SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K/A
(Amendment No. 1)
CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
COMMISION FILE NUMBER 0-19687

Date of Report (Date of earliest event reported): February 28, 2017

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

Delaware	**57-0426694**
(State or other jurisdiction of incorporation)	*(IRS 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)

INAPPLICABLE
(Exact name of registrant as specified in its charter)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):
[ ] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 or Rule 12b-2 of the Securities Exchange Act of 1934.
Emerging growth company [ ]

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. [ ]

EXPLANATORY NOTE

This Form 8-K/A is being filed as an amendment to the Current Report on Form 8-K filed on March 6, 2017 (the "Original 8-K") solely for the purpose of providing the financial statements and pro forma financial information required by Regulation S-X with respect to Bristol Metals, LLC's, a Tennessee limited liability company ("Bristol Metals") and a subsidiary of Synalloy Corporation, a Delaware corporation ("Synalloy"), purchase of Marcegaglia USA, Inc.'s, a Pennsylvania corporation ("MUSA"), welded stainless-steel pipe and tube operations in Munhall, Pennsylvania. This Form 8-K/A does not amend or modify the Original Form 8-K in any other respect.

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

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

(a) *Financial Statements of Business Acquired*

The following audited financial statements of the carved out Stainless-Steel Operations of MUSA (with independent auditors' report thereon) is attached hereto as Exhibit 99.1 and incorporated by reference herein:

- Balance Sheet as of December 31, 2016.
- Statement of Operations for the year ended December 31, 2016.
- Statement of Changes in Invested Equity for the year ended December 31, 2016.
- Statement of Cash Flows for the year ended December 31, 2016.
- Notes to Financial Statements.

(b) *Pro Forma Financial Information*

The following unaudited pro forma financial information of Synalloy is attached hereto as Exhibit 99.2 and incorporated by reference herein:

- Unaudited Pro Forma Condensed Combined Consolidated Balance Sheet as of December 31, 2016.
- Unaudited Pro Forma Condensed Combined Consolidated Statement of Operations for the year ended December 31, 2016.
- Notes to Unaudited Pro Forma Condensed Combined Consolidated Financial Statements.

(c) *Exhibits*

The following are filed as exhibits to this Current Report on Form 8-K/A:

Exhibit No.	Description of Exhibit
23.1	Consent of Mazars USA LLP
99.1	Audited financial statements of the carved out Stainless-Steel Operations of Marcegaglia USA, Inc. for the year ended December 31, 2016.
99.2	Unaudited pro forma financial information of Synalloy Corporation.

SIGNATURES

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

SYNALLOY CORPORATION

By: /S/ DENNIS M. LOUGHRAN
Dennis M. Loughran
Chief Financial Officer

Dated: May 15, 2017

By: /S/ RICHARD D. SIERADZKI
Richard D. Sieradzki
Principal Accounting Officer

Dated: May 15, 2017

EXHIBIT INDEX

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Exhibit 23.1

CONSENT OF INEPENDENT AUDITORS

Consent of Mazars USA LLP

We consent to the incorporation by reference in Registration Statements No. 333-204850 on Form S-3 and No. 333-188937 on Form S-8 of our report dated May 15, 2017, relating to the carve-out financial statements of the Stainless-Steel Operations of Marcegaglia USA, Inc. appearing in this Current Report (Amendment No. 1) on Form 8-K/A dated May 15, 2017.

/s/ Mazars USA LLP

Fort Washington, PA
May 15, 2017

Stainless-Steel Operations of Marcegaglia USA, Inc.

Carve-Out Financial Statements

Year Ended December 31, 2016

Stainless-Steel Operations of Marcegaglia USA, Inc
Carve-Out Financial Statements
December 31, 2016

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Independent Auditors' Report

Board of Directors
Synalloy Corporation
Glen Allen, Virginia

We have audited the accompanying carve-out financial statements of the Stainless-Steel Operations of Marcegaglia USA, Inc., which comprise the balance sheet as of December 31, 2016, and the related statements of operations, invested equity, and cash flows for the year ended December 31, 2016, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Stainless-Steel Operations of Marcegaglia USA, Inc. as of December 31, 2016, and the results of its operations and its cash flows for the year ended December 31, 2016 in accordance with accounting principles generally accepted in the United States of America.

Other Matter

As described in Note 1, the financial statements referred to above have been prepared from the historical accounting records of Marcegaglia USA, Inc. and are presented on a carve-out basis to include the historical financial position, results of operations and cash flows of the Stainless-Steel Operations of Marcegaglia USA, Inc. Note 1 to the financial statements describes the methods used to carve-out the Stainless-Steel Operations from the Marcegaglia USA, Inc. historical accounting records which are integral to understanding the Stainless-Steel Operations of Marcegaglia USA, Inc. financial statements.

/s/ Mazars USA LLP
Mazars USA LLP

Fort Washington, Pennsylvania
May 15, 2017

Stainless-Steel Operations of Marcegaglia USA, Inc
Carve-Out Financial Statements
Balance Sheet
December 31, 2016

		2016
Current Assets:		
Cash and cash equivalents	$	—
Accounts receivable, net		3,578,462
Inventories, net		15,705,824
Prepaid and other current assets		106,886
Total Current Assets		19,391,172
Property and equipment, net		8,760,843
Total Assets	$	28,152,015
Current Liabilities:		
Accounts payable and other current liabilities	$	2,974,921
Accrued payroll costs		44,955
Line of credit		2,847,760
Total Current Liabilities		5,867,636
Invested Equity:		
Net contribution from Parent		22,284,379
Total Invested Equity		22,284,379
Total Liabilities and Invested Equity	$	28,152,015

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

Stainless-Steel Operations of Marcegaglia USA, Inc.

Carve-Out Financial Statements

Statement of Operations

For the Year Ended December 31, 2016

		2016
Sales	$	23,025,377
Cost of sales		23,771,429
Gross loss		(746,052)
Selling, general and administrative expense		2,170,200
Loss from operations		(2,916,252)
Interest expense		(105,230)
Loss before income taxes		(3,021,482)
Income tax benefit		—
Net loss	$	(3,021,482)

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

Stainless-Steel Operations of Marcegaglia USA, Inc.
Carve-Out Financial Statements
Statement of Invested Equity
For the Year Ended December 31, 2016

	Net contribution from Parent
Balance December 31, 2015	**$ 21,862,501**
Net loss	(3,021,482)
Net contribution from Parent	3,443,360
Balance December 31, 2016	**$ 22,284,379**

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

Stainless-Steel Operations of Marcegaglia USA, Inc.
Carve-Out Financial Statements
Statement of Cash Flows
For the Year Ended December 31, 2016

		2016
Cash flows from operating activities:		
Net loss	$	(3,021,482)
Adjustments to reconcile net loss to net		
cash used in operating activities:		
Depreciation		908,869
Bad debt expense		(3,344)
Changes in operating assets and liabilities:		
Accounts receivable		402,171
Inventories, net		(124,706)
Prepaid and other current assets		274,769
Accounts payable and other current liabilities		(390,840)
Accrued payroll costs		(78,161)
Net cash used in operating activities		(2,032,724)
Cash flows from investing activities:		
Purchases of property and equipment		(1,044,041)
Net cash used in investing activities		(1,044,041)
Cash flows from financing activities:		
Payments on lines of credit		(366,595)
Net distributions from Parent		3,443,360
Net cash provided by financing activities		3,076,765
Net increase (decrease)		—
Cash, at beginning of year		—
Cash, at end of year	$	—
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	$	105,230

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

1. Organization, Business and Summary of Significant Accounting Policies

The accompanying carve-out financial statements represent the financial position and results of operations of the stainless-steel pipe and tubing operations, excluding it's galvanized and ornamental operations (the "Stainless-Steel Operations") of Marcegaglia USA, Inc. ("MUSA"), a Pennsylvania corporation, and a wholly-owned subsidiary of Marcegaglia Specialties S.r.l. (the "Parent"). MUSA's principal business activity is manufacturing stainless-steel, galvanized, and ornamental pipe and tubing, which is distributed to businesses primarily in North America. The galvanized and ornamental pipe and tubing operations have been omitted from the Stainless-Steel Operations carve-out financial statements. On February 28, 2017, Synalloy Corporation (the "Company") through its subsidiary Bristol Metals, LLC, acquired the Stainless-Steel Operations of MUSA. The operations were acquired in the form of an Asset Purchase Agreement.

The accompanying carve-out financial statements are presented in accordance with accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the carve-out financial statements. These financial statements have been prepared from MUSA's historical accounting records and are presented on a carve-out basis to include the historical results of operations, financial position, and cash flows applicable to the Stainless-Steel Operations of MUSA. These financial statements may not necessarily be indicative of the historical results that would have been obtained if the Stainless-Steel Operations had been a separate company during the periods presented or the results that may be obtained in the future. Because the Stainless-Steel Operations of MUSA are not a separate legal entity, the Parent's net investment is shown in lieu of stockholder's equity in the financial statements and represents the net balance of assets of the Stainless-Steel Operations of MUSA over its liabilities.

Components of the carve-out financial statements were determined using the following methodology. Sales, accounts receivable, and inventory of the Stainless-Steel Operations were determined based on specific identification of the product group. Accounts payable relating to material and gases were determined based on specific identification, payables relating to supplies excluding gases were allocated based on estimates of relative time, materials and services used to produce a stainless-steel product and payables relating to selling, general and administrative were allocated based on relative gross sales of stainless-steel products to all products. Cost of sales were allocated based on relative percentages of quantities of products sold. Labor, consumables, and repair and maintenance costs were allocated based on estimates of relative time, materials and services used to produce a stainless-steel product. Selling, general and administrative expenses were allocated based on relative gross sales of stainless-steel products to all products. Property and equipment including depreciation and amortization expense were first determined based on specific identification of machinery and equipment of the Stainless-Steel Operations. Depreciation and amortization on shared property and equipment were allocated based on percentage of resources used. Debt and interest expense were allocated based on total cost, excluding interest and depreciation of the Stainless-Steel Operations to the total operations.

All the allocations and estimates in these financial statements are based on assumptions that Company management believe are reasonable under the circumstances. However, these allocations and estimates are not necessarily indicative of the costs and expenses that would have resulted if the Stainless-Steel Operations had been operated as a separate entity.

The summary of significant accounting policies of the Stainless-Steel Operations is presented to assist in understanding the Company's carve-out financial statements. The financial statements are representations of the Company's management who is responsible for the integrity and objectivity of the carve-out financial statements of the Stainless-Steel Operations of MUSA.

Revenue Recognition

The Stainless-Steel Operations recognizes revenue at the time of shipment and passage of title for sales of products. Deferred revenue is recorded when advance billings are received but shipment and passage of title for the sold product has not occurred. Provisions for discounts and rebates to customers, estimated returns and allowances, and other adjustments are provided for in the same period the related sales are recorded.

Estimates

The preparation of the carve-out financial statements of the Stainless-Steel Operations of MUSA in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts and disclosures in the carve-out financial statements. Actual results could materially differ from those estimates. Significant estimates relate to the bad debt valuation allowance, stating inventories at the lower of cost or market (see Note 2), and allocation methods used to carve-out the assets, liabilities, revenues and expenses of the Stainless-Steel Operations.

Cash

The Company places its cash with financial institutions which management considers being of high quality. The Company maintains its cash in noninterest-bearing accounts that are insured by the Federal Deposit Insurance Company (“FDIC”) up to $250,000. The Company’s deposits may, from time to time, exceed the $250,000 limit; however, management believes that there is no unusual risk present, as the Company places its cash with financial institutions which management considers being of high quality. The Company’s Stainless-Steel Operations had no cash balance as of December 31, 2016.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectable amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status and aging of individual accounts. Balances which are outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts receivable. The Stainless-Steel Operations’ allowance for uncollectable accounts was $32,875 at December 31, 2016.

The Stainless-Steel Operations had three customers in 2016 that accounted for 39%, 13% and 12% of 2016 gross sales. Accounts receivable from these customers amounted to $2,102,327, $0, and $161,569, respectively at December 31, 2016.

Inventories

Inventories are stated at the lower of cost or market, with cost determined using the weighted-average cost method (see Note 2).

Property and Equipment

Property and equipment are stated at cost including expenditures for additions and major improvements less accumulated depreciation. Maintenance and repairs which are not considered to extend the useful lives of assets are charged to operations as incurred. The cost of assets sold or retired and the related accumulated depreciation are removed from the accounts and any resulting gains or losses are reflected in operating results for the year.

Depreciation of property and equipment is computed using the straight-line method at rates intended to distribute the cost of the assets (net of estimated salvage value) over their estimated useful lives as follows:

Machinery and equipment	10 years
Rolls	10 years
Vehicles	5 years
Computer equipment and furniture and fixtures	3 years

Management reviews property and equipment for impairment based on the presence of operating losses or other impairment indicators. Management has determined that no impairment existed as of December 31, 2016 for the Stainless-Steel Operations property and equipment.

Shipping and Handling Fees and Costs

Shipping and handling costs incurred are included in cost of sales which amounted to $833,892 at December 31, 2016 for the Company's Stainless-Steel Operations.

Debt and Invested Equity

The collateralized revolving line of credit ("Wells Fargo") debt is used to fund the working capital needs of the company. This debt and the associated interest has been allocated to the Stainless-Steel Operations of Marcegaglia USA, Inc. MUSA also has International lines of credit guaranteed by the Parent. The international debt and interest has been excluded from the carve-out financial statements. This debt is not guaranteed or collateralized by MUSA nor will any proceeds from a sale of the carve-out entity be used to retire any portion of the international debt.

Invested equity represents the contributions from the Parent required to fund the operations and the net losses. For the year ending 2016 contributions from the parent was $3,443,360. This amount is presented as net contributions from the Parent in the accompanying statement of cash flows. Without the support of the Parent there would have been substantial doubt that the Stainless-Steel Operations could have met its obligations.

Income Taxes

The provision for income taxes is calculated as if the Stainless-Steel Operations completed a separate tax return apart from MUSA, although these operations were included in the MUSA U.S. federal and state income tax returns. Deferred taxes are provided for temporary differences between financial and tax reporting. The primary differences are in the basis of inventories and property and equipment and the differences in the timing of deductibility of certain accrued expenses and the allowance for doubtful accounts between financial and income tax reporting. The deferred tax assets and the liabilities represent the future income tax consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred taxes also are recognized for operating losses and tax credits that are available to offset future federal and state taxable income. The Stainless-Steel Operations recognizes deferred tax assets to the extent the Stainless-Steel Operations believes these assets are more likely than not to be realized. In making such a determination, all available positive and negative evidence is considered, including future reversals of existing taxable temporary differences, projected future taxable income, tax planning strategies and results of recent operations. Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized.

The Stainless-Steel Operations follows the methodology set forth in Accounting Standards Codification ("ASC") 740-10, *Accounting for Uncertainty in Income Taxes*. This prescribes a minimum recognition threshold and measurement methodology that a tax position taken or expected to be taken in a tax return is required to meet before being recognized in the financial statements. It also provides guidance for financial statement treatment in terms of derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition accounting.

2. Inventories

Historical adjustments to inventory reserves to adjust inventories to the lower of cost or market and to record allowances for obsolescence and special alloys (primarily nickel) have historically resulted in large fluctuations in net income. For the year ending December 31, 2016, the Stainless-Steel Operations did not record a charge to cost of sales of to adjust inventories to lower of cost or market.

It is at least reasonably possible that the estimates used by the Stainless-Steel Operations to determine its provision for inventory losses will be materially different from the actual amounts or results, which could have a materially adverse effect on the Stainless-Steel Operations' results of operations and financial condition in the near term.

Inventories of the Stainless-Steel Operations consist of the following:

December 31,		2016
Raw materials	$	6,371,546
Work-in-process		931,743
Finished goods		6,972,048
Supplies		1,430,487
		15,705,824
Less: inventory reserves		—
Inventories	$	15,705,824

3. Property and Equipment

Property and equipment and accumulated depreciation of the Stainless-Steel Operations consisted of the following:

December 31,		2016
Machinery and equipment	$	50,869,007
Rolls		3,573,915
Vehicles		35,661
Computer equipment		69,813
Asset under construction		3,526
		54,551,922
Less: Accumulated depreciation		(45,791,079)
Total property and equipment, net	$	8,760,843

4. Lines of Credit

In September 2014, MUSA amended its existing credit agreement. The Company has a collateralized revolving line-of-credit facility with a bank which expires in June 2017. Borrowings on the line are limited to eligible accounts receivable, inventories, machinery and equipment and real estate as defined, based on a credit and security agreement with the bank. The portion of this debt allocated to the Stainless-Steel Operations was$2,847,760 at December 31, 2016. The agreement provides for a $25 million revolving line of credit to MUSA. Borrowings are collateralized by certain assets of MUSA, as defined, and are guaranteed by the Parent. The interest rate is based on LIBOR and was 4.00% at December 31, 2016.

5. Accounts Payable and Other Current Liabilities

Accounts payable and other current liabilities of the Company's Stainless-Steel Operations consist of the following:

December 31,		2016
Accounts payable-trade	$	2,956,046
Accrued expenses		18,875
Accounts payable and other current liabilities	**$**	**2,974,921**

6. Retirement Plans

The Stainless-Steel Operations contribute to the Steelworkers' Pension Trust (a multi-employer defined benefit plan). This plan calls for monthly contributions based upon total gross monthly wages payable to the covered employees of the Stainless-Steel Operations. Total required contributions to the plan were $69,983 for the year ended December 31, 2016. There are no current intentions of withdrawing from this plan. Stainless-Steel Operations' contributions to the plan amount to less than 1% of overall contributions made by all employers. The plan identifying number is 23-6648508. The current agreement to contribute to the plan expires on September 30, 2017.

The most recent Pension Protection Act (PPA) zone status is based on information that the Company received from the plan and is certified by the plan's actuary. At December 31, 2016, the plan has a Pension Protection Act zone status of green, meaning the plan is at least 80% funded.

Prior to contributing to the Steelworkers' Pension Trust, MUSA sponsored a defined benefit plan. Employees covered under that plan continue to receive benefits earned for services rendered under the previous plan through June 30, 1999. Benefits earned after June 30, 1999 are accrued under the Steelworkers' Pension Trust. The liability under this defined benefit plan sponsored by MUSA has not been allocated to the Stainless-Steel Operations and has not been presented in the accompanying balance sheets since the obligation is and will remain with MUSA. For the expense related to this defined benefit plan the Stainless-Steel Operations is utilizing a multiemployer approach which analogizes to the guidance in ASC 715-80-35-1 on multiemployer plans, as further described in ASC 715-30-55-62 through 55-64. This guidance describes accounting similar to the accounting a subsidiary would use in its stand-alone financial statements if it participates in a defined benefit plan sponsored by a parent entity for which the plan assets are not segregated and restricted for each participating subsidiary. The contributions allocable to the Stainless-Steel Operations made to the defined benefit plan sponsored by MUSA were $64,975 for the year ended December 31, 2016 and are included in Selling, General and Administrative expenses in the accompanying statement of operations.

Employee Savings and Security Plan

MUSA sponsors a contributory defined contribution plan established under Section 401(k) of the Internal Revenue Code. Participation in the plan has been extended to all employees and is designed to provide participants with an opportunity for pretax savings for retirement. The Plan provides for contributions by employees in the form of voluntary salary reductions, with a 60% MUSA match on the first 10% of compensation contributed by each non-bargaining unit participant. MUSA does not match contributions for bargaining unit employees. Allocated contributions were $25,983 for the year ended December 31, 2016.

7. Income Taxes

Taxable income and / or loss generated by the Stainless-Steel Operations has been included in the federal income tax returns of MUSA and its state income tax returns. Income taxes have been allocated to the Stainless-Steel Operations in the accompanying financial statements as if the Company were held in a separate corporation which filed separate income tax returns. Management believes the assumptions underlying its allocation of income taxes on a separate return basis are reasonable. However, the amounts allocated for income taxes in the accompanying financial statements are not necessarily indicative of the actual amount of income taxes that would have been recorded had the Company been held within a separate stand-alone entity.

A reconciliation of the income tax provision computed at statutory rates to the reported income tax provision is as follows:

		12/31/2016
Statutory tax rate		35.41 %
Loss before income taxes	$	(3,021,482)
Expected income tax recovery		(1,069,979)
Permanent items		2,408
Increase in valuation allowance		1,067,571
Income tax expense	$	—

The significant components of the Company's deferred income tax assets and liabilities after applying enacted corporate tax rates are as follows:

		12/31/2016
Deferred Tax Assets		
Net Operating Losses	$	5,217,547
Reserves		243,338
Other		14,417
Total Deferred Tax Assets		5,475,302
Deferred Tax Liabilities		
Property and equipment		(653,221)
Net deferred tax assets - before valuation allowance		4,822,081
Valuation allowance		(4,822,081)
Net deferred tax assets	$	—

Gross deferred tax assets as of December 31, 2016 include $14.7 million of federal and state net operating loss carryforwards, determined on a separate return basis, which would begin to expire in 2025 through 2035. A valuation allowance has been recorded on the net deferred tax assets because the realizability of such tax benefits on a separate return basis is not more likely than not.

8. Commitments and Contingencies

Stainless-Steel Operations is involved in various legal actions, arising in the normal course of business. While it is not possible to determine with certainty the outcome of these matters, in the opinion of management, the eventual resolution of the claims and actions outstanding will not have a material adverse effect on the Stainless-Steel Operations' financial position or operating results.

9. Sales Transaction

On December 9, 2016, the Company entered into an Asset Purchase Agreement with Marcegaglia USA, Inc. (Seller) to purchase specific assets and liabilities associated with their stainless-steel pipe and tube operations. The purchase price is for $8,500,000 plus the replacement value of the inventory as defined in the agreement. The seller will also have the potential to receive earn-out payments of 3% on specific revenue for four years from closing, with a minimum earn-out of $3,000,000. The purchase closed on February 28, 2017.

10. Subsequent events

Management has evaluated subsequent events through May 15, 2017, the date of filing this Form 8-K/A.

INTRODUCTION

On February 28, 2017, Bristol Metals, LLC, a Tennessee limited liability company ("Bristol Metals") and a subsidiary of Synalloy Corporation, a Delaware corporation ("Synalloy"), completed the purchase of the welded stainless steel pipe and tube operations of Marcegaglia USA, Inc., a Pennsylvania corporation ("MUSA"), in Munhall, Pennsylvania (“MUSA Stainless”). The acquisition included primarily the stainless steel pipe and tube manufacturing equipment, production and maintenance supplies and inventory assets of the business. At closing, Bristol Metals entered into a facility lease with MUSA to continue operating the MUSA Stainless operations at the Munhall, Pennsylvania facility. The purchase price for the all-cash acquisition was approximately $14,954,000. MUSA will also receive quarterly earn-out payments for a period of four years following closing. Aggregate earn-out payments will be at least $3,000,000, with no maximum. Actual payouts will equate to three percent of Bristol Metals’ incremental revenue, if any, from the amount of small diameter stainless steel pipe and tube (outside diameter of ten inches or less) sold. The Company funded the acquisition through an increase to the Company's current credit facility.

On February 28, 2017, Bristol Metals entered into a Memorandum of Understanding (the “Assignment”) with MUSA and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union AFL-CIO, on behalf of Local Union 5852-22 (the “Union”). Pursuant to the Assignment, MUSA assigned its rights and obligations under the Collective Bargaining Agreement between MUSA and the Union dated October 1, 2013 (the “CBA”) to Bristol Metals. Additionally, Bristol Metals and the Union amended the terms of the CBA to include a modest wage increase and to extend the CBA’s termination date to September 30, 2018.

The unaudited pro forma condensed combined consolidated balance sheet as of December 31, 2016 combines the historical consolidated balance sheet of the Company and MUSA Stainless as of that date to illustrate the estimated effect of the acquisition on the Company's financial statements as if it had occurred on December 31, 2016. The unaudited pro forma condensed combined consolidated statements of operations combines the historical consolidated statements of operations of the Company and MUSA Stainless for the year ended December 31, 2016. The unaudited pro forma condensed combined consolidated financial statements are based on certain estimates and assumptions made with respect to the combined operations of the Company and MUSA Stainless, which we believe are reasonable. The unaudited pro forma condensed combined consolidated statements of operations are presented for illustrative purposes only and do not purport to be indicative of the results of operations of the Company or MUSA Stainless that actually would have been achieved had the acquisition of MUSA Stainless been completed on the assumed dates, or to project the Company's results of operations for any future date or period. The unaudited pro forma condensed combined consolidated statements of operations give pro forma effect to the acquisition as if it had occurred on the first day of the financial period presented.

The transaction is being accounted for using the acquisition method of accounting for business combinations. Under this method, the total consideration transferred to consummate the acquisition is allocated to the identifiable tangible and intangible assets acquired and liabilities assumed based on their respective fair values as of the closing date of the acquisition. The acquisition method of accounting requires extensive use of estimates and judgments to allocate the consideration transferred to the identifiable tangible and intangible assets, if any, acquired and liabilities assumed. Accordingly, the allocation of the consideration transferred in the unaudited pro forma condensed combined consolidated financial statements is preliminary and will be adjusted upon completion of the final valuation of the assets acquired and liabilities assumed. Such adjustments could be significant. The final valuation is expected to be completed as soon as practicable but no later than twelve months after the closing date of the acquisition. The unaudited condensed combined consolidated pro forma statements of operations do not include the costs that the Company may incur to integrate MUSA Stainless, and these costs may be material.

The historical consolidated financial statements of the Company have been adjusted in the unaudited pro forma condensed combined consolidated financial statements to give effect to pro forma events that are (i) directly attributable to the acquisition, (ii) factually supportable, and (iii) expected to continually impact the combined results of the Company and MUSA Stainless. The unaudited pro forma condensed combined consolidated financial statements should be read in conjunction with the accompanying notes to the unaudited pro forma condensed combined consolidated financial statements. In addition, the unaudited pro forma condensed combined consolidated financial statements were derived from, and should be read in conjunction with, the information included in the Company's Annual Report on Form 10-K for the year ended December 31, 2016.

The historical condensed combined financial information regarding the stainless steel operations of MUSA that is included in this report has been prepared by and is the responsibility of the Company. In addition, we are in the process of reviewing MUSA's financial statement classifications for conformity with the Company's classifications. As a result of this review, it may be necessary to make additional reclassifications to the consolidated information on a prospective basis.

The statements contained in these notes that are not historical facts are forward-looking statements that involve risks and uncertainties. We wish to caution the reader that these forward-looking statements, such as our expectations for future sales results or future expense changes compared with previous periods, are only predictions. These forward-looking statements may be generally identified by the use of forward-looking words and phrases such as “will,” “intends,” “may,” “believes,” “anticipates,” “should” and “expects,” and are based on our current expectations or beliefs concerning future events that involve risks and uncertainties. Actual events or results may differ materially as a result of risks and uncertainties as described in “Item 1A. Risk Factors” in the Company's Annual Report on Form 10-K for the year ended December 31, 2016, other risks referenced in our Securities and Exchange Commission filings, or other unanticipated risks. We disclaim any obligation to update publicly any forward-looking statement, whether as a result of new information, future events or otherwise.

Synalloy Corporation and Subsidiaries
Unaudited Pro Forma Condensed Combined Consolidated Balance Sheet

	December 31, 2016		Pro Forma		
	Synalloy	MUSA Stainless	Adjustments		Total
Assets					
Current assets					
Cash and cash equivalents	$ 62,873	$ —	$ —		$ 62,873
Accounts receivable, net	18,028,946	3,578,462	(3,578,462)	(2)	18,028,946
Inventories, net	60,799,509	15,705,824	(8,723,123)	(2)	66,233,509
			(1,548,701)	(11)	
Indemnified contingency	11,339,888	—	—		11,339,888
Prepaid expenses and other current assets	7,272,569	106,886	(106,886)	(2)	5,821,270
			(3,000,000)	(5)	
			1,548,701	(11)	
Total current assets	97,503,785	19,391,172	(15,408,471)		101,486,486
Property, plant & equipment, net	27,324,092	8,760,843	(1,184,110)	(3)	34,900,825
Goodwill	1,354,730	—	3,589,342	(7)	4,944,072
Intangible asset, net	12,308,838	—	992,000	(7)	13,300,838
Deferred charges, net and other non-current assets	146,618	—	—		146,618
Total assets	$ 138,638,063	$ 28,152,015	$ (12,011,239)		$ 154,778,839
Liabilities and shareholders' equity					
Current liabilities					
Current portion of long-term debt	$ —	$ 2,847,760	$ (2,847,760)	(2)	$ —
Accounts payable	16,684,508	2,974,921	(2,974,921)	(2)	16,684,508
Accrued expenses	16,087,434	44,955	(44,955)	(2)	17,387,083
			716,716	(4)	
			179,133	(7)	
			403,800	(7)	
Total current liabilities	32,771,942	5,867,636	(4,567,987)		34,071,591
Long-term debt	8,804,206	—	11,953,513	(5)	20,757,719
Long-term contingent consideration	—	—	2,887,614	(4)	2,887,614
Deferred income taxes	1,609,492	—	—		1,609,492
Long-term deferred gain, sale-leaseback	6,267,623	—	—		6,267,623
Other long-term liabilities	592,245	—	—		592,245
Shareholders' equity					
Common stock	10,300,000	—	—		10,300,000
Net contribution from parent	—	22,284,379	(22,284,379)	(2)	—
Capital in excess of par value	34,714,206	—	—		34,714,206
Retained earnings	57,936,533	—	—		57,936,533
Less cost of common stock in treasury	(14,358,184)	—	—		(14,358,184)
Total shareholders' equity	88,592,555	22,284,379	(22,284,379)		88,592,555
Commitments and contingencies					
Total liabilities and shareholders' equity	$ 138,638,063	$ 28,152,015	$ (12,011,239)		$ 154,778,839

See accompanying notes to unaudited pro forma condensed combined consolidated financial statements.

Synalloy Corporation and Subsidiaries
Unaudited Pro Forma Condensed Combined Consolidated Statement of Operations

	For the Years Ended				
	December 31, 2016		Pro Forma		
	Synalloy	MUSA Stainless	Adjustments		Total
Net sales	$ 138,565,782	$ 23,025,377	$ —		$ 161,591,159
Cost of goods sold	121,661,303	23,771,429	399,996	(1)	146,166,175
			(953,414)	(3)	
			529,188	(3)	
			757,673	(8)	
Gross profit	16,904,479	(746,052)	(733,443)		15,424,984
Selling and administrative expense	22,672,872	2,170,200	(103,921)	(2)	25,053,126
			124,000	(8)	
			189,975	(4)	
Loss on sale-leaseback	2,371,778	—	—		2,371,778
Operating income	(8,140,171)	(2,916,252)	(943,497)		(11,999,920)
Other (income) and expense					
Interest expense	932,572	105,230	(105,230)	(2)	1,325,924
			393,352	(6)	
Acquisition related costs	106,227	—	(106,227)	(9)	—
Change in fair value of interest rate swap	12,997	—	—		12,997
Loss from continuing operations before income taxes	(9,191,967)	(3,021,482)	(1,125,392)		(13,338,841)
Benefit from income taxes	(2,198,000)	—	(1,410,000)	(10)	(3,608,000)
Net loss from continuing operations	$ (6,993,967)	$ (3,021,482)	$ 284,608	(12)	$ (9,730,841)
Net income per common share:					
Basic	$ (0.81)				$ (1.12)
Diluted	$ (0.81)				$ (1.12)
Weighted average shares outstanding:					
Basic	8,649,745				8,649,745
Dilutive effect from stock options and grants	—				—
Diluted	8,649,745				8,649,745

See accompanying notes to unaudited pro forma condensed combined consolidated financial statements.

The purchase price for the acquisition was $14,953,513. The seller will also receive quarterly earn-out payments for a period of four years following closing. Aggregate earn-out payments will be at least $3,000,000, with no maximum. Actual payouts will equate to three percent of Bristol Metals' incremental revenue, if any, from the amount of small diameter stainless steel pipe and tube (outside diameter of ten inches or less) sold.

A summary of sources and uses of proceeds for the acquisition is as follows:

Sources of Funds:	
Borrowings from revolving line of credit	$ 14,953,513
Total sources of funds	$ 14,953,513
Uses of Funds:	
Acquisition of MUSA Stainless manufacturing equipment and inventory	$ 14,953,513
Total uses of funds	$ 14,953,513

The total consideration transferred is allocated to MUSA Stainless' net tangible and identifiable intangible assets based on their fair value as of February 28, 2017 for purposes of the pro forma condensed combined consolidate financial statements. These amounts are subject to change based on the results of the final valuations of assets acquired and liabilities assumed, which are expected to be completed within the twelve months following the acquisition. The excess of the consideration transferred over the fair value of the net tangible and identifiable intangible assets is reflected as goodwill. The preliminary allocation of the total consideration paid to the fair value of the assets acquired and liabilities assumed as of February 28, 2017 is as follows:

Inventories	$ 5,434,000
Production and maintenance supplies (included in other current assets)	1,548,701
Equipment	7,576,733
Customer list intangible	992,000
Goodwill	3,589,342
Contingent consideration	(3,604,330)
Other liabilities assumed	(582,933)
	$ 14,953,513

Pro Forma Adjustments and Assumptions

(1) Represents additional lease expense associated with the building and land lease from Marcegaglia.
(2) Represents the elimination of MUSA Stainless' historical accounts that will not recur in purchase accounting.
(3) Represents the adjustment to fair value for the inventory, supplies and equipment purchased.
(4) Represents the contingent consideration liability to sellers and resultant projected fair value adjustment.
(5) Represents the additional borrowing and the use of the November 2016 deposit to purchase MUSA Stainless.
(6) Represents additional interest expense associated with the additional borrowings.
(7) Represents goodwill, customer list intangible, end of lease liability and employee vacation liability associated with the acquisition.
(8) Represents amortization of customer list intangible and depreciation of equipment acquired.
(9) Represents the elimination of Synalloy's acquisition costs.
(10) Represents adjustment of income tax expense based upon MUSA Stainless' addition to the consolidated Synalloy tax provision calculation.
(11) Represents the reclassification of production and maintenance supplies.
(12) Represents impact on net income as a result of pro forma adjustments recognized.

Reclassifications

Certain MUSA Stainless accounts for the year ended December 31, 2016 have been reclassified to conform to the Company's presentation in the accompanying pro forma condensed combined consolidated statements of operations. These reclassifications had no material effect on previously reported results of operations or invested equity.