UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-K
X ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D)
THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED JANUARY 1, 2000

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934
COMMISSION FILE NUMBER 0-19687

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

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

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

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

Securities registered pursuant to Section 12(b) of the Act:	Name of each exchange on which registered:
None	Nasdaq National Market System
Title of Class	

Securities registered pursuant to Section 12(g) of the Act:
Common Stock, $1.00 Par Value
(Title of Class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter periods that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

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

Based on the closing price of February 25, 2000, the aggregate market value of common stock held by non-affiliates of the registrant was $47.2 million. The number of common shares outstanding of the registrant's common stock as of February 25, 2000 was 6,291,061.

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

PART 1

Item 1 Business

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

General
Metals Segment--This segment is comprised of two wholly-owned companies, Bristol Metals, L.P., located in Bristol, Tennessee, and Whiting Metals, Inc., located in Camden, South Carolina.

Bristol manufactures welded pipe, primarily from stainless steel, but also from other corrosion-resistant metals. Pipe is produced in sizes from one-half inch to 60 inches in diameter and wall thickness up to three-quarters inch. Sixteen-inch and smaller pipe is made on equipment that forms and welds the pipe in a continuous process. Pipe larger than sixteen inches is formed on presses or rolls and welded on batch welding equipment. Pipe is normally produced in standard 20-foot lengths. However, Bristol has unusual capabilities in the production of long length pipe without circumferential welds. This can reduce installation cost for the customer. Lengths up to 60 feet can be produced in sizes up to sixteen inches in diameter. In larger sizes Bristol has a unique ability among domestic producers to make 48-foot lengths in sizes up to 30 inches.

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

In 1997 Bristol began producing carbon piping systems from pipe purchased outside since Bristol does not manufacture carbon pipe. The Company entered the carbon pipe fabrication business in order to enhance the stainless fabrication business by quoting inquiries that require both types of piping systems.

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

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

In February 2000, management decided to close the Whiting Metals facility which produced pressure vessels and reactors, tanks and other processing equipment. Closure is expected to be completed before the end of the second quarter of 2000. Management does not expect the closure to have a material effect on the operations of the Company.

Chemicals Segment--This segment is comprised of three operating companies: Blackman Uhler Chemical Company (BU), a division of the Company; Manufacturers Chemicals, L.P. (MC) and Organic Pigments Corporation (OP), wholly-owned by the Company. BU has two plants, one in Augusta, Georgia and one in Spartanburg, South Carolina. Both locations are fully licensed for chemical manufacture and each maintains a permitted waste treatment system. MC is located in Cleveland, Tennessee and is fully licensed for chemical manufacture. OP is located in Greensboro, North Carolina. This segment's principal businesses are the manufacture and sale of dyes and pigments ("colors") to the textile industry, and specialty chemical products to the textile, chemical, paper and metals industries. At the end of 1999, the Chemicals Segment was reorganized into two product groups to generate benefits from the natural synergy between the different plants within the product groups. The colors group includes the Blackman Uhler dyes and pigments at the Spartanburg plant and the pigments produced at Organic Pigments in Greensboro. The chemicals group includes Manufacturers Chemicals in Cleveland, Tennessee, the plant in Augusta, Georgia, and the specialty chemicals produced in the Spartanburg plant.

The colors group produces dyes in both liquid and powder form, and pigments primarily as a specially formulated paste. Dyes fix themselves to textile fibers by a particular reaction or penetration into the yarn fiber, whereas pigments are normally applied as a surface coating during a printing operation. Dyeing of textile fabrics in solid colors is primarily accomplished by the use of dyes. Pigment colors are uniquely suitable for printing of multi-colored patterns. Raw materials used to manufacture colors consist chiefly of organic intermediates and inorganic chemicals which are purchased from manufacturers in the United States, Europe and Asia. Currently, raw materials are readily available and management does not anticipate any difficulty in obtaining adequate supplies.

In the mid 1980s, management decided to better utilize its excellent reputation for sales and technical service by expanding its efforts to sell reactive dyes. These dyes are used for coloring cotton and rayon. The Company purchases finished and crude products that are either sold as is, or converted to liquid form for the convenience of customers. These dyes represented about 18 percent of the Chemicals Segment's sales in 1999. The Company has a distributorship agreement expiring December 31, 2000 with the company supplying about 91 percent of these products. The supplier has been the principal source of these products since 1985. Although the Company believes that this supplier will continue to be a source of these products in the future, there is no assurance of this. Loss of this supplier would have a materially adverse short-term effect on the Company's sales and net income. However, management believes that if the agreement with this supplier is not continued in the future, other suppliers could be found to replace most of the products.

In 1994, BU acquired the sulphur dye business of Southern Dye and Chemical Company, a manufacturer of sulphur dyes utilizing an environmentally friendly chemical system. This process results in reduced environmental costs and shorter processing cycles. Sulphur dyes are used to dye denim, fleece garments, knits, work clothes, men's casual wear, and a variety of cotton and cotton-polyester blends.

On August 21, 1998, the Company purchased the common stock of Organic Pigments Corporation ("OP") with an effective date of July 1, 1998. OP manufactures aqueous pigment dispersions sold to the textile industry and used in printing inks for use on paper and in paints for the industrial coatings industry. The combination of OP's and BU's pigment operations makes the Company one of the largest suppliers of pigments to the domestic textile market. The addition of OP also provides the ability to produce higher solid and finer particle size dispersions allowing the Chemicals Segment to diversify into non-textile applications.

The chemicals group is a producer of specialty chemicals for the chemical, photographic, pharmaceutical, agricultural and fiber industries at its BU plants. The Company has been focusing on specialty chemicals as a primary growth area over the past several years. Facilities and equipment have been added at both plants to provide toll and custom manufacturing of organic chemicals using reactions that include nitrations, hydrogenation, diazotizations, methylation and custom drying. These chemicals are used in a wide array of products including sun screens, UV absorbers for plastics, Cetane improver for diesel fuel, absorbers for gaseous pollutants, herbicides and intermediates for colors.

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

The Chemicals Segment maintains nine laboratories for applied research and quality control which are staffed by approximately 41 employees.

In March 2000, management made the decision to close the Augusta, Georgia plant. It is anticipated that most of the products produced in Augusta will be transferred to the Spartanburg facility. Management expects the closure to reduce negative operating variances and, accordingly, enchance future earnings. However, the company expects to take a restructuring charge in the future, which has not yet been quantified.

Sales and Distribution

Metals Segment--The Metals Segment utilizes separate sales organizations for its different product groups. Stainless steel pipe is sold nationwide under the Brismet trade name through authorized stocking distributors with over 200 warehouse locations throughout the country. In addition, large quantity orders are shipped directly from Bristol's plant to end-user customers. Producing sales and providing service to the distributors and end-user customers are three outside sales employees, four independent manufacturers' representatives, the manager of inside sales and five inside sales employees. The President also spends about 50 percent of his time in sales related matters.

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

Chemicals Segment--Ten full-time outside sales employees and four manufacturers' representatives market colors to the textile industry nationwide. In addition, both the Presidents of BU and OP and the product manager of BU devote a substantial part of their time to sales. Specialty chemicals are sold directly to various industries nationwide by seven full-time outside sales employees, five manufacturers' representatives and one part-time consultant. In addition, the President, product manager and another employee of MC and BU's Vice President of Research and Development devote a substantial part of their time to sales.

Competition

Metals Segment--Welded stainless steel pipe is the largest sales volume product of the Metals Segment. Although information is not publicly available regarding the sales of most other producers of this product, management believes that the Company is the largest domestic producer of such pipe. This commodity product is highly competitive with ten known domestic producers and imports from many different countries. The largest sales volume among the specialized products comes from fabricating light-wall stainless piping systems. Management believes the Company is the largest producer of such systems.

Chemicals Segment--About five percent of the colors sales represent niche products for which the Company is the only producer. Another approximately 37 percent of these sales represent products of which the Company is an important producer with an estimated 20 to 30 percent market share. The Company has five percent or less of the market for the remainder of its dye products. The Company is the sole producer of certain specialty chemicals manufactured for other companies under processing agreements. However, the Company's sales of specialty products are insignificant compared to the overall market for specialty chemicals. The market for most of the products is highly competitive and many competitors have substantially greater resources than does the Company.

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

Research and Development Activities
The Company spent approximately $798,000 in 1999, $882,000 in 1998 and $833,000 in 1997 on research and development programs in its Chemicals Segment. Sixteen individuals, 13 of whom are graduate chemists, are engaged primarily in research and development of new products and processes, the improvement of existing products and processes, and the development of new applications for existing products.

Seasonal Nature of The Business
The annual requirements of certain specialty chemicals are produced over a period of a few months as requested by the customers. Accordingly, the sales of these products may vary significantly from one quarter to another. The addition of MC has made quarterly sales of specialties more consistent. However, in total, sales and net income in any given quarter may not be representative of other quarters.

Backlogs
The Chemicals Segment operates primarily on the basis of delivering products soon after orders are received. Accordingly, backlogs are not a factor in this business. The same applies to commodity pipe sales in the Metals Segment. However, backlogs are important in the piping systems products because they are produced only after orders are received, generally as the result of competitive bidding. Order backlogs for these products were $15,900,000, $19,200,000 and $10,600,000 at the 1999, 1998 and 1997 respective year ends.

Employee Relations
As of January 1, 2000, the Company had 622 employees. The Company considers relations with employees to be satisfactory. The number of employees of the Company represented by unions at the Bristol, Tennessee facility is 252. They are represented by two locals affiliated with the AFL-CIO and one local affiliated with the Teamsters. Contracts will expire in February 2004, December 2004 and March 2005.

Item 2 Properties

The Company operates the major plants and facilities described herein, all of which are well maintained and in good condition. All facilities throughout the Company are adequately insured. The buildings are of various types of construction including brick, steel, concrete, concrete block and sheet metal. All have adequate transportation facilities for both raw materials and finished products. The Company owns all of these plants and facilities.

<TABLE>

Location	Principal Operations	Building Square Feet	Land Acres
<S>	<C>	<C>	<C>
Spartanburg, SC	Corporate Headquarters manufacturing and warehouse facilities	211,000	60.90
Augusta, GA	Chemical manufacturing	52,500	46.00
Cleveland, TN	Chemical manufacturing	90,000	7.50
Greensboro, NC	Chemical manufacturing	57,000	3.70
Bristol, TN	Manufacturing of stainless steel pipe	218,000	73.08

	and stainless steel and carbon piping systems		
Camden, SC	Manufacturing of stainless steel vessels	16,300	12.26

</TABLE>

Item 3 Legal Proceedings

For a discussion of legal proceedings, see Note N to Consolidated Financial Statements.

Item 4 Submission of Matters to a Vote of Security Holders

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

PART II

Item 5 Market for the Registrant's Common Stock and Related Security Holder Matters

The Company had 1,226 common shareholders of record at January 1, 2000. The Company's common stock trades on the Nasdaq National Market tier of The Nasdaq Stock Market under the symbol SYNC. Future dividend payments are dependent on earnings, capital requirements and financial conditions. The prices shown below are the last reported sales prices on The Nasdaq National Market System.

<TABLE>

	1999			1998		
Quarter	High	Low	Dividends Paid	High	Low	Dividends Paid
<S>	<C>	<C>	<C>	<C>	<C>	<C>
1	10 3/4	6 5/8	$ 0.05	16 1/2	13 3/4	$ 0.10
2	8 5/8	6 3/4	0.05	14 7/8	12	0.10
3	8 3/4	6 1/2	0.05	13 1/4	7 3/4	0.10
4	8	6 1/4	0.05	12 3/4	6	0.10

</TABLE>

Item 6 Selected Financial Data

<TABLE>

(Dollars in thousands except for per share data)	1999	1998	1997	1996	1995
<S>	<C>	<C>	<C>	<C>	<C>
Operations					
Net sales	$ 116,884	$ 107,257	$ 126,741	$ 126,844	$ 147,298
Gross profit	16,574	12,203	19,715	21,108	35,323
Selling, general and administrative expense	11,335	10,135	9,972	9,086	11,089
Environmental remediation costs	-	1,439		-	-
Operating income	5,239	629	9,744	12,022	24,234
Net income	2,947	63	5,841	7,686	14,521
Financial Position					
Total assets	78,053	71,374	73,383	76,589	80,226
Working capital	28,001	28,946	35,499	34,141	41,098
Long-term debt less current portion	10,000	10,000	10,200	11,200	12,619
Shareholders' equity	44,660	45,848	50,042	48,274	48,363
Financial Ratios					
Current ratio	2.5:1	3.7:1	4.7:1	3.5:1	3.6:1
Gross profit to net sales	14%	11%	16%	17%	24%
Long-term debt to capital	18%	18%	17%	19%	21%
Return on average assets	4%	**	8%	10%	20%
Return on average equity	7%	**	12%	16%	34%
Per Share Data					
Net income - diluted	$ 0.45	0.01	$ .83	$ 1.09	$ 1.98
Dividends declared and paid	.20	.40	.37	.34	.29
Book value	7.10	6.82	7.27	6.92	6.71
Other Data					
Depreciation and amortization	3,732	3,513	3,485	2,700	2,316
Capital expenditures	4,214	3,686	2,854	3,833	6,455
Employees at year end	622	564	663	585	568
Shareholders of record at year end	1,226	1,431	1,491	1,581	1,666

Average shares outstanding - diluted	6,559	6,794	7,007	7,058	7,352
Stock Price					
Price range of Common Stock					
High	10 3/4	16 1/2	18 3/4	21 1/4	26 1/4
Low	6 1/4	6	13 3/4	12	11 7/8
Close	7 1/2	8 3/4	15 3/16	16 1/4	21 1/8

**Less than 1%

</TABLE>

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

Liquidity and Capital Resources

The current ratio at 1999 year end was 2.5:1 down from the previous year-end ratios of 3.7:1 and 4.7:1 in 1998 and 1997, respectively. Working capital decreased $945,000 to $28,001,000. Cash flows from operations totaling $6,053,000, were derived primarily from earnings totaling $6,679,000 before depreciation and amortization expense of $3,732,000, as increases in accounts receivable of $4,471,000 and inventories of $2,718,000 were offset by increases in accounts payable and accrued expenses of $4,509,000 and income taxes payable of $1,265,000. The increases in inventories and accounts receivables and payables resulted from the increase in sales experienced in the fourth quarter of 1999 compared to the same quarter last year as discussed in the Results of Operations. Cash flows were used, along with $2,419,000 proceeds from short-term borrowings, to make capital expenditures of $4,214,000, purchase 434,568 shares of the Company's Common Stock for $2,834,000, and pay dividends of $1,309,000. The Company expects that cash flows from 2000 operations and available borrowings will be sufficient to make debt and dividend payments, and fund estimated capital expenditures of $4,400,000 and normal operating requirements.

Results of Operations

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

<TABLE>

	1999		1998		1997	
(Amounts in thousands)	Amount	%	Amount	%	Amount	%
<S>	<C>	<C>	<C>	<C>	<C>	
Net sales	$ 66,055	100.0	$ 55,368	100.0	$ 71,192	100.0
Cost of goods sold	56,042	84.8	50,065	90.4	61,340	86.2
Gross profit	10,013	15.2	5,303	9.6	9,852	13.8
Selling and administrative expense	4,595	7.0	3,833	6.9	4,218	5.9
Environmental remediation costs	0		61	0.2	0	
Operating income	$ 5,418	8.2	$ 1,409	2.5	$ 5,634	7.9
Year-end backlogs						
Piping systems	$ 15,900		$ 19,200		$ 10,600	

</TABLE>

Comparison of 1999 to 1998

Sales increased 19 percent producing the $4,009,000 increase in operating income to $5,418,000. After six consecutive quarters of declines in unit volume growth compared to the same quarter the previous year, the final three quarters of 1999 experienced significant increases resulting in a 22 percent increase in unit volumes over 1998. The unit volume increase came primarily from commodity stainless pipe sales resulting from improved demand in the United States coupled with an increase in demand world-wide and a reduction of imports following anti-dumping judgments on stainless steel. The most important development in the metals segment during 1999 was the reversal of the relentless downtrend in stainless commodity pipe prices that had been evident since late 1995. When prices bottomed in the second quarter, they were barely half of the level reached in 1995. Average prices gained eight percent in the fourth quarter ending the year with a nine percent decline for the year compared to last year. The fourth quarter increase came from the Company's ability to pass along price increases incurred from its stainless steel suppliers. Piping systems and process equipment sales also improved significantly as unit volumes increased nine percent in 1999 over the prior year. Gross profits in 1999 almost doubled to $10,013,000 compared to 1998 as a result of the increase in unit volume offset somewhat by the selling price decline.

Selling and administrative expenses were seven percent of sales, consistent with last year. Higher sales commissions, profit-based incentives and an increase in reserves for uncollectible accounts accounted for the 20 percent increase over the prior year.

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

Comparison of 1998 to 1997

Sales declined 22 percent producing much lower operating income of $1,409,000. After six years of noteworthy unit volume growth, 1998 showed a 21 percent decline because of lower demand and a surge in imports. The unit volume decline came from lower commodity stainless pipe sales resulting primarily from a surge in cheap imports coupled with significantly low piping systems and process equipment sales. The Company chose not to compete for business when pricing was driven solely by low-priced imports, as average prices for commodity pipe declined eight percent for the year compared to last year. Lower gross profits were caused by low plant utilization rates, more competitive pricing for pipe, and a loss from piping systems. Although the stainless steel fabrication shop about broke even, a $418,000 loss was incurred in the carbon pipe fabrication shop opened in 1997. Low demand in the pulp and paper industry resulting in lower unit volumes caused the poor performance in piping systems.
Lower sales commissions and profit-based incentives accounted for the nine percent decline in selling and administrative expenses.

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

Chemicals Segment--The following table summarizes operating results for the three years indicated. Reference should be made to Note Q to Consolidated Financial Statements.

<TABLE>

	1999		1998		1997	
(Amounts in thousands)	Amount	%	Amount	%		
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Net sales	50,829	100.0	$ 51,889	100.0	$ 55,549	100.0
Cost of goods sold	44,268	87.1	44,989	86.7	45,686	82.2
Gross profit	6,561	12.9	6,900	13.3	9,863	17.8
Selling and administrative expense	5,835	11.5	5,498	10.6	4,643	8.4
Environmental remediation costs	0		1,378	2.7	0	
Operating income	726	1.4	$ 24	0.0	$ 5,220	9.4

</TABLE>

Comparison of 1999 to 1998

The Chemical Segment experienced a sales decline of two percent for the year and operating income fell significantly to $726,000 from 1998's total of $1,402,000 before deducting a $1,378,000 special charge for environmental remediation costs. Colors sales were down six percent. Without the acquisition of Organic Pigments on July 1, 1998, total Chemicals Segment sales would have declined 11 percent and colors sales would have been down 22 percent. The decline resulted from the continued downsizing of the domestic textile industry, weak domestic demand and lower selling prices. Sales of specialty chemicals improved three percent because of higher demand from several toll projects during 1999 compared to 1998. This modest increase is well below the growth rate that the company expects from these products. Unprecedented problems with the start up of an agricultural product under a processing agreement led to a significant commitment of time and resources in 1999 with negligible related revenues. The combination of weaker pricing and demand for color products, low level of capacity utilization in both colors and specialty chemicals, and to a lesser extent, the startup problems mentioned above contributed to the decline in gross profits.

Selling and administrative expenses increased six percent over the prior year because of having a full year of expense from the Organic acquisition compared to six months last year, and an increase in reserves for uncollectible accounts.

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

Comparison of 1998 to 1997

The Chemicals Segment experienced a sales decline of seven percent for the year and operating income fell significantly to $24,000, or $1,402,000 before the special charge for environmental remediation costs. Both colors and specialty chemicals experienced a decline in sales from the prior year. Colors sales were down two percent. Without the acquisition of Organic Pigments on July 1, 1998, total Chemicals Segment sales would have declined 13 percent and colors sales would have been down 15 percent. The continued downsizing of the domestic textile industry, because of low cost imports, led to less unit volume demand for colors compared to a year earlier. Sales prices were also lower continuing the deflationary trend that has been evident for several years. Sales of specialty chemicals were down 12 percent because of lower demand for certain products and sales in 1997 from a toll project that ended in December 1997. The combination of weaker pricing for color products and low level of capacity utilization in both colors and specialty chemicals contributed to the decline in gross profits. Selling and administrative expenses increased 18 percent because of the Organic acquisition and additions to the sales staff.
For information related to environmental matters, see Note H to Consolidated Financial Statements.

Unallocated Income and Expense
Reference should be made to Note Q to Consolidated Financial Statements for the schedule of these items.

Comparison of 1999 to 1998

The 13 percent increase in corporate expenses resulted from salary increases and higher profit-based incentives. Interest expense offset by interest income was higher in 1999, as borrowings increased under the line of credit with a bank, and interest income declined. The Company had borrowings under the line of credit throughout 1999 compared to having cash invested most of 1998.

Comparison of 1998 to 1997

The 28 percent decrease in corporate expenses resulted from lower profit-based incentives and professional fees. The Company benefited from lower interest expense on reduced borrowings under the line of credit with a bank, and higher interest income earned on cash invested during the year.

Current Conditions and Outlook

The Metals Segment delivered a sterling performance in the fourth quarter with sales up 77 percent to $19,307,000 and operating income of $2,701,000, up over fifteen times the depressed level of a year earlier. This resulted from a combination of 39 percent higher unit volume and a 27 percent increase in average selling price. The higher average price resulted from a shift in product mix to a larger percentage of sales from piping systems and process equipment. More significantly, on a sequential basis, sales were up seven percent and operating income was 71 percent higher than in the previous quarter when the earnings recovery began to gather momentum. Prices for commodity pipe in December were about 20 percent above the 11-year lows experienced in the second quarter of 1999, and recent increases in stainless steel flat product prices make management optimistic that stainless pipe prices will continue their upward trend. The outlook for piping systems remains excellent. Although the backlog of $15,900,000 is down 15 percent from a year earlier, management expects an increase in profits from these products in 2000 compared to 1999. If the factors above continue as expected, and if demand continues to be strong, the Metals Segment should deliver excellent results in 2000.

Although Chemicals Segment sales of $10,615,000 in the fourth quarter were down 11 percent, modest operating income of $10,000 was an improvement over the $214,000 loss suffered in the last quarter of 1998 before a $1,378,000 environmental charge. Colors sales were down five percent from the fourth quarter of 1998. Factors causing the sales decline were identical to those experienced throughout the year as discussed in the Chemicals Segment analysis. Management hopes to arrest the slide in color sales and reestablish growth by: introduction of vat dyes which are a promising new product line for the company, technical improvements to its sulfur dyes which should make them more competitive and sales of pigments to non-textile users. New business from each of these initiatives has already been booked and 2000 should reflect an increasing contribution from them as the year progresses. Specialty chemicals produced five percent higher revenues in the fourth quarter of 1999 compared to the same quarter last year, and represented almost half of the segment's sales for the quarter. The timing of production under certain toll contracts caused the increase. During November 1999, the Chemicals Segment was reorganized into two product groups to become effective January 2, 2000. The colors group includes the Blackman Uhler dyes and pigments at the Spartanburg plant and the pigments produced at Organic Pigments in Greensboro. The chemicals group includes Manufacturers Chemicals in Cleveland, Tennessee, the plant in Augusta, Georgia, and the specialty chemicals produced in the Spartanburg plant. This realignment is expected to intensify management's focus and generate benefits from the natural synergy between the different plants within the product groups. See Note S to Consolidated Financial Statements.

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

The statements contained in this Annual Report on Form 10-K that are not historical facts may be 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, which speak only as of their dates. The following factors could cause actual results to differ materially from historical results or those anticipated: adverse economic conditions, the impact of competitive products and pricing, product demand and acceptance risks, raw material and other increased costs, customer delays or difficulties in the production of products, and other risks detailed from time to time in Synalloy's Securities and Exchange Commission filings. Synalloy Corporation assumes no obligation to update the information included in this Annual Report on Form 10-K.

Year 2000 Compliance

The Company experienced no significant disruptions in information technology and non-information technology systems from the Year 2000 date change. This resulted from the Company's planning and implementation efforts, completed, tested and implemented during 1998.   No significant costs related to the Year 2000 issue were incurred other than normal personnel costs during 1999. The Company continues to monitor its applications and those of its suppliers and vendors to ensure that any latent Year 2000 issues are addressed promptly. To date, the Company is not aware of any Year 2000 issue that would materially impact the Company's results of operations, liquidity, or capital resources.

Item 7a Quantitative and Qualitative Disclosures About Market Risks

The Company is exposed to market risks from adverse changes in interest rates. In this regard, changes in U. S. interest rates affect the interest earned on the Company's cash and cash equivalents as well as interest paid on its indebtedness. As a policy, the Company does not engage in speculative or leveraged transactions, nor does it hold or issue financial instruments for trading purposes. The Company is exposed to changes in interest rates primarily as a result of its borrowing activities used to maintain liquidity and fund business operations. There have been no significant changes in the Company's risk exposures from the prior year.

At January 1, 2000, fair value of the Company's debt obligation, which approximated the recorded value, consisted of:

   $3,084,000 notes payable under a $9,000,000 line of credit expiring on July 29, 2000 with an average variable interest rate of 6.23 percent.

   $10,000,000 variable rate debt due July 31, 2002 with an average variable interest rate of 6.17 percent.

At January 2, 1999, fair value of the Company's debt obligation, which approximated the recorded value, consisted of:

   $665,000 notes payable under a $9,000,000 line of credit expiring on July 1, 1999 with an average variable interest rate of 5.56 percent.

   $10,000,000 variable rate debt due May 1, 2002 with an average variable interest rate of 6.26 percent.

In addition, the Company's investment in Ta Chen Stainless Pipe Company, which is recorded at its fair value of $1,039,000 in 1999 and $1,026,000 in 1998, is subject to market risk related to equity pricing changes. Management believes that substantial fluctuations in equity prices and the resulting changes in the Company's investment would not have a material adverse impact on the Company.

Item 8 Financial Statements and Supplementary Data

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

<TABLE>
Consolidated Balance Sheets

January 1, 2000, January 2, 1999 and January 3, 1998

<S>	1999 <C>	1998 <C>	1997 <C>
Assets			
Current assets			

Cash and cash equivalents	$ 120,549	$ 117,658	$ 1,602,543
Accounts receivable, less allowance for doubtful accounts of $1,075,000, $362,000 and $219,000, respectively	16,354,165	12,596,592	15,201,783
Inventories			
Raw materials	9,378,087	7,502,972	7,368,212
Work-in-process	6,033,389	3,755,147	4,791,379
Finished goods	13,407,243	14,842,842	15,287,431
Total inventories	28,818,719	26,100,961	27,447,022
Deferred income taxes (Note L)	406,000	192,000	177,000
Prepaid expenses and other current assets	794,232	646,342	633,709
Total current assets	46,493,665	39,653,553	45,062,057
Cash value of life insurance	2,112,411	2,025,984	1,842,384
Investment (Note B)	1,039,117	1,026,117	329,117
Property, plant and equipment, net (Note C)	25,985,725	25,495,020	23,112,324
Deferred charges, net and other assets (Note D)	2,421,655	3,173,788	3,037,470
Total assets	$78,052,573	$71,374,462	$73,383,352

</TABLE>

<TABLE>

Consolidated Balance Sheets (Continued)

January 1, 2000, January 2, 1999 and January 3, 1998

	1999	1998	1997
<S>	<C>	<C>	<C>
Liabilities and Shareholders' Equity			
Current liabilities			
Notes payable (Note E)	$ 3,084,000	$ 665,000	$ 0
Accounts payable	10,867,711	7,882,778	5,544,789
Income taxes	1,209,874	0	310,992
Accrued expenses (Note F)	2957728	1,383,740	3,018,850
Current portion of environmental reserves (Note H)	373,500	575,650	487,980
Current portion of long-term debt (Note G)	0	200,000	200,000
Total current liabilities	18,492,813	10,707,168	9,562,611
Long-term debt, less current portion (Note G)	10,000,000	10,000,000	10,200,000
Environmental reserves (Note H)	1,661,663	1,846,550	782,700
Deferred compensation (Note I)	1,374,210	1,349,940	1,323,388
Deferred income taxes (Note L)	1,864,000	1,623,000	1,473,000
Contingencies (Notes H and N)			
Shareholders' equity (Notes G, J, and K)			
Common stock, par value $1 per share-authorized 12,000,000 in 1999 and 8,000,000 shares in 1998 and 1997; issued 8,000,000 shares	8,000,000	8,000,000	8,000,000
Capital in excess of par value	9,491	9,491	33,475
Retained earnings	51,325,183	49,687,391	52,339,857
Accumulated other comprehensive income	461,000	453,000	0
	59,795,674	58,149,882	60,373,332
Less cost of Common Stock in treasury: 1,708,939, 1,274,371 and 1,114,179 shares, respectively	15,135,787	12,302,078	10,331,679
Total shareholders' equity	44,659,887	45,847,804	50,041,653

Total liabilities and shareholders' equity	$78,052,573	$71,374,462	$73,383,352

See accompanying notes to financial statements.
</TABLE>

<TABLE>
Consolidated Statements of Income

January 1, 2000, January 2, 1999 and January 3, 1998

	1999	1998	1997
<S>	<C>	<C>	<C>
Net sales	$116,883,845	$107,257,319	$126,740,641
Cost of sales	100,310,001	95,054,533	107,025,237
Gross profit	16,573,844	12,202,786	19,715,404
Selling, general and administrative expense	11,335,284	10,134,530	9,971,869
Environmental remediaton costs	-	1,439,070	-
Operating income	5,238,560	629,186	9,743,535
Other (income) and expense			
Interest expense	773,499	673,932	741,340
Other, net	(113,588)	(141,423)	(28,565)
Income before taxes	4,578,649	96,677	9,030,760
Provision for income taxes	1,632,000	34,000	3,190,000
Net income	$ 2,946,649	$ 62,677	$ 5,840,760
Net income per common share			
Basic	$.45	$.01	$.84
Diluted	$.45	$.01	$.83

See accompanying notes to financial statements.
</TABLE>

<TABLE>
Consolidated Statements of Shareholders' Equity

	Common Stock	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Income	Cost of Common Stock in Treasury	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Balance at December 28, 1996	$8,000,000	$ 81,746	$49,074,919		$(8,882,530)	$48,274,135
Net income			5,840,760			5,840,760
Stock options exercised		(48,271)			139,479	91,208
Purchase of common stock for treasury					(1,588,628)	(1,588,628)
Cash dividends - $.37 per share			(2,575,822)			(2,575,822)
Balance at January 3, 1998	8,000,000	33,475	52,339,857	$ -	(10,331,679)	50,041,653
Cumulative effect of change in accounting method, net of tax (Notes A and B)				473,000		473,000
Comprehensive income:						
Net income			62,677			62,677
Other comprehensive income, net of tax (Notes A and B)				(20,000)		(20,000)
Comprehensive income						42,677
Stock options exercised		(23,984)			28,820	4,836
Purchase of common stock for treasury					(1,999,219)	(1,999,219)
Cash dividends -						

$.40 per share			(2,715,143)			(2,715,143)
Balance at January 2, 1999	8,000,000	9,491	49,687,391	453,000	(12,302,078)	45,847,804
Comprehensive income:						
Net income			2,946,649			2,946,649
Other comprehensive income, net of tax (Notes A and B)				8,000		8,000
Comprehensive income						42,677
Purchase of common stock for treasury					(2,833,709)	(2,833,709)
Cash dividends - $.20 per share			(1,308,857)			(1,308,857)
Balance at January 1, 2000	$8,000,000	$ 9,491	$51,325,183	$461,000	$(15,135,787)	$44,659,887

See accompanying notes to financial statements.
</TABLE>

<TABLE>
Consolidated Statements of Cash Flows
January 1, 2000, January 2, 1999 and January 3, 1998

	1999	1998	1997
<S>	<C>	<C>	<C>
Operating activities			
Net income	$2,946,649	$ 62,677	$5,840,760
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation expense	3,473,352	3,258,075	3,221,069
Amortization of deferred charges	258,681	254,925	263,791
Deferred compensation	24,270	26,552	24,212
Deferred income taxes	22,000	(250,000)	402,000
Provision for losses on accounts receivable	713,214	142,706	11,067
Loss on sale of property, plant and equipment	180,394	25,162	117,586
Cash value of life insurance	(86,427)	(120,490)	(108,583)
Environmental reserves	(387,037)	1,151,520	(388,714)
Changes in operating assets and liabilities:			
Accounts receivable	(4,470,787)	3,407,106	2,040,684
Inventories	(2,717,758)	2,382,578	2,408,448
Other assets	322,562	105,116	(398,998)
Accounts payable and accrued expenses	4,508,840	172,719	(181,470)
Income taxes payable	1,264,955	(478,395)	(21,515)
Net cash provided by operating activities	6,052,908	10,140,251	13,230,337
Investing activities			
Purchases of property, plant and equipment	(4,214,025)	(3,685,847)	(2,853,799)
Proceeds from sale of property, plant and equipment	69,574	37,036	30,709
Decrease (Increase) in notes receivable	18,000	(275,000)	7,515
Acquisition, net of cash (Note P)	-	(3,456,799)	-
Net cash used in investing activities	(4,126,451)	(7,380,610)	(2,815,575)
Financing activities			
Proceeds from revolving lines of credit	40,093,000	3,613,000	13,145,000
Payments on revolving lines of credit	(37,674,000)	(2,948,000)	(14,645,000)
Principal payments on long-term debt	(200,000)	(200,000)	(2,200,000)
Purchases of treasury stock	(2,833,709)	(1,999,219)	(1,588,628)
Dividends paid	(1,308,857)	(2,715,143)	(2,575,822)
Proceeds from exercised stock options	-	4,836	91,208
Payment of notes payable to an employee	-	-	(1,154,805)
Net cash used in financing activities	(1,923,566)	(4,244,526)	(8,928,047)

Increase (Decrease) in cash and cash equivalents	2,891	(1,484,885)	1,486,715
Cash and cash equivalents at beginning of year	117,658	1,602,543	115,828
Cash and cash equivalents at end of year	$ 120,549	$ 117,658	$1,602,543

See accompanying notes to financial statements.
</TABLE>

Note A Summary of Significant Accounting Policies

Principles of Consolidation.
The financial statements include the accounts of the Company and its subsidiaries, all of which are wholly-owned. All significant intercompany transactions have been eliminated.

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

Accounting Period. The Company's fiscal year is the 52- or 53-week period ending the Saturday nearest to December 31. Fiscal year 1999 ended on January 1, 2000 and included 52 weeks. Fiscal year 1998 ended on January 2, 1999 and included 52 weeks. Fiscal year 1997 ended on January 3, 1998 and included 53 weeks.

Revenue Recognition. Revenue from product sales is recognized at the time ownership of goods transfers to the customer and the earnings process is complete.

Inventories. Inventories are stated at the lower of cost or market. Cost is determined by the first-in, first-out (FIFO) method.

Property, Plant and Equipment. Property, plant and equipment are stated at cost. Depreciation is provided on the straight-line method over the estimated useful life of the assets.

Deferred Charges. Intangibles arising from acquisitions represent the excess of cost over fair value of net assets of businesses acquired. The excess cost is amortized using the straight-line method over periods of 15 to 40 years. The costs of software licenses are amortized over their expected useful lives using the straight-line method. Debt expenses are amortized over the periods of the underlying debt agreements using the straight-line method.

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

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

Substantially all of the Company's accounts receivable are due from companies located throughout the United States. The Company performs periodic credit evaluations of its customers' financial condition and generally does not require collateral. Receivables are generally due within 30 to 45 days.

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

Research and Development Expense. The Company incurred research and development expense of approximately $798,000, $882,000 and $833,000 in the 1999, 1998 and 1997 fiscal years, respectively.

Fair Value of Financial Instruments. The carrying amounts reported in the balance sheet for cash and cash equivalents, cash surrender value of life insurance, investment and borrowings under the Company's short-term line of credit and long-term debt approximate their fair values.

Stock Options. The Company accounts for and will continue to account for stock options under Accounting Principles Board Opinion 25, "Accounting for Stock Issued to Employees." See Note K.

Comprehensive Income. In June 1997, the FASB issued Statement No. 130, "Reporting Comprehensive Income" which established standards for the reporting and display of comprehensive income and its components in a full set of comparative general-purpose financial statements. The statement became effective for the Company as of January 4, 1998. Comprehensive income is defined in this statement as net income plus other comprehensive income which, under existing accounting standards, consists of unrealized gains and losses on certain investments in equity securities. Comprehensive income is reported by the Company in the Consolidated Statements of Shareholders' Equity.

Investment In Equity Securities. In 1997 the Company's investment in Ta Chen (Note B) was accounted for on the cost method of accounting due to restrictions on trading. In 1998 the restrictions expired and in accordance with FASB Statement No. 115, "Accounting for Certain Investments in Debt and Equity Securities," the investment is recorded at fair value.

Note B Investment in Ta Chen Stainless Pipe Company
The Company has an investment available for sale in a company incorporated in the Republic of China. Ta Chen is a stainless steel pipe manufacturing company that has been operating since 1987.

The Company holds a 1.1 percent ownership interest. The investment is recorded at fair value as quoted on the Taiwanese stock exchange at January 1, 2000. The unrealized appreciation of the investment, totalling $710,000, is recorded as other comprehensive income included in shareholders' equity, net of deferred income taxes of $249,000.

Note C Property, Plant and Equipment
Property, plant and equipment consist of the following:

<TABLE>

<S>	1999 <C>	1998 <C>	1997 <C>
Land	$ 431,736	$ 431,736	$ 299,043
Land improvements	1,000,217	989,814	1,006,675
Buildings	13,813,142	13,970,501	12,103,534
Machinery, fixtures and equipment	44,018,394	40,570,435	36,876,635
Construction-in-progress	1,609,468	2,030,584	614,620
	60,872,957	57,993,070	50,900,507
Less accumulated depreciation	34,887,232	32,498,050	27,788,183
	$ 25,985,725	$ 25,495,020	$ 23,112,324

</TABLE>

Note D Deferred Charges
Deferred charges consist of the following:

<TABLE>

<S>	1999 <C>	1998 <C>	1997 <C>
Intangibles arising from acquisitions	$ 2,843,965	$ 2,843,965	$ 2,758,965
Software license agreements	465,495	477,289	448,935
Debt expense	46,500	104,316	117,116
	3,355,960	3,425,570	3,325,016
Less accumulated amortization	1,216,988	1,042,317	803,359
	$ 2,138,972	$ 2,383,253	$ 2,521,657

</TABLE>

Note E Notes Payable
The Company has available a line of credit totaling $9,000,000, of which $3,084,000 was outstanding at year end. The line expires on July 29, 2000 and bears interest at the bank's overnight cost of funds plus .75 percent (6.63 percent at January 1, 2000). The line has no compensating balance requirement. Borrowings under the line of credit are subject to the deed of trust and security agreement outlined in . Average short-term borrowings outstanding during fiscal 1999, 1998 and 1997 were $2,546,000, $61,000 and $261,000 with weighted average interest rates of 6.23 percent, 5.56 percent and 6.11 percent, respectively.

Note F Accrued Expenses
Accrued expenses consist of the following:

<TABLE>

<S>	1999 <C>	1998 <C>	1997 <C>
Salaries, wages and commissions	$ 884,910	$ 299,155	$ 895,526
Taxes, other than income taxes	627,325	257,203	361,040

Insurance	355,411	276,894	213,465
Pension	110,771	134,977	158,063
Customer advances	388,388	88,028	887,498
Other accrued items	590,923	327,483	503,258
	$ 2,957,728	$ 1,383,740	$ 3,018,850

</TABLE>

Note G Long-Term Debt
Long-term debt consists of the following:

<TABLE>

<S>	1999 <C>	1998 <C>	1997 <C>
Unsecured commercial note payable with interest payable on the dates and at rates provided by credit agreement, as amended	$10,000,000	$10,000,000	$10,000,000
Variable percentage (weekly tax exempt interest rate) Economic Development Revenue Bond payable in annual installments of $200,000 through November 1, 1999. Interest is paid quarterly.		200,000	400,000
	10,000,000	10,200,000	10,400,000
Less current portion	-	200,000	200,000
	$ 10,000,000	$ 10,000,000	$ 10,200,000

</TABLE>

On July 31, 1997, the Company entered into an agreement to amend its 1995 Revolving Credit/ Term Loan Agreement and prepaid $800,000, reducing the balance owed to $10,000,000. The amendment converted the debt from a five-year term loan, payable in equal quarterly installments, to a $10,000,000 revolving line of credit expiring July 31, 2002. Interest is payable quarterly on the outstanding balance at the lower of the bank's prime rate less .25 percent or LIBOR plus .80 percent. The rate at January 1, 2000 was 6.30 percent. Borrowings are subject to the maintenance of certain financial ratios and certain other restrictive covenants. At January 1, 2000, the Company was not in compliance with one of its covenants for which the Company received a waiver.

The Company made interest payments of $678,000 in 1999, $664,000 in 1998 and $764,000 in 1997. Interest expense of approximately $27,000, was capitalized in 1999. The approximate aggregate amount of all long-term debt maturities for the next five years is as follows: 2002 - $10,000,000.

Note H Environmental Compliance Costs
At January 1, 2000, the Company has accrued $2,035,000 in remediation costs which, in management's best estimate, will satisfy anticipated costs of known remediation requirements as outlined below. Expenditures related to costs currently accrued are not discounted to their present values and are expected to be made over the next three to five years. As a result of the evolving nature of the environmental regulations, the difficulty in estimating the extent and remedy of environmental contamination, and the availability and application of technology, the estimated costs for future environmental compliance and remediation are subject to uncertainties and it is not possible to predict the amount or timing of future costs of environmental matters which may subsequently be determined. Subject to the difficulty in estimating future environmental costs, the Company believes that the likelihood of material losses in excess of the amounts recorded is remote.

Prior to 1987, the Company utilized certain products at its chemical facilities that are currently classified as hazardous waste. Testing of the groundwater in the areas of the treatment impoundments at these facilities disclosed the presence of certain contaminants. In addition, several solid waste management units ("SWMUs") at the plant sites have been identified. During the latter part of 1994, the Company completed a reevaluation of its remediation plans including RCRA Facility Investigations which have been submitted for regulatory approval. In 1998 the Company completed an RCRA Facility Investigation at one of its plant sites and based on the results is currently conducting a Corrective Measures Study to be completed in 2000. After completion of the Study, a Corrective Measures Plan specifying remediation procedures to be performed will be submitted for regulatory approval in 2000. At another plant site, the Company received approval for a Phase II Monitoring Plan subject to completion of additional sampling. Results of the sampling are expected to be submitted for regulatory approval in 2000. Upon receiving approval, a Corrective Measures Plan will be developed and submitted for regulatory approval. Based on the anticipated results of the studies being performed at the two sites, the Company recorded a special charge of $1,378,000 in the fourth quarter of 1998 to accrue for additional estimated future remedial, cleanup and monitoring costs and $1,940,000 remains accrued at January 1, 2000.

The Company has identified and evaluated two SWMUs at its plant in Bristol, Tennessee that revealed residual groundwater contamination. In 1994 the Company submitted a Permit Application for Post Closure Care to the TDEC outlining a plan to address the areas identified, and received the Permit in the fourth quarter of 1994. Additional costs of $61,000 were accrued in the fourth quarter of 1998 and $95,000 remains accrued at January 1, 2000 to provide for estimated future remedial, cleanup and monitoring costs as required by the Permit.

The Company has been designated, along with others, as a potentially responsible party under the Comprehensive Environmental Response, Compensation, and Liability Act, or comparable state statutes, at three waste disposal sites. It is impossible to determine the ultimate costs related to these sites due to several factors such as the unknown magnitude of possible contamination, the unknown timing and extent of the corrective actions which may be required, and the determination of the Company's liability in proportion to other responsible parties. However, in management's opinion, these environmental matters should not have a material adverse effect upon the consolidated results of operations or financial position of the Company.

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

Note I Deferred Compensation
The Company has a deferred compensation agreement with an officer which allows the officer to defer all or a portion of any annual incentive payable to the officer. Amounts deferred are payable upon certain events including retirement, death or termination of the officer, or a change in control of the Company. Interest accrues on amounts deferred, net of estimated income tax benefits deferred by the Company until payments are made, at rates consistent with other invested retirement funds held by the Company in accordance with the agreement. No incentive was deferred in 1999,1998 and 1997. At January 1, 2000, the amounts deferred totaled $827,000, including accrued interest earned in 1999 of $26,000.

The Company has deferred compensation agreements with certain former officers providing for payments for ten years in the event of pre-retirement death or the longer of ten years or life beginning at age 65. The present value of such vested future payments, $547,000 at January 1, 2000, has been accrued.

Note J Shareholders' Rights
On February 4, 1999, the Board of Directors adopted a new Shareholders' Rights Plan (the "Plan") to succeed the Shareholders' Rights Plan which expired on March 26, 1999. Under the terms of the Plan, which expires in March 2009, the Company declared a dividend distribution of one right for each outstanding share to holders of record at the close of business on March 26, 1999. Each Right entitles holders to purchase 2/10 of one share of Common Stock at a price of $25.00 per share. Initially, the Rights are not exercisable and will automatically trade with the Common Stock. Each right only becomes exercisable after a person or group acquires more than 22 percent of the Company's Common Stock, or announces a tender or exchange offer for more than 22 percent of the stock. At that time, each right holder, other than the acquiring person or group, may use the Right to purchase $25.00 worth of the Company's Common Stock at one-half of the then market price.

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

<TABLE>

<S>	Weighted Average Option Price <C>	Outstanding <C>	Available <C>
At December 28, 1996	$11.17	154,008	141,000
Granted	$15.13	100,500	(100,500)
Exercised	$ 5.74	(15,900)	

	----------	----------	----------
At January 3, 1998	$13.20	238,608	40,500
Authorized			380,000
Expired			(27,000)
Granted	$11.81	16,000	(16,000)
Exercised	$ 1.56	(3,108)	
	----------	----------	----------
At January 2, 1999	$13.25	251,500	377,500
Granted	$ 7.69	150,500	(150,500)
Exercised	-	-	
	---------	---------	----------
At January 1, 2000	$11.17	402,000	227,000

</TABLE>

The following table summarizes information about stock options outstanding at January 1, 2000:

<TABLE>

	Outstanding Stock Options			Exercisable Stock Options	
Range of Prices	Shares	Exercise Price	Weighted Average Remaining Contractual Life in Years	Shares	Weighted Average Exercise Price
<S>	<C>	<C>	<C>	<C>	<C>
$9.75	72,000	$ 9.75	4.83	72,000	$ 9.75
$11.88 to $14.83	42,000	$12.51	5.49	36,000	$12.56
$18.88	21,000	$18.88	7.32	12,000	$18.88
$15.13	100,500	$15.13	8.32	24,900	$15.13
$10.72 to $13.63	16,000	$11.81	9.52	6,000	$13.63

</TABLE>

The Company grants to non-employee directors, officers and key employees options to purchase common stock of the Company under three Plans adopted in 1988, 1994 and 1998. Options were granted through January 28, 1998 under the 1988 Plan. Under the 1994 Plan options may be granted through April 29, 2004, and through April 30, 2008 under the 1998 Plan at a price not less than the fair value on the date of grant. Under the 1988 and 1998 Plans, options may be exercised beginning one year after date of grant at a rate of 20 percent annually on a cumulative basis. Under the 1994 Non-Employee Directors' Plan, options may be exercised at the date of grant. At January 1, 2000, 186,800 shares of the options outstanding were fully exercisable.

The Company has elected to apply the provisions of Accounting Principles Board Opinion No. 25 "Accounting for Stock Issued to Employees," (APB No. 25) in the computation of compensation expense. Under APB No. 25's intrinsic value method, compensation expense is determined by computing the excess of the market price of the shares over the exercise price on the measurement date. For the Company's options, the intrinsic value on the measurement date (or grant date) is zero, and no compensation expense is recognized. FASB Statement No. 123 requires the Company to disclose pro forma net income and income per share as if a fair value based accounting method had been used in the computation of compensation expense. The fair value of the options computed under Statement 123 would be recognized over the vesting period of the options. The fair value for the Company's options granted subsequent to December 31, 1994 was estimated at the time the options were granted using the Black Scholes option pricing model with the following weighted-average assumptions for 1999, 1998 and 1997, respectively: risk-free interest rate of five percent; dividend yield of two percent; volatility factors of the expected market price of the Company's Common Shares of .728, .747 and .487; and an expected life of the option of seven years. The weighted average fair values on the date of grant were $4.65, $7.26 and $6.99 in 1999, 1998 and 1997, respectively. The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because the Company's options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its options. The effects of applying Statement 123 may not be representative of the effects on reported net income in future years.

For purposes of pro forma disclosures, the estimated fair value of the options is amortized to expense over the options' vesting period. The following is the pro forma information for 1999, 1998 and 1997:

<TABLE>

	1999	1998	1997

<S>	<C>	<C>	<C>
Pro forma net (loss) income	$2,757,000	$ (65,000)	$ 5,750,000
Pro forma diluted earnings per share	$.42	$(0.01)	$ 0.82

</TABLE>

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

<TABLE>

(Amount in thousands)	1999	1998	1997
<S>	<C>	<C>	<C>
Deferred tax assets:			
Allowance for doubtful accounts	$ 390	$ 128	$ 77
Deferred compensation	498	476	467
Inventory capitalization	231	203	194
Accrued group insurance	120	93	53
Environmental reserves	590	652	449
Other	55	147	98
Total deferred tax assets	1,884	1,699	1,338
Deferred tax liabilities:			
Tax over book depreciation	2,703	2,507	2,216
Prepaid expenses	390	379	418
Unrealized gain on investment	249	244	
Total deferred tax liabilities	3,342	3,130	2,634
Net deferred tax liabilities	$ (1,458)	$ (1,431)	$ (1,296)

Significant components of the provision for income taxes attributable to continuing operations are as follows:

Amount in thousands	1999	1998	1997
Current:			
Federal	$ 1,452	$ 271	$ 2632
State	158	13	156
Total current	1,610	284	2788
Deferred:			
Federal	21	(236)	379
State	1	(14)	23
Total deferred	22	(250)	402
Total	$ 1,632	$ 34	$ 3190

</TABLE>

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

<TABLE>

(Amount in thousands)	1999 Amount	%	1998 Amount	%	1997 Amount	%
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Tax at U.S. Statutory rates	$ 1,557	0.3	$33	34.0	$ 3,070	34.0
State income taxes, net of federal tax benefit	106	0.0	1	1.2	119	1.3
Other, net	(31)	(0.0)	(8)		1	
Total	$ 1,632	35.6	$34	35.2	$ 3,190	35.3

</TABLE>

Income tax payments of approximately $1,011,000, $729,000 and $2,756,000 were made in 1999, 1998 and 1997, respectively.

Note M Benefit Plans
The Company has a 401(k) Employee Stock Ownership Plan covering all non-union employees. Employees may contribute to the Plan up to 20 percent of their salary with a maximum of $10,000 for 1999. Contributions by the employees are invested in one or more funds at the direction of the employee; however, employee contributions cannot be invested in Company stock.

Contributions by the Company are made primarily in Synalloy stock. The Company contributes on behalf of each participant who is eligible a matching contribution equal to a percentage which is determined each year by the Board of Directors. For 1999 the maximum was four percent. The matching contribution is allocated monthly. Matching contributions of approximately $357,000, $354,000 and $294,000 were made for 1999, 1998 and 1997, respectively. The Company may also make a discretionary contribution, which shall be distributed to all eligible participants regardless of whether they contribute to the Plan. No discretionary contributions were made to the Plan in 1999, 1998 or 1997.

The Company also contributes to union-sponsored defined contribution retirement plans. Contributions relating to these plans were approximately $512,000, $484,000 and $428,000 for 1999, 1998 and 1997, respectively.

Note N Contingencies
The Company is from time to time subject to various claims, other possible legal actions for product liability and other damages, and other matters arising out of the normal conduct of the Company's business. Management believes that based on present information, it is unlikely that liability, if any, exists that would have a materially adverse effect on the consolidated operating results or financial position of the Company.

Note O Earnings Per Share
The following table sets forth the computation of basic and diluted earnings per share:

<TABLE>

<S>	1999 <C>	1998 <C>	1997 <C>
Numerator:			
Net income	$ 2,946,648	$ 62,677	$ 5,840,760
Denominator:			
Denominator for basic earnings per share-weighted average shares	6,558,705	6,779,349	6,959,628
Effect of dilutive securities:			
Employee stock options	396	14,528	47,088
Denominator for diluted earnings per share	6,559,101	6,793,877	7,006,716
Basic earnings per share	$0.45	$0.01	$0.84
Diluted earnings per share	$0.45	$0.01	$0.83

</TABLE>

Note P Acquisitions
On August 21, 1998, the Company purchased the common stock of Organic Pigments Corporation with an effective date of July 1, 1998. Organic, located in Greensboro, North Carolina, manufactures aqueous pigment dispersions sold to the textile industry and used in printing inks for use on paper. Total cost of the acquisition was $3,472,000 including retirement of $1,095,000 in bank debt and certain acquisition costs related to the transaction. The Company funded the acquisition with available cash. The acquisition was accounted for by the purchase method of accounting with the purchase price allocated to the underlying assets based on their respective fair values at the date of acquisition. Since the purchase price was approximately equal to the fair value of the net assets acquired, no goodwill was recorded. The Company's consolidated financial statements include the results of Organic from the July 1 effective date. The acquisition did not have a material impact on 1998 operations; therefore, no pro forma data has been presented.

The purchase agreement includes a contingent payment provision that provides for additional payments to be made to Organic's shareholders over a three-year period. The provision calls for payments to Organic's shareholders up to $875,000, payable one-third per year for three years, for a joint venture investment in a manufacturing plant in the Republic of China based on the equity value of the investment after the three-year period. Each payment is calculated for a one year period ending June 30 and payable August 30 for each of the next three years. The Company made the first payment of $292,000 in August 1999.

Note Q Industry Segments
Synalloy Corporation operates in two principal industry segments: metals and chemicals. The Company identifies such segments based on products and services. The Metals Segment consists of Bristol Metals and Whiting Metals, both wholly-owned subsidiaries. The Chemicals Segment consists of Blackman Uhler Chemical Company, a division of the Company, Manufacturers Chemicals and Organic Pigments Corporation, wholly-owned subsidiaries.
The Chemicals Segment manufactures dyes, pigments and auxiliaries for the textile industry and a wide variety of specialty chemicals for the textile, chemical, paper, metals, petroleum and pharmaceutical industries. The Metals Segment manufactures welded stainless steel pipe and highly specialized products, most of which are custom-produced to individual orders, required for corrosive and high-purity processes used principally

by the chemical, petrochemical and pulp and paper industries. Products include piping systems, fittings, tanks, pressure vessels and a variety of other components.

Operating profit is total revenue less operating expenses, excluding interest expense and income taxes. Identifiable assets (all of which are in the United States) are those assets used in operations by each segment. Centralized data processing and accounting expenses are allocated to the Metals Segment and Chemicals Segment based upon estimates of their percentage of usage. Corporate assets consist principally of cash, certain investments, and property and equipment. No single customer or agency (domestic or foreign) accounted for more than ten percent of revenues in 1999, 1998 or 1997.

The Company has a distributorship agreement expiring December 31, 2000 with the company supplying about 91 percent of the products that produced about 18 percent of the Chemicals Segment's sales in 1999. The supplier has been the principal source of these products since 1985. Although the Company believes that this supplier will continue to be a source of these products in the future, there is no assurance of this. Loss of this supplier would have a materially adverse short-term effect on the Company's sales and net income. However, management believes that if the agreement with this supplier is not continued in the future, other suppliers could be found to replace most of the products.

In June 1997, the FASB issued Statement No. 131, "Disclosures about Segments of an Enterprise and Related Information," which the Company adopted in 1998. The adoption of Statement 131 did not affect results of operations or financial position.

<TABLE>
Segment information:

(Amounts in thousands)	1999	1998	1997
<S>	<C>	<C>	<C>
Net sales			
Metals	$ 66,055	$ 55,368	$ 71,192
Chemicals	50,829	51,889	55,549
Total net sales	$ 116,884	$ 107,257	$ 126,741
Operating income			
Metals	$ 5,418	$ 1,409	$ 5,634
Chemicals	726	24	5,220
	6,144	1,433	10,854
Less unallocated corporate expense	905	804	1,110
Operating income	5,239	629	9,744
Other expense, net	660	532	713
Income before taxes	$ 4,579	$ 97	$ 9,031
Identifiable assets			
Metals	$ 37,295	$ 32,275	$ 37,838
Chemicals	36,140	35,002	30,211
Corporate	4,618	4,097	5,334
	$ 78,053	$ 71,374	$ 73,383
Depreciation and amortization			
Metals	$ 1,469	$ 1,515	$ 1,504
Chemicals	2,112	1,843	1,807
Corporate	151	155	174
	$ 3,732	$ 3,513	$ 3,485
Capital expenditures			
Metals	$ 914	$ 956	$ 1,163
Chemicals	2,733	2,661	1,653
Corporate	567	69	38
	$ 4,214	$ 3,686	$ 2,854
Geographic sales			
United States	$ 113,443	$ 101,776	$ 118,445
Elsewhere	3,441	5,481	8,296
	$ 116,884	$ 107,257	$ 126,741

</TABLE>

Note R Quarterly results (unaudited)
The following is a summary of quarterly operations for 1999, 1998 and 1997:

<TABLE>

(Thousands, except per share data)	Net Sales	Gross Profit	Net Income (Loss)	Net Income Per Common Share Diluted	Basic
1999					
First Quarter	$ 27,645	$ 3,371	$ 337	$ .05	$ .05
Second Quarter	28,292	3,331	326	.05	.05
Third Quarter	31,024	4,600	831	.13	.13
Fourth Quarter	29,923	5,272	1,454	.23	.23
1998					
First Quarter	$ 30,606	$ 3,475	$ 597	$ .09	$ .09
Second Quarter	25,813	2,927	110	.02	.02
Third Quarter	28,040	3,467	455	.07	.07
Fourth Quarter	22,798	2,334	(1,100)	(0.16)	(0.16)
1997					
First Quarter	$ 30,903	$ 4,246	$ 1,011	$ .14	$ .14
Second Quarter	31,205	4,832	1,386	.20	.20
Third Quarter	31,371	4,875	1,543	.22	.22
Fourth Quarter	33,262	5,762	1,901	.27	.28

</TABLE>

The Company recorded a special charge of $1,439,000 for environmental remediation costs in the fourth quarter of 1998 which reduced net income by $931,000 or $.14 per share. See Note H for further discussion.

Note S Subsequent Event
In February 2000, management decided to close the Whiting Metals facility. Closure is expected to be completed before the end of the second quarter of 2000. Management does not expect the closure to have a material effect on the operations of the Company.

In March 2000, management made the decision to close the Augusta, Georgia plant. It is anticipated that most of the products produced in Augusta will be transferred to the Spartanburg facility. Management expects the closure to reduce negative operating variances and, accordingly, enhance future earnings. However, the company expects to take a restructuring charge in the future, which has not yet been quantified.

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

Report Of Independent Auditors
Shareholders and Board of Directors
Synalloy Corporation

We have audited the accompanying consolidated balance sheets of Synalloy Corporation and subsidiaries as of January 1, 2000, January 2, 1999 and January 3, 1998, and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended January 1, 2000. Our audits also included the financial statement schedule listed in the index at Item 14(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Synalloy Corporation at January 1, 2000, January 2, 1999 and January 3, 1998 and the consolidated results of its operations and its cash flows for each of the three years in the period ended January 1, 2000, in conformity with generally accepted accounting principles in the United States. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a

whole, presents fairly in all material respects the information set forth therein.

Ernst & Young LLP

Greenville, South Carolina
February 5, 2000,
except for Note S, as to which the date is March 15, 2000

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

None

PART III

A definitive proxy statement, which will be filed with the Securities and Exchange Commission pursuant to regulation 14A of the Securities Exchange Act of 1934 within 120 days of the end of the registrant's fiscal year ended January 1, 2000, is incorporated herein by reference.

Item 10 Directors and Executive Officers of the Registrant

Such information as required by the Securities and Exchange Commission in Regulation S-K is contained in the Company's definitive Proxy Statement in connection with its Annual Meeting to be held May 18, 2000.

Item 11 Executive Compensation

The information with respect to executive compensation and transactions is hereby incorporated by reference from the Company's definitive proxy statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A of the Securities Exchange Act of 1934.

Item 12 Security Ownership of Certain Beneficial Owners and Management

The information with respect to security ownership of certain beneficial owners and management is hereby incorporated by reference from the Company's definitive proxy statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A of the Securities Exchange Act of 1934.

Item 13 Certain Relationships and Related Transactions
None

PART IV

Item 14 Exhibits, Financial Statement Schedules and Reports on Form 8-K

a. The following documents are filed as a part of this report:
   1. Financial Statements: The following consolidated financial statements of Synalloy Corporation are included in Item 8:

      Consolidated Balance Sheets at January 1, 2000, January 2, 1999 and January 3, 1998

      Consolidated Statements of Income for the years ended January 1, 2000, January 2, 1999 and January 3, 1998

      Consolidated Statements of Shareholders' Equity for the years ended January 1, 2000, January 2, 1999 and January 3, 1998

      Consolidated Statements of Cash Flows for the years ended January 1, 2000, January 2, 1999 and January 3, 1998

      Notes to Consolidated Financial Statements

   2. Financial Statements Schedules: The following consolidated financial statements schedule of Synalloy Corporation is included in Item 14(d).

      Schedule II - Valuation and Qualifying Accounts for the years ended January 1, 2000, January 2, 1999 and January 3, 1998

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

   3. Listing of Exhibits:
      Exhibit 22 - Subsidiaries of the Registrant

b. Reports on Form 8-K: There were no reports on Form 8-K filed during the fourth quarter of the 1999 fiscal year.

c. Exhibits: The response to this portion of Item 14 is submitted in a separate section of this report.

d. Financial Statements Schedules: The response to this portion of Item 14 is submitted as a separate section of this report.

Schedule II Valuation and Qualifying Accounts

<TABLE>

Column A	Column B	Column C	Column D	Column E
Description	Balance at Beginning of Period	Charged to Cost and Expenses	Deductions Describe (1)	Balance at End of Period
<S>	<C>	<C>	<C>	<C>
Year ended January 1, 2000				
Deducted from asset account:				
Allowance for doubtful accounts	$362,000	$820,000	$107,000	$1,075,000
Year ended January 2, 1999				
Deducted from asset account:				
Allowance for doubtful accounts	$219,000	$394,000	(2 $206,000	$ 362,000
Year ended January 3, 1998				
Deducted from asset account:				
Allowance for doubtful accounts	$208,000	$279,000	$268,000	$ 219,000

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

(2) Includes a $25,000 of allowance from the acquisition of Organic Pigments Corporation in 1998.

</TABLE>

Exhibit 21 Subsidiaries of the Registrant

The Company has six wholly-owned subsidiaries. All subsidiaries are included in the Company's consolidated financial statements. The subsidiaries are as follows:

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

Whiting Metals, Inc., a South Carolina corporation

Manufacturers Soap and Chemical Company, a Tennessee corporation

Organic Pigments Corporation, a North Carolina corporation

Metchem, Inc., a Delaware corporation

Synco International, Inc., a Virgin Islands corporation

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SYNALLOY CORPORATION
Registrant

By /s/ Cheryl C. Carter — March 28,2000
Cheryl C. Carter — Date
Corporate Secretary

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

By /s/ James G. Lane, Jr. — March 28, 2000
James G. Lane, Jr. — Date
Chief Executive Officer and
Chairman of the Board

By /s/ Gregory M. Bowie — March 28, 2000
Gregory M. Bowie — Date
Vice President, Finance

By /s/ Glenn R. Oxner — March 28, 2000
Glenn R. Oxner — Date
Director

By /s/ Sibyl N. Fishburn — March 28, 2000
Sibyl N. Fishburn — Date
Director

By /s/ Carroll D. Vinson	March 28, 2000
Carroll D. Vinson	Date
Director	
By /s/ Richard E. Ingram	March 28, 2000
Richard E. Ingram	Date
Director	

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