1 Representations; Warranties; Covenants. Each of the representations and warranties of Seller and Member contained in Article 2 shall be true and correct in all material respects as though made on and as of the Closing. Seller and Member shall, on or before the Closing, have performed in all material respects all of its obligations hereunder which by the terms hereof are to be performed on or before the Closing; and Seller shall have delivered to Buyer a certificate of Seller's President dated as of the Closing to the foregoing effect.

6.2 Opinion of Seller's Counsel. At the Closing, Buyer shall have received from Haynsworth, Sinkler Boyd, P.A., counsel for Seller and Member, an opinion dated as of the Closing in form and content acceptable to Buyer.

6.3 Absence of Certain Litigation. There shall not be any (a) injunction, restraining order or order of any nature issued by any court of competent jurisdiction which directs that this Agreement or any material transaction contemplated hereby shall not be consummated as herein provided, (b) suit, action or other proceeding by any federal, state, local or foreign government (or any agency thereof) pending before any court or governmental agency, or threatened to be filed or initiated, wherein such complainant seeks the restraint or prohibition of the consummation of any material transaction contemplated by this Agreement or asserts the illegality thereof, or (c) suit, action or other proceeding by a private party pending before any court or governmental agency, or threatened to be filed or initiated, which in the reasonable opinion of counsel for Buyer is likely to result in the restraint or prohibition of the consummation of any material transaction contemplated hereby or the obtaining of an amount in payment (or indemnification) of material damages from or other material relief against any of the parties or against any directors or officers of Buyer, in connection with the consummation of any material transaction contemplated hereby.

6.4 No Bankruptcy. Seller shall not (i) have commenced a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or substantially all of its property, or have consented to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or have made a general assignment for the benefit of its creditors, or (ii) have an involuntary case or other proceeding commenced against it seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereinafter in effect or seeking the appointing of a trustee, receiver, liquidator, custodian or similar official of it or substantially all of its property, or (iii) have an attachment placed on all or a significant portion of its assets.

6.5 No Adverse Change. There shall be no material adverse change to the Subject Assets or Business of Seller taken as a whole since the date of this Agreement.

6.6 Release of Liens, Security Interests and Other Encumbrances. Seller shall have delivered to Buyer evidence satisfactory to Buyer and its counsel that Seller is able to deliver the Subject Assets free and clear of all liens (other than for taxes not yet due and payable), attachments, mortgages, security interests or other encumbrances of any nature whatsoever including without limitation a Tax Compliance Certificate issued by South Carolina Department of Revenue and dated within thirty (30) days of the date of closing.

6.7 Authorization from Others. Except as set forth on Schedule 6.7, Seller shall have obtained all of the waivers, permits, consents approvals or other authorizations, and effected all of the registrations, filings and notices that are reasonably deemed necessary by Buyer, upon advice of counsel, (i) to provide for the continuation by Buyer of the business of Seller, (ii) to assign to Buyer all of the Contracts, and (iii) to consummate the transactions contemplated by this Agreement.

6.8 Instruments of Transfer. Seller shall have executed and delivered to Buyer good and sufficient instruments of transfer of title to all the Subject Assets including bills of sale, assignments of leases, , and such other instruments of transfer as may be required.

6.9 Delivery of Records and Contracts. Except as set forth on Schedule 6.7, Seller shall have procured any necessary consents to the assignment of the Assigned Contracts. In addition, Seller shall have used all reasonable efforts to have delivered or caused to be delivered to Buyer all of material leases, contracts, commitments and rights, or such assignments thereof and consent to assignments as are necessary to ensure Buyer the full benefit of same. Seller

shall also have delivered or made available for copying to Buyer all of Seller's business records, books and other data relating to the Subject Assets, and the business and operations represented thereby.

6.10 Allocation of Purchase Price. Buyer, Seller and Member shall have initialed the allocation of Purchase Price memorandum, to be prepared in accordance with Section 1.9.

11. Inventory. The parties shall have completed the Closing Inventory Schedule provided for in Section 1.4 hereof and agreed to the adjustment, if any, in the Purchase Price as provided in Section 1.4. On the day of Closing, Seller shall supply samples of the items of inventory listed on the Closing Inventory Schedule. consistent with current practices. Buyer shall supply all packaging to effect the foregoing. Seller shall also provide to Buyer a listing of Seller's standards for inventory.

6.12 Insurance. Seller shall provide to Buyer evidence of insurance as required in Section 1.13(f) hereof.

6.13 Tolling Agreements. Seller, Member and Buyer shall have entered into the Interim Tolling Agreement and Long Term Tolling Agreement on the terms and conditions set forth in Sections 1.13 and 1.14, respectively.

6.14 Transitional Services Agreement. Buyer, Seller and Member shall have entered into a Transitional Services Agreement in substantially the form attached hereto as Exhibit 6.14.

6.15 Sumitomo Agreement. Buyer shall have received a letter from Sumitomo indicating its intent to sell product to Buyer and agreement to negotiate a new contract with Buyer.

ARTICLE 7. CONDITIONS TO OBLIGATIONS OF SELLER AND MEMBERS

The obligations of Seller and Member to consummate this Agreement and the transactions contemplated hereby are subject to the condition that on or before the Closing the actions required by this Article 7 will have been accomplished or waived in writing by Seller:

7.1 Payment of the Purchase Price. Buyer shall have paid at closing the Purchase Price, including the obligations set forth in Section 1.3 hereof.

7.2 Inventory. The parties shall have completed the Closing Inventory Schedule provided for in Section 1.4 hereof and agreed to the adjustment, if any, to the Purchase Price as provided in Section 1.4.

7.3 Representations; Warranties; Covenants. Each of the representations and warranties of Buyer contained in Article 3 shall be true and correct in all material respects as though made on and as of the Closing; Buyer shall, on or before the Closing, have performed in all material respects all of its obligations hereunder which by the terms hereof are to be performed on or before the Closing; and Buyer shall have delivered to Seller a certificate of the President of Buyer dated as of the Closing to such effect.

7.4 Absence of Certain Litigation. There shall not be any (a) injunction, restraining order or order of any nature issued by any court of competent jurisdiction which directs that this Agreement or any material transaction contemplated hereby shall not be consummated as herein provided, (b) suit, action or other proceeding by any federal, state, local or foreign government (or any agency thereof) pending before any court or governmental agency, or threatened to be filed or initiated, wherein such complainant seeks the restraint or prohibition of the consummation of any material transaction contemplated by this Agreement or asserts the illegality thereof, or (c) suit, action or other proceeding by a private party pending before any court or governmental agency, or threatened to be filed or initiated, which in the reasonable opinion of counsel for Seller and Member is likely to result in the restraint or prohibition of the consummation of any material transaction contemplated hereby or the obtaining of an amount in payment (or indemnification) of material damages from or other material relief against any of the parties or against any directors or officers of Seller and Member, in connection with the consummation of any material transaction contemplated hereby.

7.5 Authorization from Others. Buyer shall have obtained all of the waivers, permits, consents, approvals or other authorizations that are reasonably deemed necessary by Seller, upon advice of counsel, to consummate the transactions contemplated by this Agreement.

7.6 No Bankruptcy. Buyer shall not (i) have commenced a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or substantially all of its property, or have consented to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or have made a general assignment for the benefit of its creditors, or (ii) have an involuntary case or other proceeding commenced against it seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereinafter in effect or seeking the appointing of a trustee, receiver, liquidator, custodian or similar official of it or substantially all of its property or (iii) have an attachment placed on all or a significant portion of its assets, and no such action described in this Section 7.4 shall be threatened by a bona fide third party.

7.7 Board Approval. The Seller and Member shall have received approval of the transaction from its Board of Directors.

ARTICLE 8. RIGHTS AND OBLIGATIONS SUBSEQUENT TO CLOSING.

8.1 Survival of Warranties. All representations, warranties, agreements, covenants and obligations herein or in any schedule, certificate or financial statement delivered by any party to the other party or parties incident to the transactions contemplated hereby are material, shall be deemed to have been relied upon by the other party and shall survive the Closing for the periods of indemnification under Article 9, regardless of any investigation or contrary knowledge and shall not merge in the performance of any obligation by the parties hereto.

8.2 Payment of Debts. Seller shall as promptly as possible after the Closing pay all debts and obligations not to be assumed by Buyer hereunder within their respective existing credit terms.

ARTICLE 9. INDEMNIFICATION.

9.1 Definitions. For purposes of this Article 9:

"Losses" means all losses, damages (including, without limitation, punitive and consequential damages), liabilities, payments and obligations, and all expenses related thereto. Losses shall include any reasonable legal fees and costs incurred by any of the Indemnified Persons subsequent to the Closing in defense of or in connection with any alleged or asserted liability, payment or obligation for which indemnity is forthcoming under Section 9.2 or Section 9.3 below, whether or not any liability or payment, obligation or judgment is ultimately imposed against the Indemnified Persons and whether or not the Indemnified Persons are made or become parties to any such action.

"Buyer's Indemnified Persons" means Buyer, its parent, subsidiary and affiliated corporations, and their respective directors, officers, employees, stockholders and agents.

"Indemnified Person" means any person entitled to be indemnified under this Article 9.

"Indemnifying Person" means any person obligated to indemnify another person under this Article 9.

"Sellers' Indemnified Persons" means each of Seller and the Member, and their respective directors, officers, stockholders and agents.

"Third Party Action" means any written assertion of a claim, or the commencement of any action, suit, or proceeding, by a third party as to which any person believes it may be an Indemnified Person hereunder.

9.2 Indemnification by Seller and Member. Subject to this Article 9, each of Seller and Member, jointly and severally, agree to defend, indemnify and hold harmless Buyer's Indemnified Persons from and against all Losses directly or indirectly incurred by or sought to be imposed upon any of them:

(a) resulting from or arising out of any breach of any of the representations or warranties (made by Seller or a Member in or pursuant to this Agreement or in any agreement, document or instrument executed and delivered pursuant hereto or in connection with the Closing;

(b) resulting from or arising out of any breach of any covenant or agreement made by Seller or a Member in or pursuant to this Agreement or in any agreement, document or instrument executed and delivered pursuant hereto or in connection with the Closing, to be performed by Seller or a Member on or before the Closing

(c) resulting from or arising out of any breach of any covenant or agreement made by Seller or a Member in or pursuant to this Agreement or in any agreement, document or instrument executed and delivered pursuant hereto or in connection with the Closing to be performed by Seller or a Member after the Closing;

(d) in respect of any liability or obligation of Seller or a Member not included in the Assumed Liabilities, including any liability or obligation arising out of facts or circumstances existing prior to the Closing or the operation of Seller's business prior to the Closing, including any Losses resulting from product returns or defects for product sold by Seller to third parties prior to the Closing and any liability with respect to any employee of Seller or Member prior to or after closing including without limitation any liability for leave, severance, vacation time or similar items or any severance payment obligations applicable to Seller and Member's employees or which are triggered as a result of the transaction contemplated herein;

(e) resulting from or arising out of any liability, payment or obligation in respect of any taxes owing by Seller of any kind or description (including interest and penalties with respect thereto) for all periods or portions of periods ending on or before the Closing Date except for transfer taxes arising out of the transactions contemplated hereby;

(f) resulting from or arising out of any third party action, whether by a governmental authority or other third party for damages, including fines and penalties or clean-up costs or other compliance costs under any Environmental Law arising out of or caused in whole or in part by the operations of Seller or Member or any affiliate or predecessor prior to or after the Closing; or

(g) resulting from or arising out of the fraud of Seller or a Member, or any of them.

It is expressly agreed that any such indemnification by Seller and Member shall not apply to Losses arising out of any claim related to product sold by Buyer post-Closing.

9.3 Indemnification by Buyer. From and after the Closing Date, Buyer shall indemnify and hold harmless Sellers' Indemnified Persons from any and all Losses directly or indirectly incurred by or sought to be imposed upon them:

(a) resulting from or arising out of any breach of any of the representations or warranties made by Buyer in or pursuant to this Agreement or in any agreement, document or instrument executed and delivered pursuant hereto or in connection with the Closing;

(b resulting from or arising out of any breach of any covenant or agreement made by Buyer in or pursuant to this Agreement or in any agreement, document or instrument executed and delivered pursuant hereto or in connection with the Closing, to be performed by Buyer on or before the Closing;

(c) resulting from or arising out of any breach of any covenant or agreement made by Buyer in or pursuant to this Agreement or in any agreement, document or instrument executed and delivered pursuant hereto or in connection with the Closing, to be performed by Buyer after the Closing;

(d) in respect of any liability or obligation of Buyer included in the Assumed Liabilities, including any liability or obligation arising out of facts or circumstances arising after the Closing or the operation of Buyer's business prior to the Closing;

(e) resulting from or arising out of any liability, payment or obligation of Buyer arising out of any litigation or similar matter asserted against Buyer, in each case to the extent such litigation or other matter arose out of or relates to the business of Buyer after the Closing; or

(f) resulting from or arising out of the fraud of Buyer.

9.4 Limitations on Indemnification.

(a) Indemnification Period. Neither Seller nor Member nor Buyer shall have any indemnification liability under Section 9.2 (a) or 9.3 unless one or more of the Indemnified Persons gives written notice to the Indemnifying Persons asserting a claim for Losses in accordance with Section 9.5 hereof, on or before three (3) years from the Closing Date or as to Section 9.2(b) - (g) on or before the expiration of the applicable statute of limitations.

9.5 Notice. The Indemnified Person shall give prompt written notice to the Indemnifying Person of each claim for indemnification hereunder, specifying the amount and nature of the claim, and of any matter which in the opinion of the Indemnifying Person is likely to give rise to an indemnification claim. The omission to give such notice to the Indemnifying Person will not relieve the Indemnifying Person of any liability hereunder unless it was prejudiced thereby under this Article 9.

9.6 Defense of Third Party Actions.

(a) Promptly after receipt of notice of any Third Party Action, any person who believes he, she or it may be an Indemnified Person will give notice to the potential Indemnifying Person of such action. The omission to give such notice to the Indemnifying Person will not relieve the Indemnifying Person of any liability hereunder unless it was prejudiced thereby, nor will it relieve it of any liability which it may have other than under this Article 9.

(b) Upon receipt of a notice of a Third Party Action, the Indemnifying Person shall have the right, at its option and at its own expense, to participate in and be present at the defense of such Third Party Action, but not to control the defense, negotiation or settlement thereof, which control shall remain with the Indemnified Person, unless the Indemnifying Person makes the election provided in paragraph (c) below.

(c) By written notice within forty-five (45) days after receipt of a notice of a Third Party Action, an Indemnifying Person may elect to assume control of the defense, negotiation and settlement thereof, with counsel reasonably satisfactory to the Indemnified Person; provided, however, that the Indemnifying Person agrees (i) to promptly indemnify the Indemnified Person for its reasonable expenses to date, and (ii) to hold the Indemnified

Person harmless from and against any and all indemnified Losses, caused by or arising out of any settlement of the Third Party Action or any judgment in connection with that Third Party Action. The Indemnifying Persons shall not in the defense of the Third Party Action enter into any settlement which does not include as a term thereof the unconditional release by the third party claimant of the Indemnified Person, or consent to entry of any judgment, except with the consent of the Indemnified Person.

(d) Upon assumption of control of the defense of a Third Party Action under paragraph (c) above, the Indemnifying Person will not be liable to the Indemnified Person hereunder for any legal or other expenses subsequently incurred by the Indemnified Person in connection with the defense of the Third Party Action, other than reasonable expenses of investigation.

(e) If the Indemnifying Person does not elect to control the defense of a Third Party Action under paragraph (c), the Indemnifying Person shall promptly reimburse the Indemnified Person for expenses incurred by the Indemnified Person in connection with defense of such Third Party Action, as and when the same shall be incurred by the Indemnified Person.

(f) In the event an Indemnifying Person successfully demonstrates that the party seeking indemnification is responsible and the Indemnifying Person is in fact the party entitled to indemnity hereunder, the Indemnifying Party shall be entitled to recover its Losses with respect to such matter from the party initially seeking indemnification hereunder.

(g) Any person who has not assumed control of the defense of any Third Party Action shall have the duty to cooperate with the party which assumed such defense.

9.7 Miscellaneous.

(a) Buyer's Indemnified Persons shall be entitled to indemnification under Section 9.2 and Seller's Indemnified Persons shall be entitled to indemnification under Section 9.3, regardless of whether the matter giving rise to the applicable liability, payment, obligation or expense may have been previously disclosed to any such person unless disclosed in writing herein on the Schedules hereto unless otherwise indicated to the contrary thereon.

(b) If any Loss is recoverable under more than one provision hereof, the Indemnified Person shall be entitled to assert a claim for such Loss until the expiration of the longest period of time within which to assert a claim for Loss under any of the provisions which are applicable.

9.8 Payment of Indemnification. Claims for indemnification under this Article 9 shall be paid or otherwise satisfied by the Indemnifying Persons within thirty (30) days after notice thereof is given by the Indemnified Person.

ARTICLE 10. TERMINATION OF AGREEMENT.

10.1 Termination. In connection with the structure of the transactions as described in this Agreement, the parties have agreed that this Agreement shall not be terminated, except in accordance with the provisions of this Article 10, all strictly construed against the party seeking such termination. This Agreement may be terminated any time prior to the Closing by mutual consent of the parties. In addition, this Agreement may be terminated by either Buyer or Seller, if, without fault of such terminating party, the Closing shall not have occurred on or before the date specified in Section 1.5, subject to extension as set forth in that Section.

10.2 Termination by Buyer Upon Seller or a Member Breach . This Agreement may be terminated by Buyer if the conditions stated in Article 6, have not been satisfied at or prior to the Closing.

10.3 Termination by Seller Upon Buyer Breach . This Agreement may be terminated by Seller if the conditions stated in Article 7 have not been satisfied at or prior to the Closing;

10.4 Procedure for Termination . In the event of termination by Buyer or Seller pursuant to this Article 10, written notice thereof shall forthwith be given to the other.

10.5 Effect of Termination . In the event of termination of this Agreement pursuant to this Article 10, all obligations of the parties hereunder shall terminate; provided however, that except as otherwise expressly provided in clause of this Section 10.5, (a) if this Agreement is terminated by Buyer as a result of (i) a breach by Seller or a Member of the terms hereof,, (ii) Seller's and Member's failure to satisfy the conditions set forth in Sections 6.1, 6.2, 6.4, 6.6, 6.8, 6.9, 6.10, 6.12, 6.13, or 6.14 or (iii) the conditions set forth in Sections 6.3, 6.5, 6.7, Section 7.4 (if not a result of Buyer's actions), Section 7.5 (other than the failure to obtain a consent related to an existing contractual relationship of Buyer including any financing related consent of Buyer), or Section 7.7 not having been met, Buyer shall be entitled to be paid the Deposit described in Section 1.3(a)(ii) or; (b) in the event this Agreement is terminated as a result of (x) a breach by Buyer of the terms hereof, (y) Buyer's failure to satisfy the conditions set forth in Sections 7.1, 7.3, 7.5 (if the failure to obtain a consent relates to an existing contractual relationship of Buyer including any financing related consent), or 7.6, or (z) conditions set forth in Section 7.4 not having been met as a result of Buyer's actions, Seller shall be entitled to retain the Deposit described in Section 1.3(a)(ii). In the event the transaction shall fail to close as a result of the failure to satisfy the conditions set forth in Sections 6.11 and 7.2, parties shall immediately appoint an independent third party expert to evaluate the relative positions of the parties. The expert shall determine the value of the inventory deliverable at Closing as provided in Section 2.10 hereof (the "Deliverable Value") If the price that Seller and Member were willing to accept is not more than the Deliverable Value plus five percent (5%), Seller and Member shall be entitled to retain the Deposit. If the price that Seller and Member were willing to accept is more than the Deliverable Value plus five percent (5%), Buyer shall be entitled to be repaid the Deposit. Except for damages resulting from a breach of Section 11.4 hereof, the retention by Seller of the Deposit pursuant to the foregoing shall be in full and complete satisfaction of any and all liabilities of Buyer and its employees, shareholders, directors or affiliates in connection with this Agreement and the transactions contemplated hereby and of any damages resulting from the breach of any obligations or duties in connection herewith or therewith.

In the event that the parties are unable to agree to which party is entitled to the Deposit, the parties shall appoint a single arbitrator to resolve the dispute. In the event that parties are unable to select an arbitrator to resolve the dispute within thirty (30) days following the failed closing, the parties shall submit the matter to arbitration to be conducted by the American Arbitration Association by a single arbitrator under the AAA's Commercial Rules. Such arbitration shall be held in Greenville, South Carolina

10.6 Right to Proceed. Anything in this Agreement to the contrary notwithstanding, if any of the conditions specified in Article 6 hereof have not been satisfied, Buyer shall have the right to proceed with the transactions contemplated hereby without waiving its rights hereunder, and if any of the conditions specified in Article 7 hereof have not been satisfied, Seller shall have the right to proceed with the transactions contemplated hereby without waiving its rights hereunder.

ARTICLE 11. MISCELLANEOUS.

11.1 Fees and Expenses . Each of the parties will bear its own expenses in connection with the negotiation and the consummation of the transactions contemplated by this Agreement and, except as otherwise provided in this Agreement, no expenses of Seller or Member relating in any way to the purchase and sale of the Subject Assets hereunder shall be charged to or paid by Buyer.

11.2 Notices. Any notice or other communication in connection with this Agreement shall be deemed to be delivered if in writing (or in the form of a telegram or

facsimile transmission, receipt telephonically communicated) addressed as provided below and if either (a) actually delivered electronically or physically at said address (provided that if said address is a business, delivery is made during normal business hours), or (b) in the case of a letter, three business days shall have elapsed after the same shall have been deposited in the United States mail, postage prepaid and registered or certified, return receipt requested, or (c) forty eight (48) hours shall have elapsed after the same shall have been sent by nationally recognized overnight receipted courier:

If to a Member or Seller, to:

Synalloy Corporation

Post Office Box 5627

Spartanburg, SC 29304

Attn: Gregory M. Bowie

Telephone: 864-596-1535

Facsimile: 864-596-1501

with a copy to:

Haynsworth Sinkler Boyd, P.A.

Post Office Box 2048

Greenville, SC 19602

Attn: Joseph J. Blake, Jr.

Telephone: (864) 240-3274

Facsimile: (864) 240-3300

If to Buyer, to:

Greenville Colorants, LLC

20 Linden Avenue East

Jersey City, NJ 07385

Attn: Robert S. Weiss

Telephone: (800) 526-3192

Facsimile: (267) 295-8489

with a copy to:

Frank C. Williams III, Esquire

Leatherwood Walker Todd & Mann, P.C.

300 East McBee Avenue, Suite 500

Greenville, South Carolina 29601

Telephone: (864) 240-2487

Facsimile: (864) 240-2479

and in any case at such other address as the addressee shall have specified by written notice. All periods of notice shall be measured from the date of delivery thereof.

11.3 Publicity and Disclosures. No press releases or any public disclosure, either written or oral, of the transactions contemplated by this Agreement shall be made without the mutual consent of the parties.

11.4 Confidentiality. Except as otherwise required by law, the parties agree that they will keep confidential and not disclose or divulge any confidential, proprietary or secret information which they may obtain from Seller or Buyer in connection with the transactions contemplated herein, or pursuant to inspection fights granted hereunder, or any terms hereof, unless such information is or hereafter becomes public information and except as otherwise required by law. This provision shall survive the Closing of the transactions contemplated hereby.

11.5 Entire Agreement. This Agreement (including all exhibits or schedules appended to this Agreement and all documents delivered pursuant to or referred to in this Agreement, all of which are hereby incorporated herein by reference) constitutes the entire agreement between the parties, and all promises, representations, understandings, warranties and agreements with reference to the subject matter hereof and inducements to the making of this Agreement relied upon by any party hereto, have been expressed herein or in the documents incorporated herein by reference.

11.6 Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision hereof.

11.7 Assignability. Neither this Agreement, any agreement, document or instrument executed and delivered pursuant hereto or in connection with the Closing, nor any right to the payment of money or other obligations hereunder or thereunder may be assigned by Seller or a Member without the prior written consent of Buyer except to an Affiliate of the Member; provided, however, that Buyer agrees that Seller and Member may pledge the contractual rights owed by it hereunder to their lender(s). Unless otherwise expressly consented to by the other parties hereto, no assignment by any party hereto shall relieve that party of any obligations hereunder or under any agreement, document or instrument executed and delivered pursuant hereto or in connection with the Closing. Subject to the foregoing, this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

11.8 Amendment. This Agreement may be amended only by a written agreement executed by Buyer, Seller, Member, and the Buyer Principals hereby agree to be bound by and to consent to any such amendment.

11.9 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the South Carolina.

11.10 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument, and all signatures need not appear on any one counterpart.

11.11 Effect of Table of Contents and Headings . Any table of contents, title of an article or section heading herein contained is for convenience of reference only and shall not affect the meaning of construction of any of the provisions hereof.

11.12 Knowledge. For purposes of this Agreement, the knowledge of a person shall mean to the best of such person's knowledge after due investigation.

ARTICLE 12 DEFINITIONS

The following terms as used in this Agreement shall mean:

1. "Affiliate" means as to any Person, each of the Persons that directly or indirectly, through one or more intermediaries, owns or controls, or is controlled by or under common control with, such Person.
2. "Closing Inventory Schedule" means the schedule of inventory to be sold as provided in Section 1.4.
3. "Control" means the power, directly or indirectly, to cause the direction of management and policies, through ownership, contract or otherwise.
4. "Assigned Contract" means the contracts of Seller which are being assigned to Buyer.
5. "Assumed Liabilities" means those liabilities which are being assumed by the Buyer as provided in Section 1.2.
6. "Base Balance Sheet" means the balance sheet of the Seller as defined in Section 2.7(a).
7. "Blending Equipment" means the equipment described in Section 1.15.
8. "Business" shall have the meaning provided in Section 1.1(a).
9. "Closing" and "Closing Date" shall have the meaning provided in Section 1.5.
10. Intentionally Deleted.
11. "Environmental Laws" includes, but is not limited to, any federal, state or local statute, law, rule, regulation, ordinance, code, policy or rule of common law now in effect and in each case as amended to date and any judicial or administrative interpretation thereof, including any judicial or administrative order, consent decree, or judgment, relating in any way to the environment, human health or safety, or Hazardous Materials, including without limitation the Occupational Safety and Health Act, Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. para. 9601 *et seq.;* the Hazardous Materials Transportation Act, as amended, 49 U.S.C. para 1801, *et seq.;* the Resource Conservation and Recovery Act of 1976, as amended, 42 U.S.C. para 6901, *et seq.;* the Federal Water Pollution Control Act, as amended, 33 U.S.C. para 1201 *et seq.;* the Toxic Substances Control Act, 15 U.S.C. para 2601, *et seq.;* the Clean Air Act, 42 U.S.C. para 7401, *et seq.;* the Safe Drinking Water Act, 42 U.S.C. para 3808, *et seq.;* the Federal Insecticide, Fungicide and Rodenticide Act, as amended, 7 U.S.C. para *136, et seq.;* applicable State law counterparts of the foregoing, and the rules and regulations promulgated under any of the foregoing.
12. "Excluded Assets" shall mean the assets identified in Section 1.1(b).
13. "Hazardous Materials" includes (i) hazardous materials, hazardous wastes, hazardous substances, toxic wastes or substances, infectious or medical waste, radioactive waste or sewage sludges, petroleum or petroleum products, natural gas, or natural gas products, radioactive materials, asbestos, lead, urea formaldehyde foam insulation, transformers or other equipment that contains dielectric fluid containing levels of polychlorinated biphenyls ("*PCBs*"), and radon gas; (ii) any chemicals, materials, waste or substances defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "extremely hazardous wastes," "restricted hazardous wastes," "toxic substances," "toxic pollutants," "contaminants," or "pollutants," or words of similar import, under any environmental law and (iii) any other chemical, material, waste or substance which is in any way regulated by any federal, state or local government authority, agency or instrumentality, including mixtures thereof with other materials, and including any materials such as asbestos and lead.
14. "Intangible Assets" shall mean the assets identified in Section 1.1(a)(iv).
15. "Inventory" shall mean the inventory described in Section 1.1(a)(i).
16. "Material Adverse Effect" means a material adverse effect on the business, financial condition or results of operations of the Person taken as a whole.
17. "Person" means an individual, partnership, limited liability entity, corporation, association, joint venture, or trust.
18. "Purchase Order" means an order for the purchase of inventory as provided in Section 1.1(a)(ii).
19. "Subject Assets" are the assets identified in Section 1.1(a).

[SIGNATURES OMITTED]

Synalloy Corporation

Exhibit 21 Subsidiaries of the Registrant

All of the Company's subsidiaries are wholly owned except Blackman Uhler, LLC which is 90 percent owned by the Company. All subsidiaries are included in the Company's consolidated financial statements. The subsidiaries are as follows:

Synalloy Metals, Inc., formerly Bristol Metals, Inc., a Tennessee corporation

Manufacturers Soap and Chemicals Company, a Tennessee corporation

Organic-Pigments Corporation, a North Carolina corporation

Metchem, Inc., a Delaware corporation

Blackman Uhler, LLC, a Delaware limited liability corporation

Exhibit 32

Certifications Pursuant to 18 U.S.C. Section 1350

The undersigned, who are the chief executive officer and the chief financial officer of Synalloy Corporation, each hereby certifies that, to the best of his knowledge, the accompanying Form 10-K of the issuer fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and that information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the issuer.

Date: March 28, 2005

/s/ Ralph Matera

Ralph Matera

Chief Executive Officer

/s/ Gregory M. Bowie

Gregory M. Bowie

Chief Financial Officer

CERTIFICATIONS **Exhibit 31**

I, Ralph Matera, certify that:

1. I have reviewed this annual report on Form 10-K of Synalloy Corporation;

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 officers 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)) 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;

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 fourth fiscal quarter 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 officers 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:

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

a. 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: March 28, 2005 /s/ Ralph Matera

Ralph Matera

Chief Executive Officer

I, Gregory M. Bowie, certify that:

1. I have reviewed this annual report on Form 10-K of Synalloy Corporation;

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 officers 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)) 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;

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 fourth fiscal quarter 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 officers 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:

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

a. 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: March 28, 2005 /s/ Gregory M. Bowie

Gregory M. Bowie

Chief Financial Officer