UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Quarterly Period Ended March 31, 2016

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Transition Period from _____ to _____

COMMISSION FILE NUMBER 0-19687

Synalloy

Synalloy Corporation
(Exact name of registrant as specified in its charter)

Delaware	**57-0426694**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
4510 Cox Road, Suite 201, Richmond, Virginia	**23060**
(Address of principal executive offices)	*(Zip Code)*

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

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

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

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

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

The number of shares outstanding of the registrant's common stock as of May 5, 2016 was 8,612,370.

Synalloy Corporation
Index

PART I	**FINANCIAL INFORMATION**	
	Item 1.	Financial Statements
		Condensed consolidated balance sheets - March 31, 2016 and December 31, 2015
		Condensed consolidated statements of operations - Three months ended March 31, 2016 and April 4, 2015
		Condensed consolidated statements of cash flows - Three months ended March 31, 2016 and April 4, 2015
		Notes to condensed consolidated financial statements
	Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations
	Item 3.	Quantitative and Qualitative Disclosures About Market Risk
	Item 4.	Controls and Procedures
Part II	**OTHER INFORMATION**	
	Item 1.	Legal Proceedings
	Item 1A.	Risk Factors
	Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds
	Item 3.	Defaults Upon Senior Securities
	Item 4.	Mine Safety Disclosures
	Item 5.	Other Information
	Item 6.	Exhibits
	Signatures and Certifications	

PART I

Item 1. FINANCIAL STATEMENTS

Synalloy Corporation
Condensed Consolidated Balance Sheets
(Unaudited)

		Mar 31, 2016		Dec 31, 2015
Assets				
Current assets				
Cash and cash equivalents	$	255,794	$	391,424
Accounts receivable, less allowance for doubtful accounts				
of $180,000 and $247,000, respectively		20,411,483		17,946,119
Inventories, net		60,446,657		63,815,635
Prepaid expenses and other current assets		4,726,771		2,943,236
Total current assets		85,840,705		85,096,414
Cash value of life insurance		1,518,781		1,500,781
Property, plant and equipment, net of accumulated				
depreciation of $51,297,241 and $50,203,945 respectively		45,964,944		46,294,271
Goodwill		1,354,730		1,354,730
Intangible asset, net of accumulated amortization				
of $6,320,422 and $5,711,175, respectively		14,136,578		14,745,825
Deferred charges, net and other non-current assets		45,768		51,469
Total assets	$	148,861,506	$	149,043,490
Liabilities and Shareholders' Equity				
Current liabilities				
Accounts payable	$	10,534,234	$	12,265,930
Accrued expenses		8,406,682		9,891,868
Current portion of long-term debt		4,533,908		4,533,908
Other current liabilities		112,325		101,000
Total current liabilities		23,587,149		26,792,706
Long-term debt, less unamortized debt issuance costs of $119,278 and $135,915, respectively		26,411,867		23,409,886
Long-term environmental reserves		450,000		450,000
Deferred income taxes		4,638,639		3,016,954
Deferred compensation		146,257		146,257
Other long-term liabilities		—		73,393
Shareholders' equity				
Common stock, par value $1 per share - authorized 24,000,000 shares; issued 10,300,000 shares		10,300,000		10,300,000
Capital in excess of par value		34,524,497		34,476,240
Retained earnings		63,662,742		65,029,474
		108,487,239		109,805,714
Less cost of common stock in treasury: 1,687,630 and 1,663,314 shares, respectively		14,859,645		14,651,420
Total shareholders' equity		93,627,594		95,154,294
Commitments and contingencies – See Note 10				
Total liabilities and shareholders' equity	$	148,861,506	$	149,043,490

Note: The condensed consolidated balance sheet at December 31, 2015 has been derived from the audited consolidated financial statements at that date.

See accompanying notes to condensed consolidated financial statements.

Synalloy Corporation
Condensed Consolidated Statements of Operations
(Unaudited)

	Three Months Ended	
	Mar 31, 2016	**Apr 4, 2015**
Net sales	$ 36,312,012	$ 51,648,245
Cost of sales	31,593,836	42,706,626
Gross profit	4,718,176	8,941,619
Selling, general and administrative expense	5,571,902	5,370,689
Acquisition related costs	57	440,276
Operating (loss) income	(853,783)	3,130,654
Other expense (income)		
Interest expense	281,296	377,653
Change in fair value of interest rate swaps	293,653	169,420
Palmer earn-out adjustment	—	(2,483,333)
Other, net	—	(2,825)
(Loss) income before income taxes	(1,428,732)	5,069,739
(Benefit from) provision for income taxes	(62,000)	1,432,000
Net (loss) income	$ (1,366,732)	$ 3,637,739
Net (loss) income per common share:		
Basic	$ (0.16)	$ 0.42
Diluted	$ (0.16)	$ 0.42
Weighted average shares outstanding:		
Basic	8,634,563	8,714,530
Dilutive effect from stock options and grants	—	20,786
Diluted	8,634,563	8,735,316

See accompanying notes to condensed consolidated financial statements.

Synalloy Corporation
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	Three Months Ended	
	Mar 31, 2016	**Apr 4, 2015**
Operating activities		
Net (loss) income	$ (1,366,732)	$ 3,637,739
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation expense	1,108,229	1,194,665
Amortization expense	614,945	569,370
Non-cash interest expense on debt issuance costs	16,637	18,316
Deferred income taxes	1,621,685	27,319
Earn-out adjustment	—	(2,483,333)
Adjustments to allowance for doubtful accounts	(36,981)	(23,600)
Adjustments to inventory reserves	(149,526)	221,200
Gain on sale of property, plant and equipment	(21,560)	(12,000)
Change in cash value of life insurance	(18,000)	(24,000)
Change in fair value of interest rate swap	293,653	169,420
Change in environmental reserves	11,325	9,650
Employee stock option and grant compensation	99,992	143,319
Changes in operating assets and liabilities:		
Accounts receivable	(2,428,383)	447,835
Inventories	3,518,504	(5,205,631)
Other assets and liabilities, net	220,414	(101,342)
Accounts payable	(1,731,696)	(8,977,677)
Accrued expenses	(1,709,867)	(1,733,685)
Accrued income taxes	(2,010,017)	1,324,534
Net cash used in continuing operating activities	(1,967,378)	(10,797,901)
Net cash used in discontinued operating activities	(218,539)	(208,920)
Net cash used in operating activities	(2,185,917)	(11,006,821)
Investing activities		
Purchases of property, plant and equipment	(720,325)	(1,916,146)
Proceeds from sale of property, plant and equipment	55,463	12,000
Net cash used in investing activities	(664,862)	(1,904,146)
Financing activities		
Net borrowings from line of credit	4,118,820	14,386,076
Payments on long-term debt	(1,133,476)	(1,300,143)
Payments of capital lease obligation	(16,306)	—
Purchases of treasury stock	(253,889)	—
Net cash provided by financing activities	2,715,149	13,085,933
(Decrease) increase in cash and cash equivalents	(135,630)	174,966
Cash and cash equivalents at beginning of period	391,424	26,623
Cash and cash equivalents at end of period	$ 255,794	$ 201,589
Supplemental disclosure		
Cash paid during the year for:		
Interest	$ 262,098	$ 307,247
Income taxes	$ 310,400	$ 79,515

See accompanying notes to condensed consolidated financial statements.

Synalloy Corporation

Notes to Condensed Consolidated Financial Statements
(Unaudited)

March 31, 2016

Unless indicated otherwise, the terms "Company," "we," "us," and "our" refer to Synalloy Corporation and its consolidated subsidiaries.

NOTE 1--BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and notes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included as required by Regulation S-X, Rule 10-01. Operating results for the three months ended March 31, 2016, are not necessarily indicative of the results that may be expected for the year ending December 31, 2016. For further information, refer to the consolidated financial statements and notes thereto included in the Company's annual report on Form 10-K for the year ended December 31, 2015.

Accounting period

On December 31, 2015, the Company elected to change its fiscal year from a 52-53 week year ending the Saturday nearest to December 31 to a calendar year ending December 31 effective with fiscal year 2015. The Company made this change prospectively and did not adjust operating results for prior periods. The first quarter of 2015 ended on April 4, 2015 and the first quarter of 2016 ended on March 31, 2016. The change of the month-end date had an insignificant effect on results for quarter-end.

Reclassifications

Debt issuance costs were reclassified from deferred charges, net and other non-current assets to long-term debt, net of amortized debt issuance costs on the accompanying condensed consolidated balance sheets and amortization of debt issuance costs were reclassified to interest expense in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2015-03 to conform to the current year presentation in the accompanying condensed consolidated financial statements; see Note 2. These reclassifications had no material effect on previously reported results of operations or shareholders' equity.

NOTE 2--RECENTLY ISSUED ACCOUNTING STANDARDS

In February 2015, the FASB issued ASU 2015-02, *"Consolidation (Topic 810): Amendments to the Consolidation Analysis"*, which modifies the consolidation model for reporting organizations under both the variable interest model and the voting interest model. The ASU is generally expected to reduce the number of situations where consolidation is required; however, in certain circumstances, the ASU may result in companies consolidating entities previously unconsolidated. The ASU requires all legal entities to re-evaluate previous consolidation conclusions under the revised model and is effective for periods beginning after December 15, 2015. Effective January 1, 2016, the Company adopted the provisions of this ASU. There was no effect on the Company's consolidated financial statements.

In April 2015, the FASB issued ASU 2015-03, *"Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs,"* which changes the presentation of debt issuance costs. This ASU requires debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. Previously, capitalized debt issuance costs were presented as an asset on the consolidated balance sheet. ASU 2015-03 is effective for fiscal years beginning after December 15, 2015. Effective January 1, 2016, the Company adopted the provisions of this ASU and there was no material effect on the Company's consolidated financial statements. As a result of implementation, the Company reclassified unamortized debt issuance costs from "Deferred charges, net and other non-current assets" to "Long-term debt, net of unamortized debt acquisition costs" on the consolidated balance sheet as of March 31, 2016 and December 31, 2015. Also, amortization expense related to debt acquisition costs for the three-month periods ending March 31, 2016 and April 4, 2015 was reclassified as interest expense on the consolidated statement of operations.

In September 2015, the FASB issued ASU 2015-16, "*Business Combinations (Topic 805): Simplifying the Measurement-Period Adjustments*," which requires an acquirer recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. This ASU requires the acquirer record, in the same period's financial statements, the effect on earnings of changes in depreciation, amortization, or other income effects, if any, as a result of the change to the provisional amounts calculated as if the accounting had been completed at the acquisition date. The amendments in this ASU also require an entity to present separately on the face of the income statement or disclose in the notes the portion of the amount recorded in current-period earnings by line item that would have been recorded in previous reporting periods if the adjustment to the provisional amounts had been recognized as of the acquisition date. Effective January 1, 2016, the Company adopted the provisions of this ASU. There was no effect on the Company's consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-09, *"Improvements to Employee Share-Based Payment Accounting."* The amendments in this updated guidance include changes to simplify the Codification for several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows and is effective for fiscal years beginning after December 15, 2016, including interim periods within that reporting period. The Company did not elect to early adopt the provisions of this ASU and is currently evaluating the impact ASU 2016-09 will have on its consolidated financial statements.

NOTE 3--INVENTORIES, NET

Inventories are stated at the lower of cost or market. Cost is determined by either specific identification or weighted average methods. The components of inventories, net, are as follows:

	Mar 31, 2016	Dec 31, 2015
Raw materials	$ 33,913,945	$ 34,821,694
Work-in-process	3,911,265	5,096,515
Finished goods	22,621,447	23,897,426
	$ 60,446,657	$ 63,815,635

NOTE 4--INTANGIBLE ASSETS AND DEFERRED CHARGES

Deferred charges and intangible assets totaled $20,572,000 at March 31, 2016 and December 31, 2015. Accumulated amortization of deferred charges and intangible assets as of March 31, 2016 and December 31, 2015 totaled $6,390,000 and $5,775,000, respectively. Estimated amortization expense for the next five years based on existing deferred charges and intangible assets is: 2016 - $2,090,000; 2017 - $2,339,000; 2018 - $2,169,000; 2019 - $2,047,000; 2020 - $2,047,000; and thereafter - $3,490,000.

NOTE 5--STOCK OPTIONS AND RESTRICTED STOCK

During the first three months of 2016, no stock options were exercised by officers and employees of the Company. Stock compensation expense for the three month periods ended March 31, 2016 and April 4, 2015 was approximately $100,000 and $143,000, respectively.

On February 19, 2016, the Compensation & Long-Term Incentive Committee of the Company's Board of Directors approved stock grants under the Company's 2015 Stock Awards Plan to certain management employees of the Company where 50,062 shares with a market price of $7.51 per share were granted under the Plan. The stock awards vest in 20 percent increments annually on a cumulative basis, beginning one year after the date of grant from shares held in treasury with the Company. In order for the awards to vest, the employee must be in the continuous employment of the Company since the date of the award. Any portion of an award that has not vested is forfeited upon termination of employment. The Company may terminate any portion of the award that has not vested upon an employee's failure to comply with all conditions of the award or the 2015 Stock Awards Plan. An employee is not entitled to any voting rights with respect to any shares not yet vested, and the shares are not transferable.

The diluted earnings per share calculations exclude the effect of potentially dilutive shares when the inclusion of those shares in the calculation would have an anti-dilutive effect. As of March 31, 2016 and April 4, 2015 the Company had weighted average shares of common stock, in the form of stock grants and options, of 269,344 and 78,357, respectively, which were not included in the diluted earnings per share calculation as their effect was anti-dilutive.

NOTE 6--INCOME TAXES

The Company and its subsidiaries are subject to U.S. federal income tax as well as income tax of multiple state jurisdictions. The Company is no longer subject to U.S. federal examinations for years before 2013 or state income tax examinations for years before 2011.

The effective tax rate offour percent for the three-month period ended March 31, 2016 was lower than the statutory rate of34 percent primarily due to state tax expense and permanent differences reducing the amount of tax benefit on the pre-tax loss for the year. The effective tax rate of 28 percent for the three-month period ended April 4, 2015 was lower than the 34 percent statutory rate primarily due to a non-taxable earn-out adjustment made in the first quarter of 2015. The year over year change in the effective rate is primarily related to the Company’s change in pre-tax income and the non-taxable earn-out adjustment from 2015 not recurring in 2016.

NOTE 7--SEGMENT INFORMATION

The following table summarizes certain information regarding segments of the Company's operations:

	Three Months Ended	
	Mar 31, 2016	Apr 4, 2015
Net sales		
Metals Segment	$ 23,962,000	$ 35,461,000
Specialty Chemicals Segment	12,350,000	16,187,000
	$ 36,312,000	$ 51,648,000
Operating (loss) income		
Metals Segment	$ (771,000)	$ 3,116,000
Specialty Chemicals Segment	1,210,000	1,461,000
	439,000	4,577,000
Less unallocated corporate expenses	1,293,000	1,003,000
Acquisition related costs	—	440,000
Operating (loss) income	(854,000)	3,134,000
Interest expense	281,000	378,000
Change in fair value of interest rate swap	294,000	169,000
Palmer earn-out adjustment	—	(2,483,000)
(Loss) income from operations before income taxes	$ (1,429,000)	$ 5,070,000

	As of	
	Mar 31, 2016	Dec 31, 2015
Identifiable assets		
Metals Segment	$ 111,228,000	$ 112,748,000
Specialty Chemicals Segment	32,903,000	33,391,000
Corporate	4,731,000	2,904,000
	$ 148,862,000	$ 149,043,000

NOTE 8--FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company makes estimates of fair value in accounting for certain transactions, in testing and measuring impairment and in providing disclosures of fair value in its condensed consolidated financial instruments. The Company determines the fair values of its financial instruments for disclosure purposes by maximizing the use of observable inputs and minimizing the use of unobservable inputs when measuring fair value. Fair value disclosures for assets and liabilities are grouped in three levels. The levels prioritize the inputs used to measure the fair value of the assets or liabilities. These levels are:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices that are observable for assets and liabilities, either directly or indirectly. These inputs include quoted prices for similar assets or liabilities in active markets or quoted prices for identical or similar assets or liabilities in markets that are less active.

Level 3 - Unobservable inputs that are supported by little or no market activity for assets or liabilities and includes certain pricing models, discounted cash flow methodologies and similar techniques.

Estimates of fair value using levels 2 and 3 may require judgments as to the timing and amount of cash flows, discount rates, and other factors requiring significant judgment, and the outcomes may vary widely depending on the selection of these assumptions. The Company's most significant fair value estimates as of March 31, 2016 and December 31, 2015 related to the contingent consideration for Specialty Pipe & Tube, Inc. ("Specialty"), testing goodwill for impairment, the interest rate swap and disclosures of the fair values of financial instruments.

As of March 31, 2016 and December 31, 2015, the carrying amounts for cash and cash equivalents, cash value of life insurance, accounts receivable, accounts payable and borrowings under the Company's bank debt, which are based on variable interest rates, approximate their fair value.

The Company has two Level 2 financial assets and liabilities. These are classified as Level 2 as they are not actively traded and are valued using pricing models that use observable market inputs.

The fair value of the interest rate swap contract entered into on August 21, 2012 was a liability of $252,000 and $40,000 at March 31, 2016 and December 31, 2015, respectively. Also, the fair value of this interest rate swap contract approximates its carrying value. The fair value of the interest rate swap contract entered into on September 3, 2013 was a liability of $288,000 and $206,000 at March 31, 2016 and December 31, 2015, respectively. The interest rate swap was priced using discounted cash flow techniques which are corroborated by using non-binding market prices. Changes in its fair value were recorded in long-term assets or liabilities, as appropriate, with corresponding offsetting entries to other income (expense). Significant inputs to the discounted cash flow model include projected future cash flows based on projected one-month LIBOR and the average margin for companies with similar credit ratings and similar maturities. The fair value of this interest rate swap contract approximates its carrying value.

The fair value of contingent consideration liabilities ("earn-out") resulting from the Palmer and Specialty acquisitions are classified as Level 3. Each quarter-end the Company re-evaluates its assumptions and adjustments to the estimated present value of the expected payments to be made, if required. The fair value of the earn-out liability to the former shareholders of Palmer was reduced to zero at April 4, 2015. Accordingly, the Company adjusted the earn-out liability and recognized a gain of approximately $2,483,000 during the first quarter of 2015. As of March 31, 2016 and December 31, 2015, based upon projected revenue levels, the estimated fair value of the earn-out liability to the former owners of Specialty was zero.

There were no transfers of assets or liabilities between Level 1, Level 2 and Level 3 in the three-month period ended March 31, 2016 or year ended December 31, 2015. During the first three months of 2016, there have been no changes in the fair value methodologies used by the Company.

NOTE 9--FINANCING ARRANGEMENT

Pursuant to the Credit Agreement in place with the Company's bank, the Company is subject to certain covenants including maintaining a certain Total Funded Debt to EBITDA ratio (as defined in the Credit Agreement), a minimum tangible net worth and a total liabilities to tangible net worth ratio. The Company is also limited to a maximum amount of capital expenditures per year, which is in line with the Company's current projected needs. At March 31, 2016, the Company was not in compliance with the Total Funded Debt to EBITDA ratio covenant. As a result, on May 4, 2016, the Company obtained a waiver from its bank which waived the breach by the Company and amended the Credit Agreement. The amendment modified the covenant definition to include the add-back of nickel price losses for any future test periods that occur and reduced the maximum revolving line of credit from $40,000,000 to $30,000,000.

NOTE 10--CONTINGENCIES

The Company is from time-to-time subject to various claims, possible legal actions for product liability and other damages, and other matters arising out of the normal conduct of the Company's business.

On March 11, 2016, in a suit filed by a Metals Segment customer against Synalloy Fabrication, LLC (discontinued operation), the United States District Court of Maryland (Baltimore Division) granted summary judgment regarding liability in favor of the plaintiff by ruling that an enforceable contract existed between the parties and the Company breached the agreement. As a result of this ruling, the remaining issue in the case is the amount of the plaintiff's damages. Consequently, the Company increased the facility closing liability for the estimated costs associated with this claim for the year ended December 31, 2015. There have been no changes to the facility closing liability for the quarter ended March 31, 2016.

Other than the matters discussed in this note, management is not currently aware of any other asserted or unasserted matters which could have a material effect on the financial condition or results of operations of the Company.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following is management's discussion of certain significant factors that affected the Company during the three-month period ended March 31, 2016.

Consolidated net sales for the first quarter of 2016 were $36,312,000, a decrease of $15,336,000 or 30 percent when compared to net sales for the first quarter of 2015 of $51,648,000. For the first quarter of 2016, the Company recorded a net loss of $1,367,000, or $0.16 loss per share, compared to net earnings of $3,638,000 or $0.42 per share for the same quarter in the prior year.

Metals Segment

Metals Segment sales for the first quarter of 2016 totaled $23,962,000, a decrease of $11,499,000 or 32 percent from $35,461,000 for the same quarter last year.

Storage tank sales decreased $1,574,000 or 23 percent to $5,247,000 for the first quarter of 2016 when compared to $6,821,000 for the same period of the prior year. The decrease in storage tank sales resulted from an eleven percent decrease in the number of tanks shipped combined with a twelve percent decrease in average tank selling price. Storage tank sales in the first quarter of 2015 reflected stronger order activity in late 2014, before the decline in oil prices occurred.

Heavy-wall, seamless carbon steel pipe and tube sales decreased $2,754,000 or 44 percent to $3,506,000 for the first quarter of 2016 compared to $6,260,000 for the same period of the prior year. The decrease was comprised of a 27 percent decrease in pounds shipped combined with a 17 percent decrease in average selling price per pound shipped. The Houston, TX distribution facility, with its focus on the oil and gas sector, saw a substantial decline in sales in the most recent quarter.

Stainless steel pipe sales decreased $7,171,000 or 32 percent for the first quarter of 2016 to $15,208,000 when compared to prior year sales of $22,379,000. The pipe sales decrease for the first quarter resulted from an eleven percent decrease in average unit volumes and a 22 percent decrease in average selling prices. In the first quarter, the Metals Segment's commodity unit volumes decreased approximately 29 percent while non-commodity unit volumes decreased approximately 35 percent. Selling prices for commodity pipe decreased approximately 27 percent while selling prices for non-commodity pipe decreased approximately eight percent. The non-commodity price decrease was largely attributable to mix differences between the periods.

Falling nickel prices continued to weigh heavily on stainless steel pipe sales in the first quarter of 2016. Nickel prices were down 39 percent from the first quarter of 2015 and down three percent from year-end 2015. Distributors continued to maintain lean inventories and only recently have inquiries from these customers shown increased activity. Sales of smaller diameter stainless steel pipe in the six inch and below category did increase in the first quarter of this year, reflecting the impact of the domestic manufacturers' antidumping and countervailing suit against India that was filed on September 30, 2015. The preliminary anti-dumping determination is set to be announced in early May 2016.

The Metals Segment incurred an operating loss of $771,000 for the first quarter of 2016 compared to operating income of $3,116,000 for the first quarter of 2015. Operating results for the first quarter of 2016 was impacted by the following factors:

a) Continued low oil and gas prices had an unfavorable effect on sales and profits for our storage tank and carbon pipe distribution facilities;

b) The first quarter of the prior year included several projects with a heavy concentration of large diameter stainless steel pipe which contributed superior margins. Pounds shipped of twelve inch and larger pipe was down 33 percent in the first quarter of 2016 over the same period of the prior year, reflecting an absence of project work;

c) As a result of a continued drop in nickel prices during 2016, the Company experienced nickel margin compression of approximately $1,415,000 and $1,030,000 for the first quarter of 2016 and 2015, respectively. There are two distinct components of the compression calculation. First, an adjustment is recorded for those products with actual manufacturing cost exceeding the subsequent month's selling price. The second component captures the effect of nickel price fluctuations on our profitability by comparing the material cost per pound of stainless steel products sold during the month with the cost of stainless steel purchased during the same month; and

d) Declines in sales and operating margins were partially offset by the implementation of stringent efforts to control costs and eliminate all non-essential spending. This will result in a quicker return to profitability when sales levels improve.

Specialty Chemicals Segment

Sales for the Specialty Chemicals Segment in the first quarter of 2016 were $12,350,000, which represented a $3,837,000 or 24 percent decrease from $16,187,000 for the same quarter of 2015. Pounds shipped during the first quarter of 2016 decreased ten percent from the same periods of 2015 as several products were taken in-house by our customers combined with the delayed ramping up of several new products. In addition, there was a shortage of customer supplied raw materials at our CRI facility which slowed production in the first quarter of 2016. Overall selling prices decreased 14 percent in the first quarter 2016 when compared to the same periods of 2015 due to in part to:

a) Lower selling prices per pound for oil based products. With the reduction in oil prices, the Specialty Chemicals Segment's raw material costs decreased which resulted in a decrease in selling prices; and

b) Our customers supply a large portion of raw materials for certain products. This results in a lower average selling price per pound for their products. The increase in sales where customers supplied the raw materials reduced the segment's selling price per pound.

Operating income for the first quarters of 2016 and 2015 was $1,210,000 and $1,461,000, respectively, a decrease of $251,000 or 17 percent. The decline in operating income was directly related to the lower sales during the quarter. Operating income as a percent of sales increased to 9.8 percent for the first quarter of 2016 compared to 9.0 percent for the same period of the prior year.

Other Items

Consolidated selling, general and administrative expenses increased four percent to $5,572,000, or 15 percent of sales, from $5,371,000, ten percent of sales, for the first quarter of 2016 compared to the first quarter of 2015.The increase resulted from higher professional fees (up $193,000), administrative salaries and wages (up $116,000), directors fees (up $50,000) and intangible asset amortization (up $44,000) partially offset by lower performance based bonuses which decreased $206,000.

Acquisition costs during the first quarter of 2015 represent professional fees associated with the Specialty Pipe and Tube, Inc. acquisition.

Interest expense for the first quarter of 2016 was $281,000 compared to $378,000 for the first quarter of 2015. The decrease resulted from lower average debt balances.

The change in the fair value of the interest rate swap contracts increased unallocated expenses for the first quarter of2016 and 2015 by $294,000 and $169,000, respectively.

During March 2015, lower oil prices affected the demand for Palmer's storage tank and separator products. It was evident from reviewing March and April financial results that the third year operating results for Palmer would not meet the minimum earn-out levels. As a result, during the first quarter of 2015, the Company recorded a favorable adjustment of $2,483,000 to eliminate the remaining balance of Palmer's earn-out liability to the former owners of Palmer.

The Company's effective tax rate wasfour percent for the first quarter of 2016 due to state tax expense and permanent differences reducing the amount of tax benefit on the pre-tax loss for the quarter. The effective tax rate for the first quarter of the prior year was 28 percent. The previously mentioned earn-out adjustments recorded in 2015 was non-taxable.

Liquidity

The Company's cash balance decreased $135,000 during the first quarter of 2016 from $391,000 at the end of 2015 to $256,000 as of March 31, 2016.

a) Net accounts receivable increased $2,465,000 at March 31, 2016 when compared to the prior year end, which resulted from a ten percent increase in sales for the last two months of the first quarter 2016 compared to the last two months of the fourth quarter 2015. Also, days sales outstanding, calculated using a three month average basis, decreased five days to 49 days outstanding at the end of the first quarter 2016 from 54 days outstanding at the end of 2015;

b) Net inventories decreased $3,369,000 as of March 31, 2016 compared to the end of 2015. During the first quarter of 2016, the Company continued its directive to lower inventory levels. In addition, lower nickel and oil prices reduced inventory investments for 2016 and inventory turns increased five percent from 1.89 turns at December 31, 2015, calculated on a three month basis, to 1.99 turns at March 31, 2016;

c) Accounts payable decreased $1,732,000 as of March 31, 2016 from the prior year end due to an increase in the number of days outstanding at year-end due to the holidays. At March 31, 2016, the accounts payable days outstanding returned to 45 days;

d) Capital expenditures for the first quarter of 2016 were $720,000 of which $317,000 was for the Metals Segment's heavy wall pipe project at BRISMET; and

e) During the first quarter of 2016, the Company repurchased 29,500 shares at a cost of $254,000.

As of March 31, 2016, the Company had approximately $31,065,000 of bank debt. Pursuant to the Credit Agreement in place with the Company's bank, the Company is subject to certain covenants including maintaining a certain Total Funded Debt to EBITDA ratio (as defined in the Credit Agreement), a minimum tangible net worth and a total liabilities to tangible net worth ratio. The Company is also limited to a maximum amount of capital expenditures per year, which is in line with the Company's current projected needs. At March 31, 2016, the Company was not in compliance with the Total Funded Debt to EBITDA ratio covenant due to nickel price losses. As a result, on May 4, 2016, the Company obtained a waiver to the Credit Agreement and the Company and bank executed an amendment which modified the Total Funded Debt to EBITDA covenant definition to include the add-back of nickel price losses for any future test periods and reduced the maximum revolving line of credit from $40,000,000 to $30,000,000. Based on current forecasts and projections, the Company expects to remain in compliance with the revised debt covenant calculations.

Outlook

The Metals Segment will continue to be affected by nickel and oil prices. To a lesser extent, the Specialty Chemicals Segment will be negatively impacted by petroleum based raw material input prices.

Nickel prices appear to have stabilized during the first quarter of this year. While we hedged raw material purchases since January 1, 2016, we still have exposure to inventories carried on the balance sheet as of December 31, 2015. We estimate future nickel margin compression on this inventory of approximately $5,000,000, in addition to the compression incurred in the first quarter. With nickel prices increasing in recent weeks, order activity has improved and bookings of stainless steel pipe in April were in excess of $6,000,000, or almost half of what was booked in the first quarter of this year.

West Texas Intermediate oil prices have increased 22 percent from the beginning of the year, with prices reaching $45 per barrel. The Company believes our tank and seamless carbon pipe businesses will return to more normal levels of activity when prices reach $60 per barrel. However, there are some indications that activity in the Permian basin will increase should prices stabilize above $50 per barrel. Both our storage tank and seamless carbon pipe businesses have seen their revenues stabilize over the past three quarters, at levels about 50 percent of the revenues achieved before the decline in oil prices.

The Specialty Chemicals Segment's sales should show improved results for the remainder of the year, particularly in the second half. The new product pipeline remains strong and we have over 14 million pounds of annual volume that is committed to start production over the next 90 days.

Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995

This quarterly report includes and incorporates by reference "forward-looking statements" within the meaning of the federal securities laws. All statements that are not historical facts are "forward-looking statements." The words "estimate," "project," "intend," "expect," "believe," "should," "anticipate," "hope," "optimistic," "plan," "outlook," "should," "could," "may" 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; raw materials availability; employee relations; ability to maintain workforce by hiring trained employees; labor efficiencies; customer delays or difficulties in the production of products; new fracking regulations; a prolonged decrease in oil and nickel prices; unforeseen delays in completing the integrations of acquisitions; risks associated with mergers, acquisitions, dispositions and other expansion activities; financial stability of our customers; environmental issues; 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; ability to weather an economic downturn; loss of consumer or investor confidence and other risks detailed from time-to-time in the Company's Securities and Exchange Commission filings. The Company assumes no obligation to update the information included in this report.

Item 3. Quantitative and Qualitative Disclosures about Market Risks

Information about the Company's exposure to market risk was disclosed in its Annual Report on Form 10-K for the year ended December 31, 2015, which was filed with the Securities and Exchange Commission on March 30, 2016. There have been no material quantitative or qualitative changes in market risk exposure since the date of that filing.

Item 4. 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, Chief Financial Officer and Chief Accounting Officer concluded that that such controls and procedures, as of the end of the period covered by this quarterly report, were effective.

Changes in Internal Control over Financial Reporting

The Company's management, including the Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer, identified no change in the Company's internal control over financial reporting that occurred during the most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's control over financial reporting.

PART II

Item 1. Legal Proceedings

It is not unusual for us and our subsidiaries to be involved in various unresolved legal actions, administrative proceedings and claims in the ordinary course of business involving, among other things, product liability, commercial, employment, workers' compensation, intellectual property claims and environmental matters. We establish reserves in a manner that is consistent with accounting principles generally accepted in the United States for costs associated with such matters when a liability is probable and those costs are capable of being reasonably estimated. We cannot predict with any certainty the outcome of these unresolved legal actions or the range of possible loss or recovery. Based on current information, however, we believe that the eventual outcome of these unresolved legal actions, either individually or in the aggregate, will not have a material adverse effect on our financial position, results of operations or cash flows. There were no material changes in our Legal Proceedings as discussed in Part I, Item 3 in the Company's Form 10-K for the period ending December 31, 2015.

Item 1A. Risk Factors

There were no material changes in our assessment of risk factors as discussed in Part I, Item 1A in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2015.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

Period	(a) Total number of shares (or units) purchased	(b) Average price paid per share (or unit)	(c) Total number of shares (or units) purchased as part of publicly announced plans or programs	(d) Maximum number (or approximate dollar value) of shares (or units) that may yet be purchased under the plans or programs
Jan 1, 2016 - Jan 31, 2016	—	$ —	—	899,600
Feb 1, 2016 - Feb 29, 2016	—	$ —	—	899,600
Mar 1, 2016 - Mar 31, 2016	29,500	$ 8.61	29,500	870,100
Total	29,500		29,500	

The Stock Repurchase Plan was approved by the Company's Board of Directors on August 31, 2015 authorizing the Company's chief executive officer or the chief financial officer to repurchase shares of the Company's stock on the open market, provided however, that the number of shares of common stock repurchased pursuant to the resolutions adopted by the Board do not exceed 1,000,000 shares and no shares shall be repurchased at a price in excess of $10.99 per share or during an insider trading "closed window" period. There is no guarantee on the exact number of shares that will be purchased by the Company and the Company may discontinue purchases at any time that management determines additional purchases are not warranted. The Stock Repurchase Plan will expire on August 31, 2017.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

On May 4, 2016, the Company amended its Credit Agreement with its bank to modify the covenant definition for the Total Funded Debt to EBITDA ratio (as defined in the Credit Agreement) to include the add-back of nickel price losses for any future test periods that occur and to reduce the maximum revolving line of credit from $40,000,000 to $30,000,000.

Item 6. Exhibits

Exhibit No.	Description
10.1	Sixth Amendment to First Amended and Restated Loan Agreement, dated as of May 4, 2016, between Registrant and Branch Banking and Trust ("BB&T")
31.1	Rule 13a-14(a)/15d-14(a) Certifications of Chief Executive Officer
31.2	Rule 13a-14(a)/15d-14(a) Certification of the Chief Financial Officer
31.3	Rule 13a-14(a)/15d-14(a) Certification of the Chief Accounting Officer
32	Certifications Pursuant to 18 U.S.C. Section 1350
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase
101.LAB*	XBRL Taxonomy Extension Label Linkbase
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase
101.DEF*	XBRL Taxonomy Extension Definition Linkbase
*	In accordance with Regulation S-T, the XBRL-related information in Exhibit 101 to this Quarterly Report on Form 10-Q shall be deemed "furnished" and not "filed."

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SYNALLOY CORPORATION
(Registrant)

Date: May 9, 2016	By:	**/s/ Craig C. Bram**
		Craig C. Bram President and Chief Executive Officer (principal executive officer)
Date: May 9, 2016	By:	**/s/ Dennis M. Loughran**
		Dennis M. Loughran Senior Vice President and Chief Financial Officer (principal financial officer)
Date: May 9, 2016	By:	**/s/ Richard D. Sieradzki**
		Richard D. Sieradzki Chief Accounting Officer (principal accounting officer)

Exhibit 10.1

BB&T

SIXTH AMENDMENT

TO

FIRST AMENDED AND RESTATED LOAN AGREEMENT

9520406872
Account Number

This Sixth Amendment to First Amended and Restated Loan Agreement (this "Amendment") is made as of May 4, 2016 by and among **BRANCH BANKING AND TRUST COMPANY** , a North Carolina banking corporation ("Bank") and the following entities (collectively, the "Borrowers"):

Synalloy Corporation, a Delaware corporation ("Synalloy");

Metchem, Inc., a Delaware corporation ("Metchem");

Synalloy Fabrication, LLC, a South Carolina limited liability company (formerly named SFR, LLC) ("Synalloy Fabrication");

Synalloy Metals, Inc., a Tennessee corporation ("Synalloy Metals");

Bristol Metals, LLC, a Tennessee limited liability company ("Bristol");

Manufacturers Soap & Chemical Company, a Tennessee corporation ("Manufacturers Soap");

Manufacturers Chemicals, LLC, a Tennessee limited liability company ("Manufacturers Chemicals");

Palmer of Texas Tanks, Inc., a Texas corporation ("Palmer");

Syntrans, LLC, a Texas limited liability company ("Syntrans");

CRI Tolling, LLC, a South Carolina limited liability company ("CRI Tolling"); and

Specialty Pipe & Tube, Inc., a Delaware corporation ("SPT"),

for purposes of amending (without novation, accord nor satisfaction) certain aspects and provisions of the following (all of the following sequentially, cumulatively and collectively, the "Loan Agreement"): the First Amended and Restated Loan Agreement dated as of August 21, 2012; as adjoined to add Palmer pursuant to the Palmer Joinder Agreement dated as of August 21¸ 2012 by the among the parties hereto; and as further adjoined to add SPT pursuant to the Specialty Pipe & Tube Inc. Joinder Agreement dated as of November 21, 2014; and as amended pursuant to the First Amendment to First Amended and Restated Loan Agreement dated as of October 22, 2012, the Second Amendment to First Amended and Restated Loan Agreement dated as of August 9, 2013, the Third Amendment to First Amended and Restated Loan Agreement dated as of January 2, 2014, the Fourth Amendment to First Amended and Restated Loan Agreement dated as of November 21, 2014, and the Fifth Amendment to First Amended and Restated Loan Agreement dated as of March 7, 2016. Capitalized terms used herein without definition have the meanings assigned to such terms in the Loan Agreement.

Agreement

Section 1. Defined Terms from Loan Agreement

Capitalized terms used in this Amendment without definition retain (except, to the extent applicable, as amended hereby) the meanings respectfully assigned to such terms in the Loan Agreement.

Section 2. Recitals and Loan Agreement Incorporated Herein by Reference

Each and all of opening paragraphs, statements, information and other provisions of this Amendment above constitute an integral part of this Amendment among the parties and are to be considered binding upon the parties. In addition, the statements, recitals, terms, conditions and agreements of and in the Loan Agreement are hereby incorporated herein by this reference thereto as if set forth herein in full.

Section 3. Line of Credit

(a) The final maturity date, maximum principal amount, interest rate of the Line of Credit and the other terms thereof are as set forth in the Note Modification Agreement dated of even date herewith (as the same may be amended, restated, extended, renewed, increased, decreased, replaced or otherwise modified and in effect from time to time, the "Restated LOC Note").

(b) The paragraph on the first page of the Restated Loan Agreement and entitled "**Line of Credit"** is deleted and hereby restated to read in full as follows:

Line of Credit ("Line of Credit") in the maximum principal amount not to exceed, at any one time, the lesser of the following subsections (i) and (ii) (such lesser amount, the "Line of Credit Availability"):

(i) the principal amount of **$30,000,000;** and

(ii) the Availability (as defined in **Section 10.01** below).

The Line of Credit is for the purpose of working capital. The Line of Credit is evidenced by Borrowers' Restated LOC Note and maturing as provided therein or any renewal thereof, when the entire unpaid principal balance then outstanding plus accrued interest thereon shall be paid in full. In the event that at any time the principal amount outstanding under the Line of Credit shall exceed the then applicable Line of Credit Availability, Borrowers shall promptly repay such excess principal amounts to the extent necessary to regain compliance with the Line of Credit Availability. Accrued interest only shall be repayable monthly. Prior to maturity or the occurrence of any Event of Default hereunder and subject to the Availability limitations, Borrowers may borrow, repay, and reborrow under the Line of Credit through maturity. The Line of Credit shall bear interest at the rate set forth in the Restated LOC Note or in any other note or other instrument evidencing all or any portion of the Line of Credit, the terms of which are incorporated herein by reference.

The Loan Documents shall be deemed to be amended as necessary, *mutatis mutandis*, consistent with the foregoing provisions of this Section 3(b).

(c) The definition of "Availability" in Section 10.01 of the Restated Loan Agreement is deleted and hereby restated to read in full as follows:

"Availability" means the maximum principal available amount under the Line of Credit (within the $30,000,000 of principal availability under the Line of Credit) determined and conditionally limited as follows:

(a) So long as no Leverage Ratio Event or no Event of Default has occurred, Borrowers shall have Availability of up to $30,000,000 under the Line of Credit.

(b) If a Leverage Ratio Event or Event of Default occurs, then until such time as Bank may determine otherwise in its absolute discretion, Availability shall be calculated and re-calculated from time to time pursuant to a Borrowing Base Certificate and, at all times following a Leverage Ratio Event, any Schedule DD or comparable document to be entered, if and when applicable, among the Borrower and the Bank and setting forth such collateral valuation levels, percentages and other availability provisions satisfactory to the Bank as contemplated by **Section 5** of this Agreement.

The Loan Documents shall be deemed to be amended as necessary, *mutatis mutandis*, consistent with the foregoing provisions of this Section 3(c).

Section 4. Waiver of Certain Matters.

(a) Waiver - Total Funded Debt to EBITDA. Section 5 of the Loan Agreement required the Borrowers to maintain a minimum Total Funded Debt to EBITDA ratio of 3.5:1.0 measured on a rolling four quarter basis. Borrowers have informed the Bank that this covenant was not satisfied as of March 31, 2016. The Bank hereby waives the violation of such covenant with respect to such test date.

(b) Limitations. The waivers in the above subparagraph of this Section 4 are expressly limited to the specified violation, having occurred prior to the date hereof, of the covenant set forth in such subparagraph and are limited only with respect to the respective test dates and periods described therein. With respect to such covenant, the Borrowers shall be required to resume compliance with such covenant (as modified below in Section 5 of this Amendment) commencing with the test date or period, as applicable, for such covenant next to occur after the test date or period with respect to which the above waivers are expressly granted above.

Section 5. Amendment to Total Funded Debt to EBITDA ratio. The Total Funded Debt to EBITDA ratio in Section 5 of the Loan Agreement is hereby restated to read as follows::

> Total Funded Debt to EBITDA: A maximum Total Funded Debt to EBITDA ratio of 3.5:1.0 that will be measured on a rolling four quarter basis. Without limiting the preceding sentence, should the ratio exceed 3.0:1.0 at any time (a "Leverage Ratio Event") then, from such time and at all times thereafter Borrowers shall increase their Loan Base reporting requirements to levels acceptable to Bank and consistent with a routinely monitored asset based lending credit facility. This may also include changes to the Borrowing Base formula. Further, in the case of a Leverage Ratio Event, Availability under the Line of Credit shall become the lesser of $30,000,000 or the Availability under such modified arrangements as applicable to any modified Borrowing Base formula. "Total Funded Debt" is defined as the aggregate sum of all interest-bearing indebtedness of Borrower, then outstanding to Lenders, including capital lease obligations. EBITDA is defined as the sum of (a) net income for such period plus (b) an amount which, in the determination of net income for such period, has been deducted for (i) interest expense (including the interest component under capital lease obligations) (ii) total federal, state and other income taxes (iii) depreciation and amortization expense and (iv) non-recurring acquisition expenses, all as determined in accordance with GAAP plus (c) to the extent not already added back pursuant to the immediately preceding clause (b) above, with respect to the fourth quarter ended December 31, 2015, a non-cash goodwill impairment charge of $17,200,000 for such fiscal year; minus (d) as of February 29, 2016, the SPT and Palmer earn-out adjustments ($4,897,448) and the Palmer casualty insurance gain (923,470) plus (e) the amount which, in the reasonable determination of the Bank, has been deducted for losses associated with nickel price declines plus (f) such other non-recurring and/or extraordinary charges in any fiscal year to which the Bank may consent in its discretion (not to be unreasonably withheld); minus (g) such other non-recurring and/or extraordinary gains in any fiscal year to which the Bank may consent in its discretion (not to be unreasonably withheld).

Any references to "EBITDA" set forth in the Loan Agreement, the other Loan Documents and any related agreement, instrument, filing, document or other papers (including without limitation in any pricing grids to notes or otherwise) shall henceforth be deemed amended, *mutatis mutandis*, to reflect the above revision.

Section 6. Modification of Loan. Bank and Borrowers will, during the sixty (60) to ninety (90) days following the date of this Amendment, enter into negotiations and shall negotiate in good faith modifications, and appropriate documentation to confirm the same, to the structure of the Loan.

Section 7. Amendment and Certain Other Fees. Borrowers shall pay to the Bank on the date hereof an amendment and waiver fee in the amount of $15,000. Without limiting any obligation set forth elsewhere for the Borrowers to pay any fees, expenses or the like of the Bank, Borrowers shall pay the expenses of the Bank and the expenses and reasonable professional fees and costs of legal counsel to the Bank in connection with the negotiation, preparation and closing of this Amendment and the other documents and instruments being delivered in connection herewith.

Section 8. Bringdown of Representations and Warranties. Borrowers represent and warrant to Bank the continued accuracy and completeness, as of the date hereof, of all representations made in the Loan Documents (including without limitation Section 2 of the Loan Agreement) taking into account this Amendment constituting one of the Loan Documents.

Section 9. Indemnification. Borrowers hereby jointly and severally agree to and do hereby indemnify and defend the Bank, its affiliates, their successors and assigns and their respective directors, officer, employees and shareholders, and do hereby hold each of them harmless from and against, any loss, liability, lawsuit, proceeding, cost expense or damage (including reasonable in-house and outside counsel fees, whether suit is brought or not) arising from or otherwise relating to the closing, disbursement, administration, or repayment of the Loan(s) and the other Loans, including without limitation: (i) the failure to make any payment to the Bank promptly when due, whether under the Loans or otherwise; (ii) the breach of any representations or warranties to the Bank contained in this Amendment, the Loan Documents or in any other loan documents now or hereafter executed in connection with this Amendment and the Loans; (iii) the violation of any covenants or agreements made for the benefit of the Bank and contained in any of the Loan Documents; provided, however, that the foregoing indemnification shall not be deemed to cover any loss which is finally determined by a court of competent jurisdiction to result solely from the Bank's gross negligence or willful misconduct; or (iv) any aspect of this Amendment or the transactions contemplated hereby.

Section 10. Ratification and Security. For the avoidance of doubt, all of the obligations of the Borrowers, whether of payment or performance, under the Line of Credit, the Term Loan, the CRI Acquisition Loan, the SPT Acquisition Loan and any additional Loans or Loan Documents shall be and continue following the effectiveness of this Amendment to be (along with the other obligations referenced therein), the joint and several obligation of all of the Borrowers, secured by and enjoying the benefits of the pledges, mortgages, deeds of trust, collateral and other matters and security set forth in the Loan Documents. Notwithstanding the foregoing, however, nothing in this Amendment shall cause SPT to be or become obligated under any Swap Agreements as such term is defined in the Specialty Pipe & Tube Inc. Joinder Agreement dated as of November 21, 2014 or under any Loan Document which would in any way cause SPT to become a party to any Swap Agreement.

Section 11. Miscellaneous.

(a) **Certain Provisions Incorporated by Reference.** Without limiting the continued general applicability of Section 10 (or any other provisions) of the Loan Agreement, the provisions of Sections 10.02 through Section 10.18 of the Loan Agreement are incorporated into this Amendment, *mutatis mutandis*, as if set forth herein in full.

(b) **Matters as to Amendment**. This Amendment constitutes an amendment to the Loan Agreement (and, to the extent applicable, all other Loan Documents) and except for the effect of any matters expressly set forth in this Amendment, this Amendment, the Loan Agreement and each of the Loan Documents is, and shall continue to be following the effectiveness of this Amendment, in full force and effect in accordance with the terms thereof, and nothing in this Amendment shall otherwise be deemed to amend or modify any provision of the Loan Agreement or the other Loan Documents, each of which shall remain in full force and effect except as otherwise expressly provided herein or therein. This Amendment is not intended to be, nor shall it be construed to create, a novation or accord and satisfaction. This Amendment does not effect the release of any collateral, does not disturb the perfection or priority of any existing liens, and does not effect the release of any obligor, guarantor or other party from its obligations.

(c) **References to Documents.** Each reference in the Loan Agreement, this Amendment and any other Loan Documents shall be the same as may be amended, restated, increased, decreased, extended, reduced or otherwise modified and effect from time to time.

[The remainder of this page is left blank intentionally]

SIXTH AMENDMENT
TO
FIRST AMENDED AND RESTATED LOAN AGREEMENT

(d) **WAIVER OF JURY TRIAL. UNLESS EXPRESSLY PROHIBITED BY APPLICABLE LAW, THE UNDERSIGNED HEREBY WAIVE THE RIGHT TO TRIAL BY JURY OF ANY MATTERS OR CLAIMS ARISING OUT OF THIS AMENDMENT OR ANY OF THE LOAN DOCUMENTS EXECUTED IN CONNECTION HEREWITH OR OUT OF THE CONDUCT OF THE RELATIONSHIP BETWEEN THE UNDERSIGNED AND BANK. THIS PROVISION IS A MATERIAL INDUCEMENT FOR BANK TO MAKE THE LOAN AND ENTER INTO THIS AMENDMENT. FURTHER, THE UNDERSIGNED HEREBY CERTIFY THAT NO REPRESENTATIVE OR AGENT OF BANK, NOR BANK'S COUNSEL, HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT BANK WOULD NOT SEEK TO ENFORCE THIS WAIVER OR RIGHT TO JURY TRIAL PROVISION. NO REPRESENTATIVE OR AGENT OF BANK, NOR BANK'S COUNSEL, HAS THE AUTHORITY TO WAIVE, CONDITION OR MODIFY THIS PROVISION.**

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Amendment under seal as of the date first written above.

SYNALLOY CORPORATION

Witness (as to the Borrower Synalloy):

By: ____(SEAL)
Dennis M. Loughran
Senior Vice President and CFO
of and on behalf of the above-named entity

____

METCHEM, INC.
SYNALLOY FABRICATION, LLC
SYNALLOY METALS, INC.
BRISTOL METALS, LLC
MANUFACTURERS SOAP & CHEMICAL COMPANY
MANUFACTURERS CHEMICALS, LLC
PALMER OF TEXAS TANKS, INC.
SYNTRANS, LLC
CRI TOLLING, LLC
SPECIALTY PIPE & TUBE, INC.

Witness (as to remaining Borrowers):

By: ____**(SEAL)**
Richard D. Sieradzki
Vice President, Finance
of and on behalf of each of the above-named entities

____

BRANCH BANKING AND TRUST COMPANY

Witness (as to BB&T):

By: ____
Stan W. Parker
Senior Vice President

____

[Signature Page to Sixth Amendment to First Amended and Restated Loan Agreement]

Exhibit 31.1

CERTIFICATIONS

I, Craig C. Bram, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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)) and internal control over financial reporting as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:

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

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

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

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

5. The registrant's other certifying 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 (or persons performing the equivalent functions):

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

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

Date: May 9, 2016

/s/ Craig C. Bram
Craig C. Bram
Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Dennis M. Loughran, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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)) and internal control over financial reporting as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:

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

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

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

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

5. The registrant's other certifying 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 (or persons performing the equivalent functions):

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

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

Date: May 9, 2016 /s/ Dennis M. Loughran

Dennis M. Loughran

Chief Financial Officer

Exhibit 31.3

CERTIFICATIONS

I, Richard D. Sieradzki, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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)) and internal control over financial reporting as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:

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

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

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

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

5. The registrant's other certifying 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 (or persons performing the equivalent functions):

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

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

Date: May 9, 2016

/s/ Richard D. Sieradzki
Richard D. Sieradzki

Principal Accounting Officer

Exhibit 32

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

The undersigned, who are the chief executive officer, the chief financial officer and the principal accounting officer of Synalloy Corporation, each hereby certifies that, to the best of his knowledge, the accompanying Form 10-Q 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: May 9, 2016

/s/ Craig C. Bram
Craig C. Bram
Chief Executive Officer

/s/ Dennis M. Loughran
Dennis M. Loughran
Chief Financial Officer

/s/ Richard D. Sieradzki
Richard D. Sieradzki
Principal Accounting Officer