

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON D.C. 20549

FORM 8-K
CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): June 17, 2020



Synalloy Corporation

(Exact name of registrant as specified in its charter)

| | | |
|--|--|--|
| Delaware <i>(State or other jurisdiction of incorporation or organization)</i> | 0-19687 <i>(Commission File Number)</i> | 57-0426694 <i>(I.R.S. Employer Identification No.)</i> |
| 4510 Cox Road, Suite 201, Richmond, Virginia <i>(Address of principal executive offices)</i> | (804) 822-3260 <i>(Registrant's telephone number, including area code)</i> | 23060 <i>(Zip Code)</i> |
| Inapplicable <i>(Former name or former address if changed since last report)</i> | | |

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))

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

| <u>Title of each class</u> | <u>Trading Symbol</u> | <u>Name of exchange on which registered</u> |
|--|-----------------------|---|
| Common Stock, par value \$1.00 per share | SYNL | NASDAQ Global Market |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2 of this chapter).

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.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On June 17, 2020, Anthony A. Callander, James W. Terry, Jr. and Murray H. Wright (together, the “Resigning Directors”), each current members of the Board of Directors (the “Board”) of Sinalloy Corporation (the “Company”), notified the Company of their irrevocable resignations from the Board, which will become effective as of the conclusion of the 2020 Annual Meeting of Shareholders (“the Annual Meeting”). None of the Resigning Directors’ decisions to resign from the Board were based on any disagreement with the Company or management.

The Company will not name replacements for the Resigning Directors on its slate of director nominees for the Annual Meeting and will cumulate votes received on the Company’s blue proxy card for only the incumbent directors on the Board that are not the Resigning Directors. As a result, the Board of eight directors will be reconstituted, with at least three seats on the Board filled by candidates nominated for election at the Annual Meeting by Privet Fund Management LLC (“Privet”) and UPG Enterprises LLC (“UPG”).

On June 17, 2020 and June 19, 2020, the Company issued press releases which announced that the Company will cumulate proxies received on the Company’s blue proxy card for only the remaining incumbent directors on the Board that are not the Resigning Directors to ensure the election to the Board of three of the candidates nominated by Privet and UPG. The press releases also announced that the size of the Board will be fixed at eight directors unless the newly constituted Board unanimously determines to fix a different size for the Board. The press releases further announced that the newly constituted Board will select a new chair of the Board following the Annual Meeting. Copies of the press releases, dated June 17, 2020 and June 19, 2020, are attached hereto as Exhibits 99.1 and 99.2, respectively.

Forward-Looking Statements

This Current Report on Form 8-K may include “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 nickel and oil 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; negative or unexpected results from tax law changes, 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, risks relating to the impact and spread of COVID-19 and other risks detailed from time-to-time in the Company’s SEC filings. The Company assumes no obligation to update the information included in this Current Report on Form 8-K.

Important Other Information

The Company, its directors and certain of its executive officers are participants in the solicitation of proxies from the Company’s shareholders in connection with the Annual Meeting. The Company has filed a definitive proxy statement and BLUE proxy card with the SEC in connection with any such solicitation of proxies from the Company’s shareholders. **SHAREHOLDERS OF THE COMPANY ARE STRONGLY ENCOURAGED TO READ SUCH PROXY STATEMENT, ACCOMPANYING BLUE PROXY CARD AND ALL OTHER DOCUMENTS FILED WITH THE SEC CAREFULLY AND IN THEIR ENTIRETY AS THEY CONTAIN IMPORTANT INFORMATION.** Information regarding the identity of potential participants, and their direct or indirect interests, by securities holdings or otherwise, are set forth in the definitive proxy statement and other materials filed with the SEC in connection with the Annual Meeting. Shareholders can obtain the definitive proxy statement, any amendments or supplements to the proxy statement and other documents filed by the Company with the SEC at no charge at the SEC’s website at www.sec.gov. Copies are also available at no charge at the Company’s website at www.sinalloy.com.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

| <u>Exhibit Number</u> | <u>Description of Exhibit</u> |
|-----------------------------|--|
| <u>99.1</u> | <u>Press Release of Synalloy Corporation dated June 17, 2020</u> |
| <u>99.2</u> | <u>Press Release of Synalloy Corporation dated June 19, 2020</u> |

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: June 19, 2020



Synalloy Announces Commitment to Appointing Three Shareholder Representatives to the Board of Directors

Synalloy Will Appoint Three of Privet's and UPG's Nominees to Its Board, Regardless of the Outcome of the Shareholder Vote at This Year's Annual Meeting

Synalloy Will Cumulate Votes for the Election of Nominees Craig Bram, Susan Gayner, Henry Guy, Jeff Kaczka and Amy Michtich

Synalloy's New Board Will Elect a New Chairman Immediately Following the Annual Meeting

RICHMOND, VA (BUSINESS WIRE) - June 17, 2020 - Synalloy Corporation (Nasdaq: SYNL) ("Synalloy" or the "Company") today announced that the Board of Directors (the "Board") has committed to appointing three nominees of Privet Fund Management LLC ("Privet") and UPG Enterprises LLC ("UPG") to its Board following the 2020 Annual Meeting of Shareholders, regardless of the outcome of the shareholder vote.

The Board believes that shareholders should have proportional representation and welcomes nominees of Privet and UPG to participate on the Board. Synalloy's commitment to provide Privet and UPG with three of the eight Board seats gives them (who together own approximately 25% of Synalloy's stock) more representation than that recommended by Institutional Shareholder Services Inc. (two seats) and more than proportional representation. Unless otherwise directed by shareholders, the Board will cumulate votes for the election of nominees Craig Bram, Susan Gayner, Henry Guy, Jeff Kaczka and Amy Michtich, leaving three seats for Privet's and UPG's nominees. Synalloy will not expect nor require any commitments from Privet or UPG in exchange for the appointment of three of their nominees to the Board.

The Board provided the following statement: "Privet and UPG are significant shareholders in the Company, and Synalloy has always prioritized shareholder engagement and proportional representation on its Board. We welcome these large shareholders' perspectives in the boardroom and look forward to working together to enhance long-term value for all Synalloy shareholders."

Synalloy further announced that Murray H. Wright, the current Chairman of the Board (the "Chairman"), will be one of the three directors that will not receive votes from Synalloy, unless shareholders otherwise direct, and that therefore the newly reconstituted Board will have a new Chairman following the upcoming Annual Meeting of Shareholders.

Synalloy reminds its shareholders that the Company uses a system of cumulative voting. If shareholders other than Privet and UPG vote on Privet's and UPG's proxy card (even for just one or two nominees), Privet and UPG can "cumulate" their votes to elect a fourth and fifth nominee, effectively allowing Privet and UPG to elect a majority of the Board, an unintended consequence. Synalloy, therefore, recommends all shareholders vote on the Company's **BLUE** proxy card to ensure proportional representation of Privet and UPG on the Board. Shareholders who have already voted on the **BLUE** proxy card do not need to take any action.

Recommends Stockholders

Sign, Date and Promptly Return the enclosed **BLUE** Proxy Card

Please Sign, Date and Promptly Return the BLUE Proxy Card

The Board urges you to carefully consider the information contained in the Company’s proxy materials in connection with the 2020 Annual Meeting of Shareholders and cast your vote on the BLUE proxy card.

- DO NOT return the white proxy card sent to you by the Dissident Group
- DO NOT vote by responding to the email solicitations sent to you by the Dissident Group

Should you have any questions, please contact the Company’s proxy solicitor Morrow Sodali LLC:



About Synalloy Corporation

Synalloy Corporation (Nasdaq: SYNL) is a growth oriented company that engages in a number of diverse business activities including the production of stainless steel pipe and tube, galvanized pipe and tube, fiberglass and steel storage tanks, specialty chemicals and the master distribution of seamless carbon pipe and tubing. For more information about Synalloy Corporation, please visit our website at www.synalloy.com.

Forward-Looking Statements

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acquisitions, dispositions and other expansion activities; financial stability of our customers; environmental issues; negative or unexpected results from tax law changes, 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, risks relating to the impact and spread of COVID-19 and other risks detailed from time-to-time in the Company's Securities and Exchange Commission ("SEC") filings. The Company assumes no obligation to update the information included in this release.

Important Other Information

The Company, its directors and certain of its executive officers are participants in the solicitation of proxies from the Company's shareholders in connection with the Company's 2020 Annual Meeting of Shareholders. The Company has filed a definitive proxy statement and BLUE proxy card with the SEC in connection with any such solicitation of proxies from the Company's shareholders. **SHAREHOLDERS OF THE COMPANY ARE STRONGLY ENCOURAGED TO READ SUCH PROXY STATEMENT, ACCOMPANYING BLUE PROXY CARD AND ALL OTHER DOCUMENTS FILED WITH THE SEC CAREFULLY AND IN THEIR ENTIRETY AS THEY CONTAIN IMPORTANT INFORMATION.** Information regarding the identity of potential participants, and their direct or indirect interests, by securities holdings or otherwise, are set forth in the definitive proxy statement and other materials filed with the SEC in connection with the 2020 Annual Meeting of Shareholders. Shareholders can obtain the definitive proxy statement, any amendments or supplements to the proxy statement and other documents filed by the Company with the SEC at no charge at the SEC's website at www.sec.gov. Copies are also available at no charge at the Company's website at www.synalloy.com.

Media Contact

Phil Denning, ICR

(646) 277-1258

Phil.Denning@icrinc.com

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Synalloy Responds to Misleading Press Release from Privet and UPG

Synalloy Will Only Allocate Votes to Five of Its Nominees, Ensuring Privet and UPG Will Elect Three Directors to Synalloy's Eight-Person Board at the Annual Meeting

Synalloy's Board Will Also Appoint a New Chairman Immediately After the Annual Meeting

RICHMOND, VA (BUSINESS WIRE) - June 19, 2020 - Synalloy Corporation (Nasdaq: SYNL) ("Synalloy" or the "Company") today reiterated that it intends to cumulate votes for just five of its nominees at this year's Annual Meeting of Shareholders, allowing three of the candidates nominated by Privet Fund Management LLC and UPG Enterprises LLC ("Privet" and "UPG," and together, the "Dissident Group") to be elected at the Annual Meeting of Shareholders to fill the remaining seats on Synalloy's eight-person Board of Directors (the "Board").

Shareholders who vote on Synalloy's **BLUE** proxy card will be voting for a Board that would consist of incumbent directors Craig Bram, Susan Gayner, Henry Guy, Jeff Kaczka and Amy Michtich and the three nominees for whom the Dissident Group cumulates its votes (the "Blue Card Compromise"). This eight person Board, consisting of five incumbent directors and three Dissident Group directors, would be seated as soon as the election is certified. None of the incumbent directors expects to, nor intends to, increase the size of the Board beyond eight members without the unanimous consent of the new Board.

The Dissident Group's cynical and misleading press release on June 18, 2020 suggests that Synalloy does not intend to fulfill its public commitment to cumulate its votes for five directors only. This is simply not true. The Dissident Group's press release is a transparent attempt to sow doubt where there is none and to cajole shareholders into voting for a change in the majority of the Board when there is no rationale for doing so. As noted by Institutional Shareholder Services Inc. ("ISS"), one of the proxy advisory firms, the Dissident Group has made a case for *only modest change*. The Blue Card Compromise accomplishes this modest change and, in fact, achieves more change than that recommended by ISS - ISS recommended just two directors from the Dissident Group.

Synalloy reminds shareholders that *any vote* on the Dissident Group's card can be cumulated by the Dissident Group and will likely have the unintended effect of helping the Dissident Group elect more than three directors. Importantly, the Dissident Group has said that if it elects all five of its candidates, it intends to replace Synalloy's successful CEO with one of its nominees - Chris Hutter, who has no public company management experience whatsoever, no discernible track record as a CEO, and who has refused to provide any objective measures of his performance as an executive - and to "integrate" Synalloy with UPG, an entity about which little is known. UPG and Mr. Hutter have refused to provide information in their possession and control about their own performance.

The Blue Card Compromise is a better outcome for shareholders: a refreshed Board that can evaluate the Dissident Group's suggestions without allowing the Dissident Group to immediately replace Synalloy's CEO with an unproven and unknown candidate and to "integrate" Synalloy with UPG - a member of the Dissident Group - on undisclosed terms.

Recommends Stockholders

Sign, Date and Promptly Return the enclosed **BLUE** Proxy Card

Accordingly, Synalloy recommends all shareholders vote on the Company's **BLUE** proxy card to ensure proportional representation by Privet and UPG and the Blue Card Compromise of five incumbent directors and three Dissident Group directors.

Please Sign, Date and Promptly Return the BLUE Proxy Card

The Board urges you to carefully consider the information contained in the Company's proxy materials in connection with the 2020 Annual Meeting of Shareholders and cast your vote on the BLUE proxy card.

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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 nickel and oil 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; negative or unexpected results from tax law changes, 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, risks relating to the impact and spread of COVID-19 and other risks detailed from time-to-time in the Company's Securities and Exchange Commission ("SEC") filings. The Company assumes no obligation to update the information included in this release.

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