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

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

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 of incorporation)	(I.R.S. Employer Identification No.)

4510 Cox Road, Suite 201, Richmond, Virginia, 23060
(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:
Common Stock, $1.00 Par Value	NASDAQ Global Market
(Title of Class)	

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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

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

Indicate by check mark 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. ☐

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

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐ Do not check if smaller reporting company	Smaller reporting company	☐
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. ☐

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

Based on the closing price as of June 30, 2017, which was the last business day of the registrant's most recently completed second fiscal quarter, the aggregate market value of the common stock held by non-affiliates of the registrant was $92.9 million. Based on the closing price as of March 9, 2018, the aggregate market value of common stock held by non-affiliates of the registrant was $109.8 million. The registrant did not have any non-voting common equity outstanding at either date.

The number of shares outstanding of the registrant's common stock as of March 9, 2018 was 8,757,434.

Documents Incorporated By Reference
Portions of the Proxy Statement for the 2017 annual shareholders' meeting are incorporated by reference into Part III of this Form 10-K.

Synalloy Corporation
Form 10-K
For Period Ended December 31, 2017
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Forward-Looking Statements

This Annual Report on Form 10-K includes and incorporates by reference "forward-looking statements" within the meaning of the federal securities laws. All statements that are not historical facts are forward-looking statements. The words "estimate," "project," "intend," "expect," "believe," "should," "anticipate," "hope," "optimistic," "plan," "outlook," "should," "could," "may" and similar expressions identify forward-looking statements. The forward-looking statements are subject to certain risks and uncertainties, including without limitation those identified below, which could cause actual results to differ materially from historical results or those anticipated. Readers are cautioned not to place undue reliance on these forward-looking statements. The following factors could cause actual results to differ materially from historical results or those anticipated: adverse economic conditions; the impact of competitive products and pricing; product demand and acceptance risks; raw material and other increased costs; raw materials availability; employee relations; ability to maintain workforce by hiring trained employees; labor efficiencies; customer delays or difficulties in the production of products; new fracking regulations; a prolonged decrease in 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 and other risks detailed from time-to-time in Synalloy Corporation's Securities and Exchange Commission filings. Synalloy Corporation assumes no obligation to update any forward-looking information included in this Annual Report on Form 10-K.

PART I

Item 1 Business

Synalloy Corporation, a Delaware corporation, 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. The Company's executive office is located at 4510 Cox Road, Suite 201, Richmond, Virginia 23060 with an additional corporate and shared services office at 775 Spartan Boulevard, Suite 102, Spartanburg, South Carolina 29301. Unless indicated otherwise, the terms "Company," "we" "us," and "our" refer to Synalloy Corporation and its consolidated subsidiaries.

The Company's business is divided into two reportable operating segments, the Metals Segment and the Specialty Chemicals Segment. The Metals Segment operates as three reporting units, all International Organization for Standardization ("ISO") certified manufacturers, including Bristol Metals, LLC ("BRISMET"), a wholly-owned subsidiary of Synalloy Metals, Inc., Palmer of Texas Tanks, Inc. ("Palmer") and Specialty Pipe & Tube, Inc. ("Specialty"). BRISMET manufactures stainless steel and other alloy pipe and tube. Palmer manufactures liquid storage solutions and separation equipment, and Specialty is a master distributor of seamless carbon pipe and tube. The Metals Segment's markets include the oil and gas, chemical, petrochemical, pulp and paper, mining, power generation (including nuclear), water and waste water treatment, liquid natural gas ("LNG"), brewery, food processing, petroleum, pharmaceutical and other heavy industries. The Specialty Chemicals Segment operates as one reporting unit which includes Manufacturers Chemicals, LLC ("MC"), a wholly-owned subsidiary of Manufacturers Soap and Chemical Company ("MS&C"), and CRI Tolling, LLC ("CRI Tolling"). The Specialty Chemicals Segment produces specialty chemicals for the chemical, paper, metals, mining, agricultural, fiber, paint, textile, automotive, petroleum, cosmetics, mattress, furniture, janitorial and other industries. MC manufactures lubricants, surfactants, defoamers, reaction intermediaries and sulfated fats and oils. CRI Tolling provides chemical tolling manufacturing resources to global and regional chemical companies and contracts with other chemical companies to manufacture certain, pre-defined products.

General

Metals Segment – This segment is comprised of three wholly-owned subsidiaries: Synalloy Metals, Inc., which owns 100 percent of BRISMET, located in Bristol, Tennessee and Munhall, Pennsylvania; Palmer, located in Andrews, Texas; and Specialty, located in Mineral Ridge, Ohio and Houston, Texas.

BRISMET manufactures welded pipe and tube, primarily from stainless steel, but also from other corrosion-resistant metals. Pipe is produced in sizes from one-half inch to 120 inches in diameter and wall thickness up to one and one-half inches. Eighteen-inch and smaller diameter pipe is made on equipment that forms and welds the pipe in a continuous process. Pipe larger than 18 inches in diameter is formed on presses or rolls and welded on batch welding equipment. Pipe is normally produced in standard 20-foot lengths. However, BRISMET has unusual capabilities in the production of long length pipe without circumferential welds. This can reduce the installation cost for the customer. Lengths up to 60 feet can be produced in sizes up to 18 inches in diameter. In larger sizes, BRISMET has a unique ability among domestic producers to make 48-foot lengths in diameters up to 36 inches. Over the past four years, BRISMET has made substantial capital improvements, installing an energy efficient furnace to anneal pipe

quicker while minimizing natural gas usage; system improvements in pickling to maintain the proper chemical composition of the pickling acid; and developing a heavy wall/quick turn welded pipe production shop by adding a 4,000 tonne press along with all necessary ancillary processes. BRISMET's Munhall facility manufactures welded pipe as well as new product offerings in welded tubing in diameters from 5/8 inch to 8 inches and gauges in diameters from 0.028 inches to 0.120 inches. The Munhall facility was designed for improved product flow and the latest technology including laser welding and in-line annealing.

Palmer is a manufacturer of fiberglass and steel storage tanks for the oil and gas, waste water treatment and municipal water industries. Located in Andrews, Texas, Palmer is ideally located in the heart of a significant oil and gas production territory. Palmer produces made-to-order fiberglass tanks, utilizing a variety of custom mandrels and application specific materials. Its fiberglass tanks range from two feet to 30 feet in diameter at various heights. The majority of these tanks are used for oil field waste water capture and are an integral part of the environmental regulatory compliance of the drilling process. Each fiberglass tank is manufactured to American Petroleum Institute Q1 standards to ensure product quality. Palmer's steel storage tank facility enables efficient, environmentally compliant production with designed-in expansion capability to support future growth. Finished steel tanks range in size predominantly from 50 to 1,500 barrels and are used to store extracted oil. During 2014, Palmer obtained all of the necessary certifications to produce certified pressure vessels. These certifications allow Palmer to sell all of the separator and storage equipment needed at a well site.

Specialty is a leading master distributor of hot finish, seamless, carbon steel pipe and tubing, with an emphasis on large outside diameters and exceptionally heavy wall thickness. Specialty's products are primarily used for mechanical and high pressure applications in the oil and gas, capital goods manufacturing, heavy industrial, construction equipment, paper and chemical industries. Operating from facilities located in Mineral Ridge, Ohio and Houston, Texas, Specialty is well-positioned to serve the major industrial and energy regions and successfully reach other target markets across the United States. Specialty performs value-added processing on approximately 80 percent of products shipped, which would include cutting to length, heat treatment, testing, boring and end finishing and typically processes and ships orders in 24 hours or less. Based upon its short lead times, Specialty plays a critical role in the supply chain, supplying long lead-time items to markets that demand fast deliveries, custom lengths and reliable execution of orders.

In order to establish stronger business relationships, the Metals Segment uses only a few raw material suppliers. Nine suppliers furnish approximately 80 percent of total dollar purchases of raw materials, with one supplier furnishing 40 percent of material purchases. However, the Company does not believe that the loss of this supplier would have a materially adverse effect on the Company as raw materials are readily available from a number of different sources, and the Company anticipates no difficulties in fulfilling its requirements.

Specialty Chemicals Segment – This segment consists of the Company's wholly-owned subsidiary MS&C. MS&C owns 100 percent of the membership interests of MC, which has a production facility in Cleveland, Tennessee. This segment also includes CRI Tolling which is located in Fountain Inn, South Carolina. MC and CRI Tolling are aggregated as one reporting unit and comprise the Specialty Chemicals Segment. Both facilities are fully licensed for chemical manufacture. MC manufactures lubricants, surfactants, defoamers, reaction intermediaries and sulfated fats and oils. CRI Tolling provides chemical tolling manufacturing resources to global and regional companies and contracts with other chemical companies to manufacture certain pre-defined products.

MC produces over 1,100 specialty formulations and intermediates for use in a wide variety of applications and industries. MC's primary product lines focus on the areas of defoamers, surfactants and lubricating agents. These three fundamental product lines find their way into a large number of manufacturing businesses. Over the years, the customer list has grown to include end users and chemical companies that supply paper, metal working, surface coatings, water treatment, paint, mining, oil and gas and janitorial applications. MC's capabilities also include the sulfation of fats and oils. These products are used in a wide variety of applications and represent a renewable resource, animal and vegetable derivatives, as alternatives to more expensive and non-renewable petroleum derivatives.

MC's strategy has been to focus on industries and markets that have good prospects for sustainability in the U.S. in light of global trends. MC's marketing strategy relies on sales to end users through its own sales force, but it also sells chemical intermediates to other chemical companies and distributors. It also has close working relationships with a significant number of major chemical companies that outsource their production for regional manufacture and distribution to companies like MC. MC has been ISO registered since 1995.

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

Most raw materials used by the segment are generally available from numerous independent suppliers and approximately 52 percent of total purchases are from its top 15 suppliers. While some raw material needs are met by a sole supplier or only a few suppliers, the Company anticipates no difficulties in fulfilling its raw material requirements.

Please see Note 15 to the Consolidated Financial Statements, which are included in Item 8 of this Form 10-K, for financial information about the Company's segments.

Sales and Distribution

Metals Segment – The Metals Segment utilizes separate sales organizations for its different product groups. Stainless steel pipe is sold worldwide under the BRISMET trade name through authorized stocking distributors at warehouse locations throughout the country. Producing sales and providing service to the distributors and end-user customers are BRISMET's President, two outside sales employees, seven independent manufacturers' representatives and eight inside sales employees. Additionally, BRISMET operates international offices in Brussels, Belgium and Shanghai, China, with one person in each office.

Palmer employs three sales professionals that manage the relationship with customers and partnerships to identify and secure new sales. Additionally, the Metals Segment President assists in account relationship management with large customers. Customer feedback and in-field experience generate product enhancements and new product development.

Approximately 80 percent of Specialty's pipe and tube sales are to North American pipe and tube distributors with the remainder comprised of sales to end use customers. In addition to Specialty's President, Specialty utilizes two manufacturers' representatives and nine inside sales employees, whom are located at both locations, to obtain sales orders and service its customers.

The Metals Segment had one domestic customer that accounted for approximately 14 percent of the segment's revenues for 2015. There were no customers representing more than ten percent of the Metals Segment's revenues for 2017 or 2016.

Specialty Chemicals Segment – Specialty chemicals are sold directly to various industries nationwide by five full-time outside sales employees and eight manufacturers' representatives. The Specialty Chemicals Segment has one customer that accounted for approximately 23, 25 and 31 percent of the segment's revenues for 2017, 2016 and 2015, respectively. The concentration of sales to this customer declined as a result of this customer moving production of the products previously produced and sold by the Specialty Chemicals Segment in house.

Competition

Metals Segment – Welded stainless steel pipe is the largest sales volume product of the Metals Segment. Although information is not publicly available regarding the sales of most other producers of this product, management believes that the Company is one of the largest domestic producers of such pipe. This commodity product is highly competitive with eight known domestic producers, including the Company, and imports from many different countries.

Due to the size of the tanks produced and shipped to its customers, the majority of Palmer's products is sold within a 300 mile radius from its plant in Andrews, Texas. There are currently 18 tank producers, with similar capabilities, servicing that same area.

Specialty is a leader in the specialized products segment of the pipe and tube market by offering an industry-leading in-stock inventory of a broad range of high quality products, including specialized products with limited availability. Specialty's dual branches have both common and regional-specific products and capabilities. There are four known significant pipe and tube distributors with similar capabilities to Specialty.

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

Mergers, Acquisitions and Dispositions

The Company is committed to a long-term strategy of (a) reinvesting capital in our current business segments to foster their organic growth, (b) disposing of underperforming business segments and (c) completing acquisitions that expand our current business segments or establish new manufacturing platforms. Targeted acquisitions are priced to be economically feasible and focus on achieving positive long-term benefits. These acquisitions may be paid for in the form of cash, stock, debt or a combination thereof. The amount and type of consideration and deal charges paid could have a short-term dilutive effect on the Company's earnings per share. However, such transactions are anticipated to provide long-term economic benefit to the Company.

On December 9, 2016, the Company's subsidiary BRISMET, entered into a definitive agreement to acquire the stainless steel pipe and tube assets of Marcegaglia USA, Inc. ("MUSA") located in Munhall, PA to enhance its on-going business with additional capacity and technological advantages. The transaction closed on February 28, 2017. The agreement was structured as an asset purchase and excluded MUSA's galvanized and ornamental tubing products. The purchase price for the transaction, which excludes real estate and certain other assets, totaled $14,954,000; the assets purchased from MUSA include inventory, production and

maintenance supplies and equipment less specific identified liabilities assumed. In accordance with the agreement, on December 9, 2016, BRISMET entered into an escrow agreement and deposited $3,000,000 into the escrow fund. During the fourth quarter of 2017, the Company finalized the purchase price allocation for the acquisition. As part of the MUSA transaction, BRISMET assumed all of MUSA's rights and obligations pursuant to the Collective Bargaining Agreement between MUSA and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union AFL-CIO, on behalf of Local Union 5852-22 (the "Union") dated October 1, 2013 (the "CBA"). At the closing of the transaction, BRISMET and the Union amended the CBA to include a modest wage increase and to extend the CBA's termination date to September 30, 2018. A new CBA was ratified that extends the termination date to January 2023.

Environmental Matters

Environmental expenditures that relate to an existing condition caused by past operations and 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. Changes to laws and environmental issues, including climate change, are made or proposed with some frequency and some of the proposals, if adopted, might directly or indirectly result in a material reduction in the operating results of one or more of our operating units. We are presently unable to foresee the future well enough to quantify such risks. See Note 7 to the Consolidated Financial Statements, which are included in Item 8 of this Form 10-K, for further discussion.

Research and Development Activities

The Company spent approximately $556,000 in 2017, $603,000 in 2016 and $548,000 in 2015 on research and development activities that were expensed in its Specialty Chemicals Segment. Five individuals, all of whom are graduate chemists, are engaged primarily in research and development of new products and processes, the improvement of existing products and processes, and the development of new applications for existing products.

Seasonal Nature of the Business

With the exception of Palmer and Specialty's Houston location, which primarily serves the oil and gas industry, the Company's businesses and products are generally not subject to any seasonal impact that results in significant variations in revenues from one quarter to another. Fourth quarter revenue and profit for Palmer and Specialty Houston can be as much as 25 percent below the other three quarters due to vacation schedules for customer field crews working at the drill sites.

Backlogs

The Specialty Chemicals Segment operates primarily on the basis of delivering products soon after orders are received. Accordingly, backlogs are not a factor in this business. The same applies to seamless, carbon steel pipe and tubing sales in the Metals Segment. However, backlogs are important in the Metals Segment's welded stainless steel pipe and tank manufacturing operations, where both businesses incur significant dollar value of committed orders in advance of production. Its backlog of open orders for welded stainless steel pipe were $28,783,000 and $18,752,000 and for tanks were $17,192,000 and $9,878,000 at the end of 2017 and 2016, respectively.

Employee Relations

At December 31, 2017, the Company had 533 employees. The Company considers relations with employees to be strong. The number of employees of the Company represented by unions, located at the Bristol, Tennessee, Munhall, Pennsylvania and Mineral Ridge, Ohio facilities, is 223, or 42 percent of the Company's employees. They are represented by three locals affiliated with the United Steelworkers. Collective bargaining contracts for the Steelworkers expire in July 2019, June 2020 and January 2023, respectively.

Financial Information about Geographic Areas

Information about revenues derived from domestic and foreign customers is set forth in Note 15 to the Consolidated Financial Statements.

Available information

The Company electronically files with the Securities and Exchange Commission ("SEC") its annual reports on Form 10-K, its quarterly reports on Form 10-Q, its periodic reports on Form 8-K, amendments to those reports filed or furnished pursuant to Section 13(a) of the Securities Exchange Act of 1934 (the "1934 Act"), and proxy materials pursuant to Section 14 of the 1934 Act. The SEC maintains a site on the Internet, www.sec.gov, which contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. The Company also makes its filings available, free of charge,

through its Web site, www.synalloy.com, as soon as reasonably practical after the electronic filing of such material with the SEC. The information on the Company's Web site is not incorporated into this Annual Report on Form 10-K or any other filing the Company makes with the SEC.

Item 1A Risk Factors

There are inherent risks and uncertainties associated with our business that could adversely affect our operating performance and financial condition. Set forth below are descriptions of those risks and uncertainties that we believe to be material, but the risks and uncertainties described are not the only risks and uncertainties that could affect our business. Reference should be made to "Forward-Looking Statements" above, and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 7 below.

The cyclical nature of the industries in which our customers operate causes demand for our products to be cyclical, creating uncertainty regarding future profitability. Various changes in general economic conditions affect the industries in which our customers operate. These changes include decreases in the rate of consumption or use of our customers' products due to economic downturns. Other factors causing fluctuation in our customers' positions are changes in market demand, capital spending, lower overall pricing due to domestic and international overcapacity, lower priced imports, currency fluctuations, and increases in use or decreases in prices of substitute materials. As a result of these factors, our profitability has been and may in the future be subject to significant fluctuation.

Domestic competition could force lower product pricing and may have an adverse effect on our revenues and profitability. From time-to-time, intense competition and excess manufacturing capacity in the commodity stainless steel industry have resulted in reduced selling prices, excluding raw material surcharges, for many of our stainless steel products sold by the Metals Segment. In order to maintain market share, we would have to lower our prices to match the competition. These factors have had and may continue to have an adverse impact on our revenues, operating results and financial condition and may continue to do so in the future.

Our business, financial condition and results of operations could be adversely affected by an increased level of imported products. Our business is susceptible to the import of products from other countries, particularly steel products. Import levels of various products are affected by, among other things, overall world-wide demand, lower cost of production in other countries, the trade practices of foreign governments, government subsidies to foreign producers, the strengthening of the U.S. dollar and governmentally imposed trade restrictions in the United States. Although imports from certain countries have been curtailed by anti-dumping duties, imported products from other countries could significantly reduce prices. Increased imports of certain products, whether illegal dumping or legal imports, could reduce demand for our products in the future and adversely affect our business, financial position, results of operations or cash flows.

The Specialty Chemicals Segment uses significant quantities of a variety of specialty and commodity chemicals in its manufacturing processes, which are subject to price and availability fluctuations that may have an adverse impact on our financial performance. The raw materials we use are generally available from numerous independent suppliers. However, some of our raw material needs are met by a sole supplier or only a few suppliers. If any supplier that we rely on for raw materials ceases or limits production, we may incur significant additional costs, including capital costs, in order to find alternate, reliable raw material suppliers. We may also experience significant production delays while locating new supply sources, which could result in our failure to timely deliver products to our customers. Purchase prices and availability of these critical raw materials are subject to volatility. Some of the raw materials used by the Specialty Chemicals Segment are derived from petrochemical-based feedstock, such as crude oil and natural gas, which have been subject to historical periods of rapid and significant movements in price. These fluctuations in price could be aggravated by factors beyond our control such as political instability, and supply and demand factors, including Organization of the Petroleum Exporting Countries ("OPEC") production quotas and increased global demand for petroleum-based products. At any given time, we may be unable to obtain an adequate supply of these critical raw materials on a timely basis, at prices and other terms acceptable, or at all. If suppliers increase the price of critical raw materials, we may not have alternative sources of supply. We attempt to pass changes in the prices of raw materials along to our customers. However, we cannot always do so, and any limitation on our ability to pass through any price increases could have an adverse effect on our financial performance. Any significant variations in the cost and availability of our specialty and commodity materials may negatively affect our business, financial condition or results of operations, specifically for the Specialty Chemicals Segment.

We rely on a small number of suppliers for our raw materials and any interruption in our supply chain could affect our operations. In order to foster stronger business relationships, the Metals Segment uses only a few raw material suppliers. During the year ended December 31, 2017, nine suppliers furnished approximately 80 percent of our total dollar purchases of raw materials, with

one supplier providing 40 percent. However, these raw materials are available from a number of sources, and the Company anticipates no difficulties in fulfilling its raw materials requirements for the Metals Segment. Raw materials used by the Specialty Chemicals Segment are generally available from numerous independent suppliers and approximately 52 percent of total purchases were made from our top 15 suppliers during the year ended December 31, 2017. Although some raw material needs are met by a single supplier or only a few suppliers, the Company anticipates no difficulties in fulfilling its raw material requirements for the Specialty Chemicals Segment. While the Company believes that raw materials for both segments are readily available from numerous sources, the loss of one or more key suppliers in either segment, or any other material change in our current supply channels, could have an adverse effect on the Company's ability to meet the demand for its products, which could impact our operations, revenues and financial results.

A substantial portion of our overall sales is dependent upon a limited number of customers, and the loss of one or more of such customers would have a material adverse effect on our business, results of operation and profitability. The products of the Specialty Chemicals Segment are sold to various industries nationwide. The Specialty Chemicals Segment has one customer that accounted for approximately 23 percent, 25 percent and 31 percent of revenues for 2017, 2016 and 2015, respectively. The concentration of sales to this customer declined as a result of this customer moving production of the products previously produced and sold by the Specialty Chemicals Segment in house. The loss of this customer would have a material adverse effect on the revenues of the Specialty Chemicals Segment of the Company.

The Metals Segment had one customer that accounted for approximately 14 percent of revenues for 2015. There were no customers representing more than ten percent of the Metals Segment's revenues in 2017 or 2016. Palmer and Specialty, which are a part of the Metals Segment, sell much of their products to the oil and gas industry. Any change in this industry, or any change in this industry's demand for their products, would have a material adverse effect on the profits of the Metals Segment and the Company.

*Our operating results are sensitive to the availability and cost of energy and freight, which are important in the manufacture and transport of our products.*Our operating costs increase when energy or freight costs rise. During periods of increasing energy and freight costs, we might not be able to fully recover our operating cost increases through price increases without reducing demand for our products. In addition, we are dependent on third party freight carriers to transport many of our products, all of which are dependent on fuel to transport our products. The prices for and availability of electricity, natural gas, oil, diesel fuel and other energy resources are subject to volatile market conditions. These market conditions often are affected by political and economic factors beyond our control. Disruptions in the supply of energy resources could temporarily impair the ability to manufacture products for customers and may result in the decline of freight carrier capacity in our geographic markets, or make freight carriers unavailable. Further, increases in energy or freight costs that cannot be passed on to customers, or changes in costs relative to energy and freight costs paid by competitors, has adversely affected, and may continue to adversely affect, our profitability.

*Oil prices are extremely volatile. A substantial or extended decline in the price of oil could adversely affect our financial condition and results of operations.*Prices for oil can fluctuate widely. Our Palmer and Specialty (Houston, Texas) units' revenues are highly dependent on our customers adding oil well drilling and pumping locations. Should oil prices decline such that drilling becomes unprofitable for our customers, such customers will likely cap many of their current wells and cease or curtail expansion. This will decrease the demand for our tanks and pipe and tube and adversely affect the results of our operations.

*Significant changes in nickel prices could have an impact on the sales of the Metals Segment.*The Metals Segment uses nickel in a number of its products. Nickel prices are currently at a relatively low level, which reduces our manufacturing costs for certain products. When nickel prices increase, many of our customers increase their orders in an attempt to avoid future price increases, resulting in increased sales for the Metals Segment. Conversely, when nickel prices decrease, many of our customers wait to place orders in an attempt to take advantage of subsequent price decreases, resulting in reduced sales for the Metals Segment. On average, the Metals Segment turns its inventory of commodity pipe every six months, but the nickel surcharge on sales of commodity pipe is established on a monthly basis. The difference, if any, between the price of nickel on the date of purchase of the raw material and the price, as established by the surcharge, on the date of sale has the potential to create an inventory price change gain or loss. If the price of nickel steadily increases over time, as it did from 2005 to 2007, the Metals Segment is the beneficiary of the increase in nickel price in the form of metal price change gains. Conversely, if the price of nickel steadily decreases over time, as it did from 2011 to 2016, the Metals Segment suffers metal price change losses. 2017 was a highly volatile year, with nickel prices starting at a peak in January, and declining through the first nine months, with a steep trough during the third quarter (average down 25 percent from the first quarter), before rebounding to almost beginning of year levels by December. This volatile pattern did result in average nickel prices being up 48 percent for the full year of 2017 and up 38 percent for the fourth quarter 2017, when compared to the same periods of the prior year; however, substantial declines within the year generated cumulative inventory price change losses that exceeded inventory price change gains by $2,634,000 for the year. We will incur inventory price losses in the future if nickel prices decrease. Any material changes in the cost of nickel could impact our sales and result in fluctuations in the profits for the Metals Segment.

The Company began hedging its nickel exposure effective in the beginning of 2016 to provide coverage against extreme downside product pricing exposure related to the content of nickel alloy contained in purchased stainless steel inventory. The sales price of stainless steel product (containing nickel alloy) is subject to a variable pricing component for alloys (nickel, chrome, molybdenum and iron) contained in the product. Each month, industry pricing indices are published which set the following month's price surcharges for those alloys. The Company typically holds approximately six to seven months of inventory, with fixed priced purchase orders (where the alloy pricing index is "locked", eliminating the Company's exposure) consisting of approximately 50 percent of held stainless steel inventories. As a result, the eventual sales prices for approximately 50 percent of held stainless steel inventories will vary until a customer order commitment is received, and the selling price is established. In the past, the Company fully absorbed the potential negative market volatility that resulted from sales prices declining during the inventory hold period. In 2017 and 2016, the cumulative negative impact during the inventory hold period totaled $2,634,000 and $5,751,000, respectively, due to a substantial and prolonged period of nickel commodity pricing declines.

The Company's nickel hedge program covers approximately three months of pricing exposure, via forward contracts, to sell nickel at fixed prices. Other alloys do not have hedge contracts available in the marketplace. The Company reviews the current nickel pricing level and if it believes there is significant downside exposure in future pricing, management will protect against these projected declines by purchasing contracts to "Put" nickel pounds to the trading party, with strike prices at 15 percent below the three-month forward price at the time of the contract. As a result, there is zero hedge coverage for the first 15 percent of nickel price decline, but dollar for dollar coverage for 100 percent of any decline below that level.

As of December 31, 2017 and December 31, 2016, the Company had a hedge position equal to 1,351,000 and 639,000, respectively, of pounds of nickel, representing 53 and 34 percent, respectively, of the Company's total nickel content of stainless steel pounds in inventory. The Company does not utilize hedge accounting for these transactions but marks to market the value of the outstanding contracts with all adjustments being included in cost of sales in the Consolidated Statements of Operations. The fair value of the nickel contracts at December 31, 2017 and December 31, 2016 was an asset of approximately $9,000 and $87,000, respectively. The Company's downside exposure is limited to the potential that the total of the fair value of the nickel contracts would be reduced to zero, if nickel pricing does not decline to the contracted strike prices. The program is designed to mitigate but not eliminate the Company's nickel pricing exposure.

We encounter significant competition in all areas of our businesses and may be unable to compete effectively, which could result in reduced profitability and loss of market share. We actively compete with companies producing the same or similar products and, in some instances, with companies producing different products designed for the same uses. We encounter competition from both domestic and foreign sources in price, delivery, service, performance, product innovation and product recognition and quality, depending on the product involved. For some of our products, our competitors are larger and have greater financial resources than we do. As a result, these competitors may be better able to withstand a change in conditions within the industries in which we operate, a change in the prices of raw materials or a change in the economy as a whole. Our competitors can be expected to continue to develop and introduce new and enhanced products and more efficient production capabilities, which could cause a decline in market acceptance of our products. Current and future consolidation among our competitors and customers also may cause a loss of market share as well as put downward pressure on pricing. Our competitors could cause a reduction in the prices for some of our products as a result of intensified price competition. Competitive pressures can also result in the loss of major customers. If we cannot compete successfully, our business, financial condition and profitability could be adversely affected.

*Our lengthy sales cycle for the Specialty Chemicals Segment makes it difficult to predict quarterly revenue levels and operating results.*Purchasing the products of the Specialty Chemicals Segment is a major commitment on the part of our customers. Before a potential customer determines to purchase products from the Specialty Chemicals Segment, the Company must produce test product material so that the potential customer is satisfied that we can manufacture a product to their specifications. The production of such test materials is a time-consuming process. Accordingly, the sales process for products in the Specialty Chemicals Segment is a lengthy process that requires a considerable investment of time and resources on our part. As a result, the timing of our revenues is difficult to predict, and the delay of an order could cause our quarterly revenues to fall below our expectations and those of the public market analysts and investors.

Our operations expose us to the risk of environmental, health and safety liabilities and obligations, which could have a material adverse effect on our financial condition, results of operations or cash flows. We are subject to numerous federal, state and local environmental protection and health and safety laws governing, among other things:

- the generation, use, storage, treatment, transportation, disposal and management of hazardous substances and wastes;
- emissions or discharges of pollutants or other substances into the environment;
- investigation and remediation of, and damages resulting from, releases of hazardous substances; and
- the health and safety of our employees.

Under certain environmental laws, we can be held strictly liable for hazardous substance contamination of any real property we have ever owned, operated or used as a disposal site. We are also required to maintain various environmental permits and licenses, many of which require periodic modification and renewal. Our operations entail the risk of violations of those laws and regulations, and we cannot assure you that we have been or will be at all times in compliance with all of these requirements. In addition, these requirements and their enforcement may become more stringent in the future.

We have incurred, and expect to continue to incur, additional capital expenditures in addition to ordinary costs to comply with applicable environmental laws, such as those governing air emissions and wastewater discharges. Our failure to comply with applicable environmental laws and permit requirements could result in civil and/or criminal fines or penalties, enforcement actions, and regulatory or judicial orders enjoining or curtailing operations or requiring corrective measures such as the installation of pollution control equipment, which could have a material adverse effect on our financial condition, results of operations or cash flows.

We are currently, and may in the future be, required to investigate, remediate or otherwise address contamination at our current or former facilities. Many of our current and former facilities have a history of industrial usage for which additional investigation, remediation or other obligations could arise in the future and that could materially adversely affect our business, financial condition, results of operations or cash flows. In addition, we are currently, and could in the future be, responsible for costs to address contamination identified at any real property we used as a disposal site.

Although we cannot predict the ultimate cost of compliance with any of the requirements described above, the costs could be material. Non-compliance could subject us to material liabilities, such as government fines, third-party lawsuits or the suspension of non-compliant operations. We also may be required to make significant site or operational modifications at substantial cost. Future developments also could restrict or eliminate the use of or require us to make modifications to our products, which could have a significant negative impact on our results of operations and cash flows. At any given time, we are involved in claims, litigation, administrative proceedings and investigations of various types involving potential environmental liabilities, including cleanup costs associated with hazardous waste disposal sites at our facilities. We cannot assure you that the resolution of these environmental matters will not have a material adverse effect on our results of operations or cash flows. The ultimate costs and timing of environmental liabilities are difficult to predict. Liability under environmental laws relating to contaminated sites can be imposed retroactively and on a joint and several basis. We could incur significant costs, including cleanup costs, civil or criminal fines and sanctions and third-party claims, as a result of past or future violations of, or liabilities under, environmental laws.

We could be subject to third party claims for property damage, personal injury, nuisance or otherwise as a result of violations of, or liabilities under, environmental, health or safety laws in connection with releases of hazardous or other materials at any current or former facility. We could also be subject to environmental indemnification claims in connection with assets and businesses that we have acquired or divested.

There can be no assurance that any future capital and operating expenditures to maintain compliance with environmental laws, as well as costs to address contamination or environmental claims, will not exceed any current estimates or adversely affect our financial condition and results of operations. In addition, any unanticipated liabilities or obligations arising, for example, out of discovery of previously unknown conditions or changes in laws or regulations, could have an adverse effect on our business, financial condition, results of operations or cash flows.

*We are dependent upon the continued operation of our production facilities, which are subject to a number of hazards.*In both of our business segments, but especially in the Specialty Chemicals Segment, our production facilities are subject to hazards associated with the manufacture, handling, storage and transportation of chemical materials and products, including leaks and ruptures, explosions, fires, inclement weather and natural disasters, unscheduled downtime and environmental hazards which could result in liability for workplace injuries and fatalities. In addition, some of our production capabilities are highly specialized, which limits our ability to shift production to another facility in the event of an incident at a particular facility. If a production facility, or a critical portion of a production facility, were temporarily shut down, we likely would incur higher costs for alternate sources of supply for our products. We cannot assure you that we will not experience these types of incidents in the future or that these incidents will not result in production delays, failure to timely fulfill customer orders or otherwise have a material adverse effect on our business, financial condition or results of operations.

Certain of our employees in the Metals Segment are covered by collective bargaining agreements, and the failure to renew these agreements could result in labor disruptions and increased labor costs. As of December 31, 2017, we had 223 employees represented by unions at our Bristol, Tennessee, Munhall, Pennsylvania and Mineral Ridge, Ohio facilities, which is 42 percent of the aggregate number of Company employees. These employees are represented by three local unions affiliated with the United Steelworkers (the “Steelworkers Union"). The collective bargaining contracts for the Steelworkers Unions will expire in July 2019, June 2020 and January 2023. Although we believe that our present labor relations are satisfactory, our failure to renew these agreements on

reasonable terms as the current agreements expire could result in labor disruptions and increased labor costs, which could adversely affect our financial performance.

Our current capital structure includes indebtedness, which is secured by all or substantially all of our assets and which contains restrictive covenants that may prevent us from obtaining adequate working capital, making acquisitions or capital improvements.
Our existing credit facility contains restrictive covenants that limit our ability to, among other things, borrow money or guarantee the debts of others, use assets as security in other transactions, make investments or other restricted payments or distributions, change our business or enter into new lines of business, and sell or acquire assets or merge with or into other companies. In addition, our credit facility requires us to meet a minimum fixed charge coverage ratio which could limit our ability to plan for or react to market conditions or meet extraordinary capital needs and could otherwise restrict our financing activities. Our ability to comply with the covenants and other terms of our credit facility will depend on our future operating performance. If we fail to comply with such covenants and terms, we will be in default and the maturity of any then outstanding related debt could be accelerated and become immediately due and payable. In addition, in the event of such a default, our lender may refuse to advance additional funds, demand immediate repayment of our outstanding indebtedness, and elect to foreclose on our assets that secure the credit facility.

There were no events of default under our credit facility at December 31, 2017. Although we believe we will remain in compliance with these covenants in the foreseeable future and that our relationship with our lender is strong, there is no assurance our lender would consent to an amendment or waiver in the event of noncompliance; or that such consent would not be conditioned upon the receipt of a cash payment, revised principal payout terms, increased interest rates or restrictions in the expansion of the credit facility for the foreseeable future, or that our lender would not exercise rights that would be available to them, including, among other things, demanding payment of outstanding borrowings. In addition, our ability to obtain additional capital or alternative borrowing arrangements at reasonable rates may be adversely affected. All or any of these adverse events would further limit our flexibility in planning for, or reacting to, downturns in our business.

We may need new or additional financing in the future to expand our business or refinance existing indebtedness, and our inability to obtain capital on satisfactory terms or at all may have an adverse impact on our operations and our financial results. If we are unable to access capital on satisfactory terms and conditions, we may not be able to expand our business or meet our payment requirements under our existing credit facility. Our ability to obtain new or additional financing will depend on a variety of factors, many of which are beyond our control. We may not be able to obtain new or additional financing because we may have substantial debt, our current receivable and inventory balances do not support additional debt availability or because we may not have sufficient cash flows to service or repay our existing or future debt. In addition, depending on market conditions and our financial performance, equity financing may not be available on satisfactory terms or at all. If we are unable to access capital on satisfactory terms and conditions, this could have an adverse impact on our operations and our financial results.

Our existing property and liability insurance coverages contain exclusions and limitations on coverage. We maintain various forms of insurance, including insurance covering claims related to our properties and risks associated with our operations. From time-to-time, in connection with renewals of insurance, we have experienced additional exclusions and limitations on coverage, larger self-insured retentions and deductibles and higher premiums, primarily from the operations of the Specialty Chemicals Segment. As a result, our existing coverage may not be sufficient to cover any losses we may incur and in the future our insurance coverage may not cover claims to the extent that it has in the past and the costs that we incur to procure insurance may increase significantly, either of which could have an adverse effect on our results of operations or cash flows.

We may not be able to make the operational and product changes necessary to continue to be an effective competitor. We must continue to enhance our existing products and to develop and manufacture new products with improved capabilities in order to continue to be an effective competitor in our business markets. In addition, we must anticipate and respond to changes in industry standards that affect our products and the needs of our customers. We also must continue to make improvements in our productivity in order to maintain our competitive position. When we invest in new technologies, processes or production capabilities, we face risks related to construction delays, cost over-runs and unanticipated technical difficulties.

The success of any new or enhanced products will depend on a number of factors, such as technological innovations, increased manufacturing and material costs, customer acceptance and the performance and quality of the new or enhanced products. As we introduce new products or refine existing products, we cannot predict the level of market acceptance or the amount of market share these new or enhanced products may achieve. Moreover, we may experience delays in the introduction of new or enhanced products. Any manufacturing delays or problems with new or enhanced product launches will adversely affect our operating results. In addition, the introduction of new products could result in a decrease in revenues from existing products. Also, we may need more capital for product development and enhancement than is available to us, which could adversely affect our business, financial condition or results of operations. We sell our products in industries that are affected by technological changes, new product introductions and changing industry standards. If we do not respond by developing new products or enhancing existing products

on a timely basis, our products will become obsolete over time and our revenues, cash flows, profitability and competitive position will suffer.

In addition, if we fail to accurately predict future customer needs and preferences, we may invest heavily in the development of new or enhanced products that do not result in significant sales and revenue. Even if we successfully innovate in the development of new and enhanced products, we may incur substantial costs in doing so, and our profitability may suffer. Our products must be kept current to meet the needs of our customers. To remain competitive, we must develop new and innovative products on an on-going basis. If we fail to make innovations, or the market does not accept our new or enhanced products, our sales and results could suffer.

Our inability to anticipate and respond to changes in industry standards and the needs of our customers, or to utilize changing technologies in responding to those changes, could have a material adverse effect on our business and our results of operations.

Our strategy of using acquisitions and dispositions to position our businesses may not always be successful, which may have a material adverse impact on our financial results and profitability. We have historically utilized acquisitions and dispositions in an effort to strategically position our businesses and improve our ability to compete. We plan to continue to do this by seeking specialty niches, acquiring businesses complementary to existing strengths and continually evaluating the performance and strategic fit of our existing business units. We consider acquisitions, joint ventures and other business combination opportunities as well as possible business unit dispositions. From time-to-time, management holds discussions with management of other companies to explore such opportunities. As a result, the relative makeup of the businesses comprising our Company is subject to change. Acquisitions, joint ventures and other business combinations involve various inherent risks, such as: assessing accurately the value, strengths, weaknesses, contingent and other liabilities and potential profitability of acquisition or other transaction candidates; the potential loss of key personnel of an acquired business; significant transaction costs that were not identified during due diligence; our ability to achieve identified financial and operating synergies anticipated to result from an acquisition or other transaction; and unanticipated changes in business and economic conditions affecting an acquisition or other transaction. If acquisition opportunities are not available or if one or more acquisitions are not successfully integrated into our operations, this could have a material adverse impact on our financial results and profitability.

The loss of key members of our management team, or difficulty attracting and retaining experienced technical personnel, could reduce our competitiveness and have an adverse effect on our business and results of operations. The successful implementation of our strategies and handling of other issues integral to our future success will depend, in part, on our experienced management team. The loss of key members of our management team could have an adverse effect on our business. Although we have entered into employment agreements with key members of our management team including Craig C. Bram, President and Chief Executive Officer, Dennis M. Loughran, Senior Vice President and Chief Financial Officer, Sally M. Cunningham, Vice President of Corporate Administration, J. Kyle Pennington, President of Metals Segment, James G. Gibson, General Manager and President of Specialty Chemicals Segment, Steven J. Baroff, President and General Manager of Specialty, K. Dianne Beck, Vice President of Specialty, Christopher D. Sitka, Vice President of Specialty and Kevin Van Zandt, Vice President of Bristol Metals-Munhall, employees may resign from the Company at any time and seek employment elsewhere, subject to certain non-competition restrictions. Additionally, if we cannot retain our technical personnel or attract additional experienced technical personnel, our ability to compete could be harmed.

Federal, state and local legislative and regulatory initiatives relating to hydraulic fracturing, as well as governmental reviews of such activities could result in delays or eliminate new wells from being started, thus reducing the demand for our fiberglass and steel storage tanks, pressure vessels and heavy walled pipe and tube. Hydraulic fracturing (“fracking”) is currently an essential and common practice to extract oil from dense subsurface rock formations and this lower cost extraction method is a significant driving force behind the surge of oil exploration and drilling in several locations in the United States. However, the Environmental Protection Agency, U.S. Congress and state legislatures have considered adopting legislation to provide additional regulations and disclosures surrounding this process. In the event that new legal restrictions surrounding the fracking process are adopted in the areas in which our customers operate, we may see a dramatic decrease in Palmer's and Specialty - Texas' profitability which could have an adverse impact on our financial results.

*Our allowance for doubtful accounts may not be adequate to cover actual losses.*An allowance for doubtful accounts in maintained for estimated losses resulting from the inability of our customers to make required payments. This allowance may not be adequate to cover actual losses, and future provisions for losses could materially and adversely affect our operating results. The allowance for doubtful accounts is based on an evaluation of the outstanding receivables and existing economic conditions. The amount of future losses is susceptible to changes in economic, operating and other outside forces and conditions, all of which are beyond our control, and these losses may exceed current estimates. Although management believes that the allowance for doubtful accounts is adequate to cover current estimated losses, management cannot make assurances that we will not further increase the allowance for doubtful accounts. A significant increase in the allowance for doubtful accounts could adversely affect our earnings.

We depend on third parties to distribute certain of our products and because we have no control over such third parties we are subject to adverse changes in such parties' operations or interruptions of service, each of which may have an adverse effect on our operations. We use third parties over which we have only limited control to distribute certain of our products. Our dependency on these third party distributors has increased as our business has grown. Because we rely on these third parties to provide distribution services, any change in our ability to access these third party distribution services could have an adverse impact on our revenues and put us at a competitive disadvantage with our competitors.

*Freight costs for products produced in our Palmer facility restrict our sales area for this facility.*The freight and other distribution costs for products sold from our Palmer facility are extremely high. As a result, the market area for these products is restricted, which limits the geographic market for Palmer's tanks and the ability to significantly increase revenues derived from sales of products from the Palmer facility.

New regulations related to "conflict minerals" may force us to incur additional expenses, may make our supply chain more complex and may result in damage to our reputation with customers. On August 22, 2012, under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act"), the SEC adopted new requirements for companies that use certain minerals and metals, known as conflict minerals, in their products, whether or not these products are manufactured by third parties. These regulations require companies to conduct annual due diligence and disclose whether or not such minerals originate from the Democratic Republic of Congo and adjoining countries. Tungsten and tantalum are designated as conflict minerals under the Dodd-Frank Act. These metals are used to varying degrees in our welding materials and are also present in specialty alloy products. These new requirements could adversely affect the sourcing, availability and pricing of minerals used in our products. In addition, we could incur additional costs to comply with the disclosure requirements, including costs related to determining the source of any of the relevant minerals and metals used in our products. Since our supply chain is complex, we may not be able to sufficiently verify the origins for these minerals and metals used in our products through the due diligence procedures that we implement, which may harm our reputation. In such event, we may also face difficulties in satisfying customers who could require that all of the components of our products are conflict mineral-free.

Our inability to sufficiently or completely protect our intellectual property rights could adversely affect our business, prospects, financial condition and results of operations. Our ability to compete effectively in both of our business segments will depend on our ability to maintain the proprietary nature of the intellectual property used in our businesses. These intellectual property rights consist largely of trade-secrets and know-how. We rely on a combination of trade secrets and non-disclosure and other contractual agreements and technical measures to protect our rights in our intellectual property. We also depend upon confidentiality agreements with our officers, directors, employees, consultants and subcontractors, as well as collaborative partners, to maintain the proprietary nature of our intellectual property. These measures may not afford us sufficient or complete protection, and others may independently develop intellectual property similar to ours, otherwise avoid our confidentiality agreements or produce technology that would adversely affect our business, prospects, financial condition and results of operations.

*Our internal controls over financial reporting could fail to prevent or detect misstatements.*Because of its inherent limitations, internal controls over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Any failure to maintain effective internal controls or to timely effect any necessary improvement in our internal controls and disclosure controls could, among other things, result in losses from fraud or error, harm our reputation or cause investors to lose confidence in our reported financial information, all of which could have a material adverse effect on our financial condition, results of operations and cash flows.

Cyber security risks and cyber incidents could adversely affect our business and disrupt operations. Cyber incidents can result from deliberate attacks or unintentional events. These incidents can include, but are not limited to, gaining unauthorized access to digital systems for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. The result of these incidents could include, but are not limited to, disrupted operations, misstated financial data, liability for stolen assets or information, increased cyber security protection costs, litigation and reputational damage adversely affecting customer or investor confidence.

Loss of key supplier authorizations, lack of product availability, or changes in supplier distribution programs could adversely affect our sales and earnings. Our business depends on maintaining an immediately available supply of various products to meet customer demand. Many of our relationships with key product suppliers are longstanding, but are terminable by either party. The loss of key supplier authorizations, or a substantial decrease in the availability of their products, could put us at a competitive disadvantage and have a material adverse effect on our business. Supply interruptions could arise from raw material shortages, inadequate manufacturing capacity or utilization to meet demand, financial problems, labor disputes or weather conditions affecting suppliers' production, transportation disruptions or other reasons beyond our control.

In addition, as a master distributor, we face the risk of key product suppliers changing their relationships with distributors generally, or Specialty in particular, in a manner that adversely impacts us. For example, key suppliers could change the following: the prices we must pay for their products relative to other distributors or relative to competing products; the geographic or product line breadth of distributor authorizations; supplier purchasing incentive or other support programs; or product purchase or stock expectations.

*The purchasing incentives we earn from product suppliers can be impacted if we reduce our purchases in response to declining customer demand*Certain of our product and raw material suppliers have historically offered to their customers and distributors, including us, incentives for purchasing their products. In addition to market or customer account-specific incentives, certain suppliers pay incentives to the customer or distributor for attaining specific purchase volumes during the program period. In some cases, in order to earn incentives, we must achieve year-over-year growth in purchases with the supplier. When the demand for our products declines, we may be less willing to add inventory to take advantage of certain incentive programs, thereby potentially adversely impacting our profitability.

*The ongoing effects of the Tax Cuts and Jobs Act ("The Act") and the refinement of provisional estimates could make our results difficult to predict*Our effective tax rate may fluctuate in the future as a result of The Act, which was enacted on December 22, 2017. The Act introduced significant changes to U.S. income tax law that will have a meaningful impact on our provision for income taxes. Accounting for the income tax effects of the Tax Act requires significant judgments and estimates in the interpretation and calculations of the provisions of the The Act.

Due to the timing of the enactment and the complexity involved in applying the provisions of the The Act, we made reasonable estimates of the effects and recorded provisional amounts in our financial statements for the year ended December 31, 2017. The U.S. Treasury Department, the Internal Revenue Service ("IRS"), and other standard-setting bodies may issue guidance on how the provisions of the The Act will be applied or otherwise administered that is different from our interpretation. As we collect and prepare necessary data, and interpret the The Act and any additional guidance issued by the IRS or other standard-setting bodies, we may make adjustments to the provisional amounts that could materially affect our financial position and results of operations as well as our effective tax rate in the period in which the adjustments are made.

Item 1B Unresolved Staff Comments

None.

Item 2 Properties

The Company operates the major plants and facilities listed below, all of which are in adequate condition for their current usage. All facilities throughout the Company are believed to be 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. In September 2016, the Company sold its real estate properties previously owned in Tennessee, South Carolina, Texas and Ohio to Store Funding and concurrently leased back these real properties; see Note 12 to the Consolidated Financial Statements included in Item 8 of this Form 10-K. On February 28, 2017, the Company purchased certain stainless steel pipe and tube assets of MUSA in Munhall, PA. As part of this acquisition, the Company entered into a 15-month lease with the sellers for the current manufacturing facility. The lease was amended to extend the term of the lease to May 31, 2023. A parcel of land in Mineral Ridge, OH used for inventory storage, the corporate headquarters located in Richmond, VA, and the shared service center located in Spartanburg, SC continue to be leased by the Company from other parties.

Location	Principal Operations	Building Square Feet	Land Acres
Munhall, PA	Manufacturing stainless steel pipe	284,000	20.0
Bristol, TN	Manufacturing stainless steel pipe	275,000	73.1
Cleveland, TN	Chemical manufacturing and warehousing facilities	143,000	18.8
Fountain Inn, SC	Chemical manufacturing and warehousing facilities	136,834	16.9
Andrews, TX	Manufacturing liquid storage solutions and separation equipment	122,662	19.6
Houston, TX	Cutting facility and storage yard for heavy walled pipe	29,821	10.0
Mineral Ridge, OH	Cutting facility and storage yard for heavy walled pipe	12,000	12.0
Mineral Ridge, OH	Storage yard for heavy walled pipe	—	4.6
Richmond, VA	Corporate headquarters	5,911	—
Spartanburg, SC	Office space for corporate employees and shared service center	4,858	—
Augusta, GA	Chemical manufacturing (1)	—	46.0

(1) Property owned by Company; plant was closed in 2001 and all structures and manufacturing equipment have been removed.

Item 3 Legal Proceedings

For a discussion of legal proceedings, see Notes 7 and 13 to the Consolidated Financial Statements included in Item 8 of this Form 10-K.

Item 4 Mine Safety Disclosures

Not applicable.

PART II

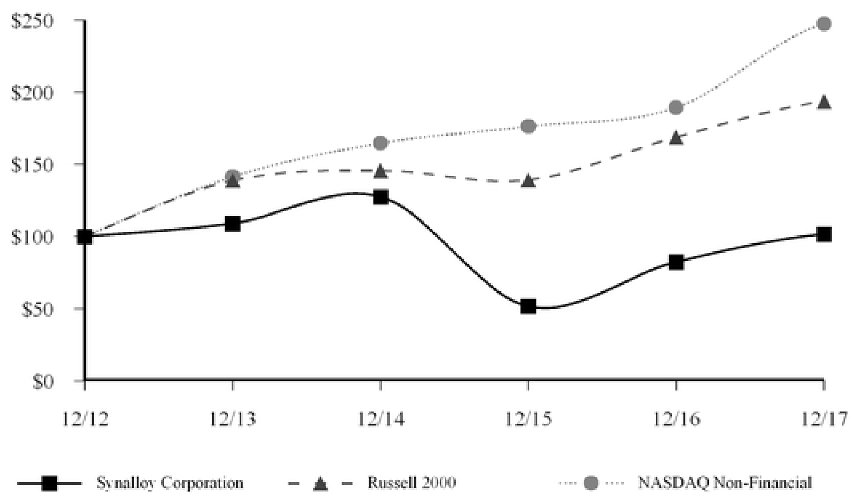
Item 5 Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

The Company had 468 common shareholders of record at March 9, 2018. The Company's common stock trades on the NASDAQ Global Market under the trading symbol SYNL. The Company's credit agreement restricts the payment of dividends indirectly through a minimum fixed charge coverage covenant. The Company paid a $0.13 cash dividend on November 6, 2017 and a $0.30 cash dividend on December 8, 2015. No dividends were declared or paid in 2016. The prices shown below are the high and low sales prices for the common stock for each full quarterly period in the last two fiscal years as quoted on the NASDAQ Global Market.

	2017		2016	
Quarter	High	Low	High	Low
1st	$ 13.35	$ 9.75	$ 10.07	$ 6.42
2nd	13.75	10.40	8.50	7.25
3rd	13.10	10.30	9.68	6.56
4th	15.30	11.88	11.70	8.57

The information required by Item 201(d) of Regulation S-K is set forth in Part III, Item 12 of this Annual Report on Form 10-K.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*
Among Synalloy Corpation, the Russell 2000 Index, and the NASDAQ Non Financial Index



*$100 invested on 12/31/12 in stock or index, including reinvestment of dividends.
Fiscal year ending December 31.

Source: Russell Investment Group

Comparison of 5 Year Cumulative Total Return Graph

	12/12	12/13	12/14	12/15	12/16	12/17
Synalloy Corporation	$ 100.00	$ 109.05	$ 127.38	$ 51.74	$ 82.35	$ 101.67
Russell 2000	100.00	138.82	145.62	139.19	168.85	193.58
NASDAQ Non-Financial	100.00	141.29	164.62	176.19	189.29	247.35

This graph and related information shall not be deemed to be “filed” with the Securities and Exchange Commission or “soliciting material” or subject to Regulation 14A, or the liabilities of Section 18 of the 1934 Act, except to the extent the Company specifically requests that such information be treated as soliciting material or specifically incorporates it by reference into a filing under the Securities Act of 1933 or the 1934 Act.

Unregistered Sales of Equity Securities

Pursuant to the compensation arrangement with directors discussed under Item 12 "Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters" in this Form 10-K, on May 17, 2017, the Company issued an aggregate of 24,209 shares of restricted stock to non-employee directors in lieu of $287,500 of their annual cash retainer fees. Issuance of these shares was not registered under the Securities Act of 1933 based on the exemption provided by Section 4(2) thereof because no public offering was involved.

The Company also issued 34,322 shares of common stock in 2017 to management and key employees that vested pursuant to the 2005 and 2015 Stock Awards Plans. Issuance of these shares was not registered under the Securities Act of 1933 based on the exemption provided by Section 4(2) thereof because no public offering was involved.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

Period	(a) Total number of shares (or units) purchased	(b) Average price paid per share (or unit)	(c) Total number of shares (or units) purchased as part of publicly announced plans or programs	(d) Maximum number (or approximate dollar value) of shares (or units) that may yet be purchased under the plans or programs
January 1, 2017 - January 31, 2017	—	$ —	—	870,100
February 1, 2017 - February 29, 2017	—	$ —	—	870,100
March 1, 2017 - March 31, 2017	—	$ —	—	870,100
April 1, 2017 - April 30, 2017	—	$ —	—	870,100
May 1, 2017 - May 31, 2017	—	$ —	—	870,100
June 1, 2017 - June 30, 2017	—	$ —	—	870,100
July 1, 2017 - July 31, 2017	—	$ —	—	870,100
August 1, 2017 - August 31, 2017	—	$ —	—	870,100
Total	—		—	

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

Item 6 Selected Financial Data

Selected Financial Data and Other Financial Information

(Dollar amounts in thousands except for per share data)

	2017	2016	2015[c]	2014 [a]	2013
Operations [b]					
Net sales	$ 201,148	$ 138,566	$ 175,460	$ 199,505	$ 196,751
Gross profit	28,081	16,904	25,319	32,929	19,798
Selling, general & administrative expense[e]	24,875	22,673	21,938	16,530	15,987
Goodwill impairment	—	—	17,158	—	—
Operating income (loss)[e]	2,746	(8,246)	(13,031)	16,098	3,547
Net income (loss) - continuing operations	1,341	(6,994)	(10,269)	12,619	2,898
Net loss - discontinued operations	—	(99)	(1,251)	(7,157)	(1,137)
Net income (loss)	1,341	(7,093)	(11,520)	5,462	1,761
Financial Position					
Total assets[d], [e]	159,874	138,638	149,043	187,633	163,068
Working capital[d], [f]	74,396	64,868	58,310	64,580	74,992
Long-term debt, less current portion[e]	25,914	8,804	23,410	27,039	20,713
Shareholders' equity	89,700	88,593	95,154	109,454	106,098
Financial Ratios					
Current ratio[d], [e], [f]	3.2:1	3.0:1	3.2:1	2.6:1	4.0:1
Gross profit to net sales[b]	14%	12 %	14 %	17%	10%
Long-term debt to capital[e]	22%	9 %	20 %	20%	16%
Return on average assets[b], [d], [e]	1%	(4)%	(6)%	7%	2%
Return on average equity[b]	2%	(7)%	(10)%	12%	3%
Per Share Data (Income/(Loss) – Diluted)					
Net income (loss) - continuing operations	$ 0.15	$ (0.81)	$ (1.18)	$ 1.45	$ 0.42
Net loss - discontinued operations	—	(0.01)	(0.14)	(0.82)	(0.16)
Net income (loss)	0.15	(0.82)	(1.32)	0.63	0.25
Dividends declared and paid	0.13	—	0.30	0.30	0.26
Book value	10.27	10.22	11.02	12.57	12.21
Other Data					
Depreciation and amortization[b], [e]	$ 7,738	$ 6,695	$ 6,634	$ 5,132	$ 4,625
Capital expenditures[b]	5,279	3,044	10,905	8,066	5,648
Employees at year end	533	412	411	464	670
Shareholders of record at year end	488	527	540	575	619
Average shares outstanding - diluted	8,727	8,650	8,710	8,715	6,947
Stock Price					
Price range of common stock					
High	$ 15.30	$ 11.70	$ 18.49	$ 18.84	$ 17.38
Low	9.75	6.42	6.20	13.14	12.53
Close	13.40	10.95	6.88	17.67	15.53

(a) 2014 represents a 53 week year.

(b) Information in the section or line has been re-stated to reflect continuing operations only.

(c) Effective December 31, 2015, the Company changed from a fiscal year to a calendar year.

(d) Effective 2015, the section or line includes the effects of the adoption of ASU 2015-17, *Balance Sheet Classification and Deferred Taxes* , requiring all deferred tax assets and liabilities and any related valuation allowance to be classified as non-current on our consolidated balance sheets. Prior periods were not retrospectively adjusted.

(e) Information in the line has been re-stated to reflect the adoption of ASU 2015-03, *Interest - Imputation of Interest* , requiring debt issuance cots related to a recognized debt liability be presented as a direct deduction of the debt liability.

(f) Information in the line has been re-stated to reflect the reclassification of deferred lease liabilities from accrued expenses to other long-term liabilities.

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

Critical Accounting Policies and Estimates

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

Allowance for Doubtful Accounts

The Company maintained an allowance for doubtful accounts of approximately$35,000 as of December 31, 2017, for estimated losses resulting from the inability of its customers to make required payments. The allowance is based upon a review of outstanding receivables, historical collection information and existing economic conditions. The Company performs periodic credit evaluations of its customers' financial condition and generally does not require collateral. Receivables are generally due within 30 to 60 days. Delinquent receivables are written off based on individual credit evaluations and specific circumstances of the customer.

Inventory Adjustments and Reserves

At the end of each quarter, all facilities review recent sales reports to identify sales price trends that would indicate products or product lines that are being sold below our cost. This would indicate that an adjustment would be required.

During the years ended December 31, 2017 and December 31, 2016, adjustments of $254,000 and $93,000 to inventory cost were required by our storage tank facility as lower demand for oil and gas products caused the net realizable value to fall below inventory cost for certain tanks.

During the year ended December 31, 2016, an adjustment of $43,000 to inventory cost was required by our Metals Segment mainly due to decreases in nickel prices. Stainless steel, both in its raw material (coil or plate) or finished goods (pipe) state is purchased / sold using a base price plus an additional surcharge which is dependent on current nickel prices. As raw materials are purchased, it is priced to the Company based upon the surcharge at that date. When the selling price of the finished pipe is set for the customer, approximately three months later, the then-current nickel surcharge is used to determine the proper selling prices. A lower of cost or net realizable value adjustment is recorded when the Company's inventory cost, based upon a historical nickel price, is greater than the current selling price of that product due to a reduction in the nickel surcharge. An adjustment was not required at December 31, 2017.

The Company establishes inventory reserves for:

- Estimated obsolete or unmarketable inventory. As of December 31, 2017 and December 31, 2016, the Company identified inventory items with no sales or expected sales activity for finished goods or no usage for raw materials for a certain period of time. For those inventory items that are not currently being marketed and unable to be sold, a reserve was established for 100 percent of the inventory cost less any estimated scrap proceeds. The Company reserved $411,000 and $697,000 at December 31, 2017 and December 31, 2016, respectively.
- Estimated quantity losses. The Company performs an annual physical inventory during the fourth quarter each year. For those facilities that complete their physical inventory before the end of December, a reserve is established for the potential quantity losses that could occur subsequent to their physical. This reserve is based upon the most recent physical inventory results. At December 31, 2017 and December 31, 2016, the Company had $286,000 and $269,000, respectively, reserved for expected physical inventory quantity losses.

Impairment of Long-Lived Assets

The Company continually reviews the recoverability of the carrying value of long-lived assets. Long-lived assets are reviewed for impairment when events or changes in circumstances, also referred to as "triggering events", indicate that the carrying value of a long-lived asset or group of assets (the "Assets") may no longer be recoverable. Triggering events include: a significant decline in the market price of the Assets; a significant adverse change in the operating use or physical condition of the Assets; a significant adverse change in legal factors or in the business climate impacting the Assets' value, including regulatory issues such as

environmental actions; the generation by the Assets of historical cash flow losses combined with projected future cash flow losses; or the expectation that the Assets will be sold or disposed of significantly before the end of the useful life of the Assets.

Business Combinations

Acquisitions are accounted for using the acquisition method of accounting for business combinations in accordance with Generally Accepted Accounting Principles ("GAAP"). Under this method, the total consideration transferred to consummate the acquisition is allocated to the identifiable tangible and intangible assets acquired and liabilities assumed based on their respective fair values as of the closing date of the acquisition. The acquisition method of accounting requires extensive use of estimates and judgments to allocate the consideration transferred to the identifiable tangible and intangible assets, if any, acquired and liabilities assumed.

Goodwill

Goodwill, which represents the excess of purchase price over fair value of net assets acquired, is tested for impairment at the reporting unit level, annually in the fourth quarter and whenever circumstances indicate that the carrying value may not be recoverable. The evaluation of impairment involves using either a step zero qualitative approach or a quantitative approach, if required, as outlined in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 350. The step zero approach allows an entity to first assess qualitative factors to determine whether it is more likely than not that the Fair Value of a reporting unit is less than its carrying value. If an entity cannot make this determination, then the quantitative approach will be followed. The quantitative approach involves a comparison of the fair value of the reporting unit in which the goodwill is recorded to its carrying amount. If the reporting unit's fair value exceeds its carrying value, no impairment loss is recognized. However, if the reporting unit's carrying value exceeds its fair value, an impairment charge equal to the difference in the carrying value of the goodwill and reporting unit's fair value is recorded. The Company performed the quantitative analysis during the fourth quarter of 2017 which resulted in no impairment of the goodwill recognized of $1,355,000 for the Specialty Chemicals Segment or the goodwill recognized of $4,649,000 for the Metals Segment for the year ended December 31, 2017.

When the quantitative approach is used, in making our determination of fair value of the reporting unit, we rely on the discounted cash flow method. This method uses projections of cash flows from the reporting unit. This approach requires significant judgments including the Company's projected net cash flows, the weighted average cost of capital ("WACC") used to discount the cash flows and terminal value assumptions. We derive these assumptions used in the testing from several sources. Many of these assumptions are derived from our internal budgets, which would include existing sales data based on current product lines and assumed production levels, manufacturing costs and product pricing. We believe that our internal forecasts are consistent with those that would be used by a potential buyer in valuing our reporting units.

Earn-Out Liability

In connection with the acquisition of MUSA's stainless steel assets on February 28, 2017, the Company is required to make contingent earn-out payments to the prior owners based upon actual sales levels of stainless steel pipe and tube (outside diameter of ten inches or less). In accordance with ASC Topic 805, Business Combinations, the Company determined the fair value of the earn-out liability on the acquisition date using a Monte Carlo simulation model. Future changes to the fair value of the earn-out liability will be determined each quarter-end and charged to income or expense in the “Earn-Out Adjustment” line item in the Consolidated Statements of Operations and Other Comprehensive Income.

Liquidity and Capital Resources

Cash flows provided by continuing operating activities during 2017 and 2016 totaled $2,235,000 and $5,355,000 respectively, a decrease in cash flows of $3,120,000. The significant components of those results are as follows:

- Net income from continuing operations for 2017 was $1,341,000. Adding back non-cash, non-operating items, including a) depreciation and amortization expense of $7,738,000, b) the earn-out adjustment of $689,000 and c) deducting the gain on the sale of available for sale securities of $310,000, resulted in favorable cash generation from continuing operations of $9,458,000, an increase of $7,385,000 from $2,073,000 for the prior year. That prior year amount includes a net loss from continuing operations of $6,994,000, plus add backs for non-cash, non-operating items of a) depreciation and amortization of $6,695,000 and b) the loss on the sale of property, plant and equipment resulting from the sale-leaseback of $2,372,000.

- Accounts receivable from continuing operations used $10,877,000 cash during 2017 as sales increased 48 percent for November and December 2017 compared to the same two months of 2016. Accounts receivable days outstanding remained relatively stable, decreasing from 51.5 days at the end of 2016 to 50.7 days at the end of 2017.

- Inventory used $7,088,000 of cash as the Company consciously built inventory at the Bristol Metals-Munhall location from acquisition levels along with higher inventory at other facilities to support increased sales activity. Inventory turns, calculated on a three-month average basis, increased from 1.90 turns at the end of 2016 to 2.51 turns at the end of 2017.
- Accounts payable favorably affected cash flows from continuing operations by $7,572,000 in 2017 as higher inventory purchases were made during November and December of 2017 in the Metals Segment, which increased the 2017 year-end accounts payable balance. Accounts payable days outstanding was consistent at 60 days for both years.
- Finally, the change in other assets and accrued expenses resulted mainly from an $11,000,000 non-cash reversal of an accrual recorded during the fourth quarter 2016 for a judgment received on an on-going lawsuit which was initially identified during the Company's due diligence associated with the acquisition of Palmer. During 2017, the plaintiff of the case entered into settlement agreements with Palmer/Synalloy and the former shareholders of Palmer. The former shareholders of Palmer satisfied the financial conditions specified in their settlement agreement resulting in the plaintiff filing a Release of Final Judgment with the Court. As a result of the release, the $11,000,000 legal liability and corresponding indemnified receivable due from the former shareholders of Palmer were eliminated. This litigation is more fully described in Note 13.

In 2017, the Company's current assets and current liabilities increased $10,143,000 and $615,000, respectively, from the year ended 2016 amounts, which caused working capital for 2017 to increase by $9,528,000 to $74,396,000 from the 2016 total of $64,868,000. The current ratio for the year ended December 31, 2017, increased to 3.2:1 from the 2016 year-end ratio of 3.0:1.

The Company used cash from investing activities during 2017 of $17,401,000. The Bristol Metals-Munhall acquisition during the first quarter 2017 used $11,954,000 and the Company incurred capital asset purchases of $5,279,000. Financing activities during 2017 generated $15,117,000 of cash as the Company borrowed funds during 2017 for the aforementioned acquisition and capital purchases. The Company declared a $0.13 per share dividend during the fourth quarter 2017 which resulted in a use of cash of $1,149,000.

On August 31, 2016, the Company amended its Credit Agreement with its bank to create a new credit facility in the form of an asset-based revolving line of credit in the amount of $45,000,000. The maturity date of the Line was February 28, 2019. On October 30, 2017, the Company amended its Credit Agreement with its bank to increase the limit of the Line by $20,000,000 to a maximum of $65,000,000 and extended the maturity date to October 30, 2020. Interest under the Credit Agreement is calculated using the One Month LIBOR Rate (as defined in the Credit Agreement), plus a pre-defined spread. Borrowings under the Credit Agreement are limited to an amount equal to a Borrowing Base calculation (as defined in the Credit Agreement) that includes eligible accounts receivable and inventory. The Company determined the refinancing should be accounted for as a debt modification. The Company incurred lender and third party costs associated with the debt restructuring that were capitalized on the balance sheet while certain other third party costs were expensed.

Pursuant to the Credit Agreement, the Company was required to pledge all of its tangible and intangible properties, including the stock and membership interests of its subsidiaries. In the Credit Agreement, the Company's bank agreed to release its liens on the real estate properties covered by the Purchase and Sale Agreement with Store Funding, as described in Note 12.

Covenants under the amended Credit Agreement include maintaining a minimum fixed charge coverage ratio and a limitation on the Company’s maximum amount of capital expenditures per year, which is in line with currently projected needs. At December 31, 2017, the Company was in compliance with all debt covenants. The Company believes that its current liquidity position is sufficient to meet its needs going forward.

Results of Operations

Comparison of 2017 to 2016 – Consolidated

For the full-year 2017, the net income from continuing operations totaled $1,341,000, or $0.15 per share. This compared to full-year 2016 net loss from continuing operations of $6,994,000, or $0.81 loss per share. For the fourth quarter of 2017 the Company recorded net income from continuing operations of $1,017,000, or $0.11 per share. This compares to net loss from continuing operations of $1,436,000, or $0.17 loss per share for fourth quarter of 2016. The full-year and fourth quarter 2017 operating results include an operating loss of $245,000 and an operating profit of $14,000, respectively, due to Bristol Metals-Munhall's operations which was acquired in the first quarter 2017.

Consolidated gross profit from continuing operations increased 66 percent to $28,081,000 in 2017, compared to $16,904,000 in 2016, and, as a percent of sales, increased to 14 percent of sales in 2017 compared to twelve percent of sales in 2016. For the fourth quarter of 2017, consolidated gross profit from continuing operations was $7,663,000, an increase of 108 percent from the fourth quarter of 2016 of $3,684,000. Consolidated gross profit from continuing operations was 15 percent of sales for the fourth

quarter of 2017 and eleven percent of sales for same period of 2016. The increases in dollars and in percentage of sales were attributable to the Metals Segment as discussed in the Metals Segment Comparison of 2017 to 2016 below.

Consolidated selling, general and administrative expense from continuing operations for 2017 increased by $2,202,000 to $24,875,000, or twelve percent of sales, compared to $22,673,000, or 16 percent of sales for 2016. These costs increased $407,000 during the fourth quarter of 2017 to $5,955,000 compared to $5,548,000 for the same period of 2016 and were eleven percent of sales for the fourth quarter 2017 compared to 17 percent of sales for the fourth quarter of 2016. The dollar increase for both the year and fourth quarter of 2017 when compared to the same periods of 2016 resulted primarily from the inclusion of Bristol Metals-Munhall's selling, general and administrative expenses for the entire year and fourth quarter for 2017. Since Bristol Metals-Munhall was acquired in February 2017, none of its selling, general, and administrative expenses were included in the prior year. This accounted for $1,139,000 and $356,000 of the annual and fourth quarter increase in selling, general and administrative costs for 2017. The remainder of the increase for the year resulted from higher incentive based bonuses, bad debt expense, stock compensation costs and personnel costs, partly offset by lower amortization and one-time sale-leaseback closing costs which were incurred in the prior year. In addition, the Company incurred $795,000 for one-time acquisition related costs mainly associated with the Bristol Metals-Munhall acquisition in 2017 compared to $106,000 of one-time acquisition costs associated with this acquisition in 2016. These costs were $13,000 and $30,000 for the fourth quarters of 2017 and 2016, respectively. All of these items will be discussed in greater detail in the respective sections below.

Comparison of 2016 to 2015 – Consolidated

For the full-year 2016, the net loss from continuing operations totaled $6,994,000, or $0.81 loss per share. This compared to full-year 2015 net loss from continuing operations of $10,269,000, or $1.18 loss per share. For the fourth quarter of 2016 the Company recorded a net loss from continuing operations of $1,436,000, or $0.17 loss per share. This compares to a net loss from continuing operations of $17,717,000, or $2.04 loss per share for fourth quarter of 2015.

Consolidated gross profit from continuing operations decreased 33 percent to $16,904,000 in 2016, compared to $25,319,000 in 2015, and, as a percent of sales, decreased to twelve percent of sales in 2016 compared to 14 percent of sales in 2015. For the fourth quarter of 2016, consolidated gross profit from continuing operations was $3,684,000, an increase of eight percent from the fourth quarter of 2015 of $3,424,000. Consolidated gross profit from continuing operations was eleven percent of sales for the fourth quarter of 2016 and ten percent of sales for same period of 2015. The majority of the changes in dollars and in percentage of sales were attributable to the Metals Segment as discussed in the Metals Segment Comparison of 2016 to 2015 below.

Consolidated selling, general and administrative expense from continuing operations for 2016 increased by $735,000 or three percent to $22,673,000 (16 percent of sales) compared to $21,938,000 (13 percent of sales) for 2015. These costs decreased $78,000 or one percent to $5,548,000 for the fourth quarter of 2016 from $5,626,000 for the same period of 2015 and were 17 percent of sales for the fourth quarter 2016 compared to 16 percent of sales for the fourth quarter of 2015. The increase for the full-year 2016 resulted from higher salaries and wages, directors fees, amortization and sale-leaseback closing costs partly offset by lower professional fees, sales commissions and incentive based bonuses. In addition, the Company incurred $106,000 in 2016 for acquisition costs associated with the Bristol Metals-Munhall acquisition which was finalized in 2017 compared to $500,000 of one-time acquisition costs associated with the Specialty acquisition in 2015. These costs were $30,000 and $46,000 for the fourth quarters of 2016 and 2015, respectively. All of these items will be discussed in greater detail in the respective sections below.

Metals Segment – The following table summarizes operating results from continuing operations and backlogs for the three years indicated.

	2017		2016		2015	
(in thousands)	Amount	%	Amount	%	Amount	%
Net sales	$ 152,957	100.0 %	$ 90,215	100.0 %	$ 114,908	100.0 %
Cost of goods sold	133,452	87.2 %	82,676	91.6 %	100,077	87.1 %
Gross profit	19,505	12.8 %	7,539	8.4 %	14,831	12.9 %
Selling, general and administrative expense	14,080	9.2 %	12,360	13.7 %	12,009	10.5 %
Goodwill impairment	—	— %	—	— %	17,158	14.9 %
Business interruption proceeds	—	— %	—	— %	(1,246)	(1.1)%
(Gain) loss on sale-leaseback	(239)	(0.1)%	2,166	2.4 %	—	— %
Operating income (loss)	$ 5,664	3.7 %	$ (6,987)	(7.7)%	$ (13,090)	(11.4)%
Year-end backlog - Storage tanks	$ 17,192		$ 9,878		$ 9,964	

Comparison of 2017 to 2016 – Metals Segment

The Metals Segment's net sales from continuing operations increased 70 percent for the full-year 2017 as compared to the same period of 2016 and net sales for the fourth quarter of 2017 totaled $41,136,000, an increase of 88 percent compared to 2016 net sales of $21,883,000. Excluding Bristol Metals-Munhall, full-year 2017 sales increased 41 percent compared to the same period of 2016 and fourth quarter 2017 sales were 48 percent greater than the same period for 2016.

Stainless steel pipe net sales from continuing operations increased 79 percent and 114 percent for the full-year and fourth quarter, respectively, of 2017 when compared to the same periods of the prior year. Excluding Bristol Metals-Munhall, net sales would have increased 33 percent and 46 percent for the full-year and fourth quarter, respectively, of 2017. The total pipe sales increase for the year resulted from a 88 percent increase in average unit volumes partially offset by a nine percent decrease in average selling price. For the fourth quarter, average unit volumes increased 131 percent while the average selling price decreased 17 percent for 2017 compared to 2016. The lower average selling price for the full-year and fourth quarter resulted from the incremental sales of Bristol Metals-Munhall as their sales of smaller diameter pipe and tube had an unfavorable effect on average selling prices.

Seamless heavy-wall carbon steel pipe and tube sales increased 68 percent and 53 percent for the full-year and fourth quarter, respectively, of 2017 compared to the same periods of the prior year. The full year sales induction was comprised of a 63 percent increase in average unit volumes combined with a five percent increase in average selling price. For the fourth quarter, average unit volumes increased 45 percent while average selling prices increased eight percent. Heavier demand in 2017, primarily related to improvements in the oil and gas sector, drove the sales increase.

Storage tank sales increased 43 percent and 52 percent for the full-year and fourth quarter, respectively, of 2017 when compared to the same periods for the prior year. The full-year increase was comprised of a 15 percent increase in the number of tanks sold and 29 percent increase in average selling price. For the fourth quarter, the storage tank increase resulted from a 21 percent increase in the number of tanks sold combined with a 31 percent decrease in average selling price. The results highlight a move toward higher levels of activity in the Permian Basis and other Palmer of Texas delivery areas, as WTI pricing and other economic indicators have risen throughout the second half of 2017.

The Metals Segment's operating results from continuing operations increased $12,651,000 to an operating profit of $5,664,000 for the full-year 2017 compared to an operating loss of $6,987,000 for 2016. For the fourth quarter, the Metals Segment's operating results from continuing operations increased $4,331,000 to an operating profit of $3,005,000 compared to a loss of $1,326,000 for 2017 compared to 2016, respectively. Current year operating results were affected by the following factors:

a) The addition of Bristol Metals-Munhall operations as noted above. The full-year 2017 and fourth quarter of 2017 operating results includes $443,000 and $558,000, respectively, for Bristol Metals-Munhall operations. These amounts do not reflect the earn-out adjustment for the year since that expense is not included in the Metals Segment's operating results.

b) Nickel prices and resulting surcharges for 304 and 316 alloys experienced a rebound in the fourth quarter when compared to the third quarter of 2017. Surcharges for both alloys increased by $0.14 per pound in the fourth quarter, however, the increase was not sufficient to offset the cumulative impact of third quarter declines, with the Metals Segment experiencing a metal price change loss of $925,000 for the quarter, up from the prior year’s fourth quarter metal price change loss of $194,000. The current quarter’s metal price change loss brought the full year metal price change loss to $2,633,000, compared to the full year 2016 metal price change loss of $5,751,000.

c) Year over year changes in volume, pricing and product mix, as noted above, combined for a 36 percent improvement in gross profit margins in 2017 compared to 2016.

d) Operating income from both seamless carbon pipe and tube and storage tanks and vessels continued to show solid improvement over the prior year.

Selling, general and administrative expense from continuing operations increased $1,720,000, or 14 percent for the full-year 2017 when compared to 2016. This expense category was nine percent of sales for 2017 and 14 percent of sales for 2016. For the fourth quarter, selling, general and administrative expense was $3,363,000 (eight percent of sales) in 2017, an increase of $163,000 from $3,200,000 (15 percent of sales) for the same period of 2016. The dollar increase for both the year and fourth quarter of 2017 when compared to the same periods of 2016 resulted primarily from the inclusion of Bristol Metals-Munhall's selling, general and administrative expenses. Since Bristol Metals-Munhall was acquired in February 2017, none of its selling, general, and administrative expenses were included in the prior year. This accounted for $1,139,000 and $356,000 of the annual and fourth quarter increase in selling, general and administrative costs for 2017. The remaining changes in selling, general and administrative expense resulted from incentive bonus expense ($510,000 higher and $6,000 lower for the full-year and fourth quarter, respectively), allocated administrative costs (higher by $312,000 and $78,000 for the full-year and fourth quarter, respectively), professional fees (lower by $284,000 and $23,000 for the full-year and fourth quarter, respectively), loss on sale of fixed assets (higher by

$191,000 and $30,000 for the full-year and fourth quarter, respectively), travel costs (lower by $161,000 and $89,000 for the full-year and fourth quarter, respectively), amortization expense (lower by $120,000 and $30,000 for the full-year and fourth quarter, respectively) and salaries and wages ($86,000 higher and $103,000 lower for the full-year and fourth quarter, respectively).

Comparison of 2016 to 2015 – Metals Segment

The Metals Segment's sales from continuing operations decreased $24,693,000 or 21 percent for the full-year of 2016 compared to the same period of 2015. For the fourth quarter of 2016, Metals Segment sales from continuing operations totaled $21,883,000, a decrease of $537,000 or two percent from $22,420,000 for the fourth quarter of 2015. Sales in prior year periods reflected stronger order shipments across all markets in early 2015, before the precipitous decline in oil prices occurred.

Stainless steel pipe sales from continuing operations decreased 28 percent and 17 percent for the full-year and fourth quarter, respectively, of 2016 when compared to the same periods of the prior year. The pipe sales decrease for the year resulted from a ten percent decrease in average unit volumes and an 18 percent decrease in average selling price. For the fourth quarter, average unit volumes decreased seven percent while the average selling price decreased ten percent for 2016 compared to 2015. Low nickel prices weighed heavily on stainless steel pipe sales throughout most of 2016, with only late year increases having some minor favorable impacts during the fourth quarter. That late year movement resulted in average nickel prices being up 14 percent for the fourth quarter, while the average for the full year of 2016 was down 19 percent, when compared to the same periods of the prior year, respectively.

Seamless heavy-wall carbon steel pipe and tube sales decreased 17 percent while increasing 26 percent for the full-year and fourth quarter, respectively, of 2016 compared to the same periods of the prior year. The full year sales reduction was comprised of a two percent increase in average unit volumes offset by a 19 percent decrease in average selling price. For the fourth quarter, average unit volumes increased 36 percent while average selling prices decreased ten percent. Heavier fourth quarter demand, primarily related to improvements in the oil and gas sector and reduced inventory overhang, drove the sales increase.

Storage tank sales increased one percent and 33 percent for the full-year and fourth quarter, respectively, of 2016 when compared to the same periods for the prior year. The full-year increase was comprised of a 15 percent increase in the number of tanks sold offset by a 14 percent decrease in average selling price. For the fourth quarter, the storage tank increase resulted from a 51 percent increase in the number of tanks sold offset by an 18 percent decrease in average selling price. The results highlight a move toward higher levels of activity in the Permian Basin and other Palmer delivery areas, as WTI pricing and other economic indicators have risen throughout the second half of 2016.

The Metals Segment's operating results from continuing operations increased $6,103,000 to a loss of $6,987,000 for the full-year 2016 compared to an operating loss of $13,090,000 for 2015. For the fourth quarter, the Metals Segment's operating results from continuing operations increased $17,164,000 to a loss of $1,326,000 compared to a loss of $18,490,000 for 2016 compared to 2015, respectively. Current year operating results was affected by the following factors:

a) The Metals Segment recorded a pre-tax goodwill impairment charge of $17,158,000 in the fourth quarter of 2015. See the "Comparison of 2015 to 2014 - Metals Segment" section for further explanation.

b) $2,166,000 in net charges associated with the loss recognized on three Metal Segment properties sold as part of the sale-leaseback transaction that took place during the third quarter. This amount is net of the deferred gain amortization of $60,000 recorded in the fourth quarter 2016.

c) Lost contribution margin due to lower volumes across all segments as continued low oil and gas prices, as well as sustained lower levels of customer spending across all industrial classes, had an unfavorable effect on sales and profits for our storage tank and carbon pipe distribution facilities, as well as our stainless steel welded pipe markets.

d) As a result of continued low nickel prices during 2016, the Company experienced metal price change loss of approximately $5,751,000 and $194,000 for the full-year and fourth quarter of 2016. This compares to metal price change loss of approximately $6,872,000 and $2,012,000, respectively, for the same periods of 2015.

Selling, general and administrative expense from continuing operations increased $351,000, or three percent for the full-year 2016 when compared to 2015. This expense category was 14 percent of sales for 2016 and ten percent of sales for 2015. For the fourth quarter, selling, general and administrative expense was $3,200,000 (15 percent of sales) in 2016, an increase of $345,000 from $2,855,000 (13 percent of sales) for the same period of 2015. The changes in selling, general and administrative expense resulted from higher salaries and wages ($259,000 and $136,000 for the full-year and fourth quarter, respectively), higher sales commissions ($32,000 and $174,000 for the full-year and fourth quarter, respectively), higher allocated administrative costs ($408,000 and $102,000 for the full-year and fourth quarter, respectively) and higher amortization expense ($181,000 and $45,000 for the full-year and fourth quarter, respectively). These amounts were partially offset by lower incentive bonus expense ($403,000 and $56,000 for the full-year and fourth quarter, respectively) and lower professional fees ($129,000 and $147,000 for the full-year and fourth quarter, respectively).

Specialty Chemicals Segment – The following tables summarize operating results for the three years indicated. Reference should be made to Note 15 to the Consolidated Financial Statements included in Item 8 of this Form 10-K.

	2017		2016		2015	
(Amounts in thousands)	Amount	%	Amount	%	Amount	%
Net sales	$ 48,191	100.0 %	$ 48,351	100.0%	$ 60,552	100.0%
Cost of goods sold	39,217	81.4 %	38,884	80.4%	50,064	82.7%
Gross profit	8,974	18.6 %	9,467	19.6%	10,488	17.3%
Selling, general and administrative expense	4,678	9.7 %	4,579	9.5%	4,823	8.0%
(Gain) loss on sale-leaseback	(95)	(0.2)%	206	0.4%	—	—%
Operating income	$ 4,391	9.1 %	$ 4,682	9.7%	$ 5,665	9.3%

Comparison of 2017 to 2016 – Specialty Chemicals Segment

Sales for the Specialty Chemicals Segment decreased $161,000 to $48,190,000 for 2017 compared to $48,351,000 in 2016. For the fourth quarter of 2017, sales were $11,701,000, representing a five percent increase from $11,167,000 for the same quarter of 2016. Pounds shipped during the full-year decreased by nine percent for 2017 compared to 2016. For the fourth quarter of 2017, pounds shipped decreased 17 percent. Overall selling prices increased nine percent and 22 percent for the full-year and fourth quarter, respectively, of 2017 compared to the same periods of 2016. Net sales were negatively impacted during the full year and fourth quarter of 2017 by:

a) The loss of a single customer in the second half of 2016 reduced sales in 2017 by approximately $2,100,000.

b) 2017 volume was negatively impacted by the slower than anticipated ramp up of our new fire retardant customer at CRI Tolling. Shipments did commence in the second half of the third quarter and continued to build into the fourth quarter to approximately 60 percent of expected volumes. Our agreement with this customer calls for an annual volume of 3,000,000 pounds, the run rate, which we now expect to achieve in the first quarter of 2018.

c) We experienced some delays in customer deliveries due to weather conditions and an industry wide diminished trucking capacity.

The Specialty Chemicals Segment's operating income for the full-year of 2017 decreased six percent to $4,390,000. The fourth quarter of 2017 decreased 38 percent from the prior year quarter to $594,000. Operating income for the full year 2017 was negatively impacted by an increase to the allowance for doubtful accounts of $239,000 for one customer that became financially unstable and became uncollectable, and $184,000 for the year and $93,000 for the fourth quarter for one-time legal expenses. The decrease in operating income was partially offset by lower incentive based bonuses of $223,000 for the year and $255,000 for the fourth quarter along with a $206,000 charge in the third quarter 2016 associated with the book loss on two Specialty Chemicals Segment properties sold as part of the sale-leaseback transaction closed in 2016 with no comparable loss recognized in 2017.

Selling, general and administrative expense increased $99,000 or two percent in 2017 when compared to 2016, which represented ten percent of sales and nine percent of sales, respectively. For the fourth quarter, selling, general and administrative expense was $877,000 (seven percent of sales) in 2017, a decrease of $191,000 when compared to $1,068,000 (ten percent of sales) for the same period of 2016. These decreases resulted from lower wages and benefits in 2017 ($265,000 and $48,000 lower for the full-year and fourth quarter, respectively) and lower incentive based bonuses ($223,000 and $255,000 lower for the full-year and fourth quarter, respectively) offset by higher bad debt expense ($289,000 and $15,000 higher for the full-year and fourth quarter, respectively), professional fees ($167,000 and $93,000 higher for the full-year and fourth quarter, respectively) and additional corporate costs allocated to the segment ($192,000 and $48,000 higher for the full-year and fourth quarter, respectively).

Comparison of 2016 to 2015 – Specialty Chemicals Segment

Sales for the Specialty Chemicals Segment for the full-year 2016 were $48,351,000, a decrease of $12,201,000 or 20 percent from the full-year 2015 amount of $60,552,000. Sales for the fourth quarter of 2016 were $11,167,000, a $1,978,000 or 15 percent decrease from the same quarter of 2015. Pounds shipped during the full-year decreased 16 percent for 2016 compared to 2015. For the fourth quarter of 2016, pounds shipped decreased 13 percent. Overall selling prices decreased four percent and two percent for the full-year and fourth quarter, respectively, of 2016 compared to the same periods of 2015. Sales were affected during the full-year and fourth quarter of 2016 by:

a) Lower sales due to in-sourcing of several products by customers who were able to absorb production due to weak demand for their other products, as well as delayed ramp-up of several new products due primarily to customer scheduling; and

b) Lower selling prices per pound for oil based products. With the reduction in oil prices, the Specialty Chemicals Segment's raw material costs decreased, which resulted in lower passed through material value as part of the billed selling prices.

The Specialty Chemicals Segment's operating income for the full-year of 2016 decreased $983,000 or 17 percent to $4,682,000. The fourth quarter of 2016 decreased eight percent from the prior year quarter to $961,000. The decrease in operating income for the full-year and fourth quarter was directly related to the lower sales levels.

Selling, general and administrative expense decreased $244,000 or five percent in 2016 when compared to 2015. This expense category was nine percent of sales for 2016 and eight percent of sales for 2015. For the fourth quarter, selling, general and administrative expense was $1,068,000 (ten percent of sales) in 2016, an increase of $17,000 from $1,052,000 (eight percent of sales) for the same period of 2015. The changes in selling, general and administrative expense resulted from lower sales commissions in 2016 ($391,000 and $54,000 for the full-year and fourth quarter, respectively) and lower professional fees ($72,000 and $51,000 for the full-year and fourth quarter, respectively), partially or entirely offset by higher allocated administrative costs ($264,000 and $66,000 for the full-year and fourth quarter, respectively) and higher incentive based bonuses ($80,000 and $43,000 for the full-year and fourth quarter, respectively).

Comparison of 2017 to 2016 – Corporate

Corporate expenses increased $384,000 to $6,117,000, or three percent of sales, in 2017 up from $5,733,000, four percent of sales, in 2016. The full-year increase resulted primarily from:

- Professional fees increased $148,000 from the prior year resulting from higher audit and banking fees in the current year;
- Personnel costs were $145,000 higher as a result of normal annual rate increases;
- Performance based bonuses increased $537,000 from the prior year. Pre-defined Adjusted EBITDA targets were achieved in 2017 but were not achieved in 2016; and
- Stock grant compensation expense increased $147,000 as a result of awards granted in 2017 in addition to the amendment of the vesting schedules for the May 5, 2016 and February 8, 2017 stock grants awarded from the 2015 Stock Awards Plan.

These increases above were partially offset by:

- Shelf registration fees of $145,000 and one-time closing costs associated with the sale leaseback transaction of $165,000 incurred in 2016 that did not recur in 2017;
- Lower rent expense as a result of an early lease termination fee of $34,000 incurred in 2016 to move the location of the corporate office located in Richmond, VA; and
- Lower directors' fees of $32,000 as a result of one director who did not renew his term for the 2017 year.

Acquisition costs of $795,000 for 2017 and $106,000 for 2016 resulted from costs associated with the MUSA acquisition. See Note 18.

Interest expense was $985,000 and $933,000 for the full-years of 2017 and 2016, respectively. The increase in interest expense during 2017 resulted from an increase in the average debt outstanding as a result of funds used for the acquisition of Bristol Metals-Munhall in the first quarter of 2017.

During the third quarter of 2016, the Company completed a sale-leaseback transaction whereby all of the Company's operating real estate assets were sold to a third party and are being leased back by the Company. The Company received gross sales proceeds of $22,000,000, or approximately $4,230,000 in excess of net book value of total assets sold. Pursuant to the applicable accounting standards, the Company was required to calculate the gain or loss associated with the transaction on a property by property basis. As a result, losses associated with three of the properties in this transaction, totaling $2,455,000, were charged against earnings during the third quarter. Gains associated with the remaining three properties, totaling approximately $6,685,000, were deferred and will be amortized on the straight-line method over the initial lease term of 20 years. Total incremental (benefit) cost associated with the sale-leaseback transaction for 2016 is as follows:

	4th Quarter		Full-Year	
	2017	2016	2017	2016
Metals Segment Operating (Income) Loss	$ (60,000)	$ (60,000)	$ (239,000)	$ 2,166,000
Specialty Chemicals Segment Operating (Income) Loss	(24,000)	(24,000)	(95,000)	206,000
Unallocated Corporate Expenses	—	64,000	—	165,000
Total incremental costs	$ (84,000)	$ (20,000)	$ (334,000)	$ 2,537,000

Comparison of 2016 to 2015 – Corporate

Corporate expenses increased $627,000 to $5,733,000, or four percent of sales, in 2016 up from $5,106,000, three percent of sales, in 2015. The full-year increase resulted primarily from:

- Professional fees decreased $192,000 from the prior year resulting from additional professional services obtained in the prior year surrounding registration statement filing, goodwill impairment testing and valuation and SEC comment letter response;
- Personnel costs were $590,000 higher as additional personnel were added during the third quarter of 2015 to strengthen the Company's corporate staff combined with normal annual rate increases;
- Performance based bonuses increased $220,000 from the prior year. Pre-defined Adjusted EBITDA targets were not achieved in either year. However, the portion of the performance based bonus relating to personal goal achievements was higher in the current year;
- One-time closing costs associated with the sale-leaseback transaction increased corporate expenses by $165,000 in 2016. These costs will not recur in future years; and
- Directors' fees increased $203,000 for 2016 compared to 2015 as an additional director was added during 2016 along with increases to the annual retainer during 2016.

Acquisition costs of $106,000 for 2016 and $500,000 for 2015 resulted from costs associated with the MUSA and the Specialty acquisition. See Note 18.

Interest expense was $933,000 and $1,353,000 for the full-years of 2016 and 2015, respectively. The decrease in interest expense during 2016 resulted from the company using the proceeds from the September 30, 2016 sale-leaseback transaction to pay off the remaining term loan and lower the outstanding balance of the revolving line of credit.

During the third quarter of 2016, the swap contract entered into on September 3, 2013 was settled leaving only the swap contract entered into on August 12, 2012 outstanding as of December 31, 2016.

Contractual Obligations and Other Commitments

As of December 31, 2017, the Company's contractual obligations and other commitments were as follows:

(Amounts in thousands)		Payment Obligations for the Year Ended					
	Total	2018	2019	2020	2021	2022	Thereafter
Obligations:							
Revolving credit facility	$ 25,914	$ —	$ —	$ 25,914	$ —	$ —	$ —
Interest on bank debt	2,401	891	891	619	—	—	—
Capital lease	298	85	85	70	39	19	—
Operating leases	48,069	2,745	2,861	2,904	2,892	2,884	33,783
Deferred compensation [(1)]	215	36	21	21	21	17	99
Total	$ 76,897	$ 3,757	$ 3,858	$ 29,528	$ 2,952	$ 2,920	$ 33,882

[(1)] For a description of the deferred compensation obligation, see Note 8 to the Consolidated Financial Statements included in Item 8 of this Form 10-K.

Current Conditions and Outlook

The Company remains optimistic that its 2018 financial results will surpass those achieved in 2017. The Company's primary end markets continue to point toward increasing demand and improving prices. Any concrete steps to limit imports of stainless steel

pipe and tube will further improve market dynamics for this critical product line. The Company also expects the Specialty Chemicals Segment to bounce back from its flat results and post both revenue and profit gains as new products are added to its line-up. The Company’s balance sheet is in excellent shape and we have ample borrowing capacity to meet our needs going forward.

Item 7A Quantitative and Qualitative Disclosures about Market Risks

The Company is exposed to market risks from adverse changes in interest rates and nickel prices.

Changes in United States interest rates affect the interest earned on the Company's cash and cash equivalents as well as interest paid on its indebtedness. Except as described below, 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.

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

At December 31, 2017

- $25,914,000 under a revolving line of credit with an availability of $30,813,000, expiring on October 30, 2020 with a variable interest rate of 3.44 percent.
- An interest rate swap contract with a notional amount of $10,500,000 which fixes the term loan interest rate at 3.74 percent. The fair value of the interest rate swap contract was an asset to the Company of $128,000.

The Company hedges its nickel exposure to provide coverage against extreme downside product pricing exposure related to the content of nickel alloy contained in purchased stainless steel inventory. The sales price of stainless steel product (containing nickel alloy) is subject to a variable pricing component for alloys (nickel, chrome, molybdenum and iron) contained in the product. Each month, industry pricing indices are published which set the following month’s price surcharges for those alloys. The Company typically holds approximately six to seven months of inventory, with fixed priced purchase orders (where the alloy pricing index is “locked”, eliminating the Company’s exposure) consisting of approximately 50 percent of held stainless steel inventories. As a result, the eventual sales prices for approximately 50 percent of held stainless steel inventories will vary until a customer order commitment is received, and the selling price is established. The Company’s downside exposure is limited to the potential that the total of the fair value of the nickel contracts would be reduced to zero, if nickel pricing does not decline to the contracted strike prices. The program is designed to mitigate but not eliminate the Company's nickel pricing exposure. The Company had a hedge position equal to 1,351,000 of pounds of nickel, representing 53 percent of the Company’s total nickel content of stainless steel pounds in inventory at December 31, 2017. The fair value of the nickel contracts at December 31, 2017 was an asset of approximately $9,000.

Item 8 Financial Statements and Supplementary Data

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

Consolidated Balance Sheets
As of December 31, 2017 and December 31, 2016

	2017	2016
Assets		
Current assets		
Cash and cash equivalents	$ 14,706	$ 62,873
Accounts receivable, less allowance for doubtful accounts of $35,000 and $82,000, respectively	28,704,481	18,028,946
Inventories, net		
Raw materials	37,748,316	31,973,073
Work-in-process	9,491,408	9,897,857
Finished goods	24,885,457	18,928,579
Total inventories, net	72,125,181	60,799,509
Prepaid expenses and other current assets	6,802,072	7,272,569
Indemnified contingencies - see Note 13	—	11,339,888
Total current assets	107,646,440	97,503,785
Property, plant and equipment, net	35,080,009	27,324,092
Goodwill	6,003,525	1,354,730
Intangible assets, net	10,880,521	12,308,838
Deferred charges, net and other non-current assets	263,655	146,618
Total assets	$ 159,874,150	$ 138,638,063
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable	$ 24,256,812	$ 16,684,508
Accrued expenses	8,993,454	15,950,787
Total current liabilities	33,250,266	32,635,295
Long-term debt	25,913,557	8,804,206
Long-term portion of earn-out liability	3,170,099	—
Long-term deferred sale-leaseback gain	5,933,350	6,267,623
Deferred income taxes	635,910	1,609,492
Other long-term liabilities	1,270,542	728,892
Shareholders' equity		
Common stock, par value $1 per share - authorized 24,000,000 shares; issued 10,300,000 shares	10,300,000	10,300,000
Capital in excess of par value	35,193,152	34,714,206
Retained earnings	58,129,382	57,936,533
Accumulated other comprehensive loss	(10,864)	—
	103,611,670	102,950,739
Less cost of common stock in treasury - 1,566,769 and 1,630,690 shares, respectively	13,911,244	14,358,184
Total shareholders' equity	89,700,426	88,592,555
Commitments and contingencies – see Note 13		
Total liabilities and shareholders' equity	$ 159,874,150	$ 138,638,063

See accompanying notes to consolidated financial statements.

Consolidated Statements of Operations and Other Comprehensive Income
Years ended December 31, 2017, December 31, 2016 and December 31, 2015

	2017	2016	2015
Net sales	**$ 201,147,682**	$ 138,565,782	$ 175,460,438
Cost of sales	**173,066,732**	121,661,303	150,141,663
Gross profit	**28,080,950**	16,904,479	25,318,775
Selling, general and administrative expense	**24,874,589**	22,672,872	21,937,988
Acquisition related costs	**794,983**	106,227	499,761
Business interruption proceeds	—	—	(1,246,024)
Goodwill impairment	—	—	17,158,249
(Gain) loss on sale-leaseback	**(334,273)**	2,371,778	—
Operating income (loss)	**2,745,651**	(8,246,398)	(13,031,199)
Other (income) and expense			
Interest expense	**985,366**	932,572	1,352,806
Change in fair value of interest rate swap	**(96,696)**	12,997	41,580
Earn-out adjustment	**688,523**	—	(4,897,448)
Casualty insurance gain	—	—	(923,470)
Other, net	**(310,043)**	—	(134,389)
Income (loss) before income taxes	**1,478,501**	(9,191,967)	(8,470,278)
Provision for (benefit from) income taxes	**137,139**	(2,198,000)	1,799,000
Net income (loss) from continuing operations	**1,341,362**	(6,993,967)	(10,269,278)
Net loss from discontinued operations, net of tax	—	(99,334)	(1,251,058)
Net income (loss)	**$ 1,341,362**	$ (7,093,301)	$ (11,520,336)
Other comprehensive loss, net of tax:			
Unrealized gains on available for sale securities, net of tax of $186,384	**355,482**	—	—
Reclassification adjustment for gains included in net income, net of tax of $189,633	**(366,346)**	—	—
Comprehensive income (loss)	**$ 1,330,498**	$ (7,093,301)	$ (11,520,336)
Net income (loss) per common share from continuing operations:			
Basic	**$ 0.15**	$ (0.81)	$ (1.18)
Diluted	**$ 0.15**	$ (0.81)	$ (1.18)
Net loss per diluted common share from discontinued operations:			
Basic	**$ —**	$ (0.01)	$ (0.14)
Diluted	**$ —**	$ (0.01)	$ (0.14)

See accompanying notes to consolidated financial statements.

Consolidated Statements of Shareholders' Equity

	Common Stock	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Cost of Common Stock in Treasury	Total
Balance at January 3, 2015	$ 10,300,000	$ 34,054,374	$ 79,167,323	$ —	$ (14,068,144)	$ 109,453,553
Net loss	—	—	(11,520,336)	—	—	(11,520,336)
Payment of dividends, $0.30 per share	—	—	(2,617,513)	—	—	(2,617,513)
Issuance of 26,118 shares of common stock from the treasury	—	(102,237)	—	—	231,290	129,053
Stock options exercised for 666 shares, net	—	2,408	—	—	5,894	8,302
Employee stock option and grant compensation	—	521,695	—	—	—	521,695
Purchase of 100,400 shares of common stock	—	—	—	—	(820,460)	(820,460)
Balance at December 31, 2015	10,300,000	34,476,240	65,029,474	—	(14,651,420)	95,154,294
Net loss	—	—	(7,093,301)	—	—	(7,093,301)
Dividend on stock grant forfeiture	—	—	360	—	—	360
Issuance of 62,124 shares of common stock from the treasury	—	(221,507)	—	—	547,125	325,618
Employee stock option and grant compensation	—	459,473	—	—	—	459,473
Purchase of 29,500 shares of common stock	—	—	—	—	(253,889)	(253,889)
Balance at December 31, 2016	10,300,000	34,714,206	57,936,533	—	(14,358,184)	88,592,555
Net income	**—**	**—**	**1,341,362**	**—**	**—**	**1,341,362**
Other comprehensive loss, net of taxes	**—**	**—**	**—**	**(10,864)**	**—**	**(10,864)**
Payment of dividends, $0.13 per share	**—**	**—**	**(1,148,513)**	**—**	**—**	**(1,148,513)**
Issuance of 58,532 shares of common stock from the treasury	**—**	**(227,939)**	**—**	**—**	**515,409**	**287,470**
Stock options exercised for 5,389 shares, net	**—**	**68,469**	**—**	**—**	**(68,469)**	**—**
Employee stock option and grant compensation	**—**	**638,416**	**—**	**—**	**—**	**638,416**
Balance at December 31, 2017	**$ 10,300,000**	**$ 35,193,152**	**$ 58,129,382**	**$ (10,864)**	**$ (13,911,244)**	**$ 89,700,426**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows
Years ended December 31, 2017, December 31, 2016 and December 31, 2015

	2017	2016	2015
Operating activities			
Net income (loss)	**$ 1,341,362**	$ (7,093,301)	$ (11,520,336)
Income from discontinued operations, net of tax	**—**	99,334	1,251,058
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation expense	**5,294,695**	4,235,203	4,356,911
Amortization expense	**2,443,117**	2,459,787	2,277,480
Non-cash interest expense on debt issuance costs	**60,529**	72,290	120,521
Goodwill impairment	**—**	—	17,158,249
Deferred income taxes	**(1,037,183)**	(1,407,462)	150,462
Gain on sale of available for sale securities	**(310,043)**	—	—
Earn-out adjustments	**688,523**	—	(4,897,448)
Provision for (reduction of) losses on accounts receivable	**201,641**	(45,151)	60,855
Provision for losses on inventories	**1,196,428**	983,505	2,003,885
Loss (gain) on sale of property, plant and equipment	**25,730**	2,294,917	(18,277)
Amortization of deferred gain on sale-leaseback	**(334,273)**	(83,569)	—
Straight line lease cost on sale-leaseback	**397,071**	101,633	—
Casualty insurance gain	**—**	—	(923,470)
Change in cash value of life insurance	**—**	1,502	(82,504)
Change in fair value of interest rate swap	**(96,696)**	12,997	41,581
Issuance of treasury stock for director fees	**287,500**	330,000	118,762
Employee stock option and grant compensation	**638,416**	459,473	521,695
Dividend on stock grant forfeiture	**—**	360	—
Changes in operating assets and liabilities:			
Accounts receivable	**(10,877,176)**	(37,676)	11,380,941
Inventories	**(7,088,100)**	2,032,621	4,173,337
Other assets and liabilities	**11,229,799**	(11,767,808)	(653,420)
Accounts payable	**7,572,308**	4,418,578	(9,122,368)
Accrued expenses	**(9,424,395)**	9,582,445	(2,059,303)
Accrued income taxes	**26,197**	(1,294,557)	3,038,362
Net cash provided by continuing operating activities	**2,235,450**	5,355,121	17,376,973
Net cash used in discontinued operating activities	**—**	(3,843,137)	(849,974)
Net cash provided by operating activities	**2,235,450**	1,511,984	16,526,999
Investing activities			
Purchases of property, plant and equipment	**(5,278,608)**	(3,044,411)	(10,905,230)
Proceeds from sale of property, plant and equipment	**72,789**	22,215,362	21,500
Purchases of available for sale securities	**(4,382,865)**	—	—
Proceeds from available for sale securities	**4,141,564**	—	—
Acquisition of the stainless pipe and tube assets of Marcegaglia USA, Inc.	**(11,953,513)**	(3,000,000)	—
Proceeds from casualty insurance	**—**	—	1,219,048
Proceeds from life insurance policies	**—**	1,502,283	720,518
Net cash (used in) provided by investing activities	**(17,400,633)**	17,673,234	(8,944,164)
Financing activities			
Net borrowings from line of credit	**17,109,351**	6,928,640	990,929
Payments on long-term debt	**—**	(26,068,228)	(4,700,570)
Payments on capital lease obligation	**(124,999)**	(65,966)	(13,355)
Payments on earn-out liability to MUSA sellers	**(518,456)**	—	—
Payments of debt issuance costs	**(200,367)**	(54,326)	(65,367)
Proceeds from exercised stock options	**—**	—	8,302
Dividends paid	**(1,148,513)**	—	(2,617,513)
Purchase of common stock	**—**	(253,889)	(820,460)
Net cash provided by (used in) financing activities	**15,117,016**	(19,513,769)	(7,218,034)
(Decrease) increase in cash and cash equivalents	**(48,167)**	(328,551)	364,801
Cash and cash equivalents at beginning of year	**62,873**	391,424	26,623
Cash and cash equivalents at end of year	**$ 14,706**	$ 62,873	$ 391,424

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Note 1 Summary of Significant Accounting Policies

Description of Business

Synalloy Corporation (the "Company"), a Delaware corporation, 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. The Company's executive offices are located at 4510 Cox Road, Suite 201, Richmond, Virginia 23060.

The Company's business is divided into two reportable operating segments, the Metals Segment and the Specialty Chemicals Segment. The Metals Segment currently operates as three reportable units including Bristol Metals, LLC ("BRISMET"), Palmer of Texas Tanks, Inc. ("Palmer") and Specialty Pipe & Tube, Inc. ("Specialty"). Two other operations, Bristol Fab and Ram-Fab, were sold or closed during 2014; see Note 19. BRISMET manufactures stainless steel and special alloy pipe and tube, Palmer manufactures liquid storage solutions and separation equipment and Specialty is a master distributor of seamless carbon pipe and tube. The Specialty Chemicals Segment operates as one reportable unit and is comprised of Manufacturers Chemicals, LLC ("MC") and CRI Tolling, LLC ("CRI Tolling") and produces specialty chemicals.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries, all of which are wholly owned. The Metals Segment is comprised of three subsidiaries: Synalloy Metals, Inc. which owns 100 percent of BRISMET, located in Bristol, Tennessee and Munhall, Pennsylvania; Palmer, located in Andrews, Texas and Specialty, located in Mineral Ridge, Ohio and Houston, Texas. The Specialty Chemicals Segment consists of two subsidiaries: Manufacturers Soap and Chemical Company ("MS&C") which owns 100 percent of MC, located in Cleveland, Tennessee and CRI Tolling, located in Fountain Inn, South Carolina. All significant intercompany transactions have been eliminated.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Company maintains cash balances at financial institutions with strong credit ratings.

Accounts Receivable

Accounts receivable from the sale of products are recorded at net realizable value and the Company generally grants credit to customers on an unsecured basis. Substantially all of the Company's accounts receivable are due from companies located throughout the United States. The Company provides an allowance for doubtful accounts for projected uncollectable amounts. The allowance is based upon a review of outstanding receivables, historical collection information and existing economic conditions. The Company performs periodic credit evaluations of its customers' financial condition and generally does not require collateral. Receivables are generally due within 30 to 60 days. Delinquent receivables are written off based on individual credit evaluations and specific circumstances of the customer.

Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined by either specific identification or weighted average methods.

Inventory cost is adjusted when its net realizable value is estimated to be below estimated selling price. At the end of each quarter, all facilities review recent sales reports to identify sales price trends that would indicate products or product lines that are being sold below cost. This would indicate that an adjustment would be required.

In addition, the Company establishes inventory reserves for:

- Estimated obsolete or unmarketable inventory. The Company identified inventory items with no sales activity for finished goods or no usage for raw materials for a certain period of time. For those inventory items not currently being marketed and unable to be sold, a reserve was established for 100 percent of the inventory cost less any estimated scrap proceeds. The Company reserved $411,157 and $697,000 at December 31, 2017 and December 31, 2016, respectively.

- Estimated quantity losses. The Company performs an annual physical count of inventory during the fourth quarter each year. For those facilities that complete their physical inventory counts before the end of December, a reserve is established for the potential quantity losses that could occur subsequent to their physical inventory. This reserve is based upon the

most recent physical inventory results. At December 31, 2017 and December 31, 2016, the Company had $285,627 and $268,579, respectively, reserved for physical inventory quantity losses.

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. Leasehold improvements are depreciated over the shorter of their useful lives or the remaining non-cancellable lease term, buildings are depreciated over a range of ten years to 40 years, and machinery, fixtures and equipment are depreciated over a range of three to 20 years. The costs of software licenses are amortized over five years using the straight-line method. The Company continually reviews the recoverability of the carrying value of long-lived assets. The Company also reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of such assets may not be recoverable. When the future undiscounted cash flows of the operation to which the assets relate do not exceed the carrying value of the asset, the assets are written down to fair value.

Business Combinations

Acquisitions are accounted for using the acquisition method of accounting for business combinations. Under this method, the total consideration transferred to consummate the acquisition is allocated to the identifiable tangible and intangible assets acquired and liabilities assumed based on their respective fair values as of the closing date of the acquisition. The acquisition method of accounting requires extensive use of estimates and judgments to allocate the consideration transferred to the identifiable tangible and intangible assets acquired, if any, and liabilities assumed.

Goodwill, Intangible Assets and Deferred Charges

Goodwill, arising from the excess of purchase price over fair value of net assets of businesses acquired, is not amortized but is reviewed annually, at the reporting unit level, in the fourth quarter for impairment and whenever events or circumstances indicate that the carrying value may not be recoverable. In 2017, the evaluation involved comparing the estimated fair value, based on a discounted cash flow model, of the associated reporting unit to its carrying value, including goodwill. No goodwill impairment was identified as a result of the testing procedures performed for the years ended December 31, 2017 and December 31, 2016.

Intangible assets represent the fair value of intellectual, non-physical assets resulting from business acquisitions. Deferred charges represent other intangible assets and debt issuance costs. Intangible assets are amortized over their estimated useful lives using either an accelerated or straight-line method. Deferred charges are amortized over their estimated useful lives using the straight-line method. Deferred charges are amortized over a period ranging from three to ten years and intangible assets are amortized over a period ranging from eight to 15 years. The weighted average amortization period for the customer relationships is approximatelyeleven years. Deferred charges and intangible assets totaled $21,837,351 and $20,708,496 at December 31, 2017 and December 31, 2016, respectively. Accumulated amortization of deferred charges and intangible assets as of December 31, 2017 and December 31, 2016 totaled $10,693,175 and $8,253,040, respectively. Estimated amortization expense for the next five fiscal years based on existing deferred charges and intangible assets is: 2018 - $2,380,950, 2019 - $2,246,816, 2020 - $2,073,384; 2021 - $1,899,298; 2022 - $1,677,948; and thereafter - $865,780. The Company recorded amortization expense of $2,443,117, $2,459,787 and $2,277,480 for 2017, 2016 and 2015, respectively, which excludes amortization expense of debt issuance costs, which is reflected in the consolidated financial statements as interest expense.

Earn-Out Liability

In connection with the acquisition of Bristol Metals-Munhall on February 28, 2017, the Company is required to make contingent earn-out payments to the prior owners based upon actual sales levels of stainless steel pipe and tube (outside diameter of ten inches or less). The Company determined the fair value of the earn-out liability on the acquisition date using a Monte Carlo simulation model. Future changes to the fair value of the earn-out liability will be determined each quarter-end and charged to income or expense in the “Earn-Out Adjustment” line item in the Consolidated Statements of Operations and Other Comprehensive Income.

Revenue Recognition

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

Shipping Costs

Shipping costs of approximately $7,502,945, $4,488,041 and $5,155,011 in 2017, 2016 and 2015, respectively, are recorded in cost of goods sold.

Research and Development Expenses

The Company incurred research and development expense of approximately$556,181, $603,067 and $548,257 in 2017, 2016 and 2015, respectively.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing accounts and their respective tax basis and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in fiscal years in which those temporary differences are expected to be recovered or settled. Deferred tax assets and liabilities were remeasured at December 22, 2017 as a result of the Tax Act signed into law on December 22,2017. See Note 10 for further explanation. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is recorded to reduce the carrying amounts of deferred tax assets unless it is more likely than not that such assets will be realized.

Additionally, the Company maintains the required reserves for any and all uncertain tax provisions.

Earnings Per Share of Common Stock

Earnings per share of common stock are computed based on the weighted average number of basic and diluted shares outstanding during each period.

Fair Market Value

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

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

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

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

Estimates of fair value using levels 2 and 3 may require judgments as to the timing and amount of cash flows, discount rates, and other factors requiring significant judgment, and the outcomes may vary widely depending on the selection of these assumptions. The Company's most significant fair value estimates as of December 31, 2017 and December 31, 2016 relate to the purchase price allocation relating to the acquisition of the stainless steel operations of MUSA, earn-out liabilities, nickel forward option contracts, estimating the fair value of the reporting units in testing goodwill for impairment, estimating the fair value of the interest rate swap and providing disclosures of the fair values of financial instruments.

Use of Estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions, primarily for testing goodwill for impairment, determining balances for the earn-out liability and certain employee benefit accruals, estimating fair value of identifiable assets acquired and liabilities assumed as a result of business acquisitions and for establishing reserves on accounts receivable, inventories and environmental issues, that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash deposits and trade accounts receivable.

Recent accounting pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, "Revenue from Contracts with Customers (Topic 606)", which changes the criteria for recognizing revenue. The standard requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard requires a five-step process for recognizing revenue including identifying the contract with the customer, identifying the performance obligations in the contract, determining the transaction price, allocating the transaction price to the performance obligations in the contract and recognizing revenue when (or as) the entity satisfies a performance obligation. Two transition methods are available for implementing the requirements of Topic 606: retrospectively for each prior reporting period presented or retrospectively with the cumulative effect of initial application recognized at the date of initial application. The FASB has issued several amendments to the standard, which are intended to promote a more consistent application of the principles outlined in the standard. The new standard is effective for the Company for annual periods in fiscal years beginning after December 15, 2017. The Company will adopt the new guidance on January 1, 2018, using the modified retrospective transition method..

The Company assessed the impact the new standard will have on the consolidated financial statements as well as its business processes, internal controls, and accounting policies. As part of its assessment, the Company reviewed its contract portfolio and determined how its contracts should be accounted for under Topic 606. Based on the assessment performed, the company determined that the primary form of contracts with customers impacting revenue recognition are individual sales orders. The Company’s sales orders consist of distinct goods with stand-alone selling prices and are typically completed within 12 months from inception. No significant long-term sales contracts requiring revenue to be recognized over a period of time in excess of one year have been identified.

The main performance obligation included in sales orders is the manufacture and distribution of goods as prescribed by our customers. This performance obligation is satisfied upon the transfer of title of each distinct item, which occurs at a point-in-time. Consistent with manufacturing and distribution industry norms, the Company’s transfer of title of goods is determined by FOB shipping terms. Recognizing revenue in accordance with shipping terms is consistent with the Company’s current revenue recognition policy under ASC Topic 605, therefore we do not expect any significant change in the timing under which we recognize revenue.

Shipping and handling of goods is considered a part of the fulfillment of our performance obligation regardless of whether shipping terms are shipping point or destination. This position is supported by the practical expedient provided under Topic 606 which allows a company to account for shipping and handling as activities to fulfill the promise to transfer the good if that methodology is consistently applied. For revenues recognized on orders prior to completion of shipping activities offsetting shipping costs are accrued. This practice is consistent with the Company’s current accounting policy and will not result in any financial statement impact.

Based on the assessment performed, the Company does not believe the standard will have a material impact on its consolidated financial statements or internal controls over financial reporting, other than for the disclosures required by the standard.

In February 2016, the FASB issued ASU No. 2016-02, *“Leases (Topic 842),”* to increase the transparency and comparability of lease recognition and disclosure. The update establishes a right of use ("ROU") model which requires lessees to recognize lease contracts with a term greater than one year on the balance sheet as ROU assets and lease liabilities. Leases will be classified as either financing or operating which will determine expense classification and recognition. Topic 842 is effective for fiscal years beginning after December 15, 2018 and must be applied using the modified retrospective approach. Early adoption is permitted. While the Company expects Topic 842 to add material ROU assets and lease liabilities to the consolidated balance sheets related to its current land and building operating leases, it is evaluating other effects that the new standard will have on the consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-09, *"Improvements to Employee Share-Based Payment Accounting (Topic 718)."* The amendments in this updated guidance include changes to simplify the Codification for several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows and was effective for fiscal years beginning after December 15, 2016, including interim periods within that reporting period. The Company implemented this standard on January 1, 2017 and it did not have a material effect on the Company's consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-01, *"Business Combinations (Topic 805): Clarifying the Definition of a Business"* which provides a new framework for determining whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. Topic 805 is effective for fiscal years beginning after December 15, 2017. The Company does not believe its implementation will have a material effect on the Company's consolidated financial statements.

In January 2017, the FASB issued ASU 2017-04, *"Intangibles - Goodwill and Other (Topic 350) Simplifying the Test for Goodwill Impairment,"* which requires an entity to no longer perform a hypothetical purchase price allocation to measure goodwill impairment. Instead, impairment will be measured using the difference between the carrying amount and the fair value of the reporting unit. Topic 350 is effective for fiscal years beginning after December 15, 2019. The Company elected to early adopt the provisions of this ASU in 2017. The implementation of this ASU did not have a material effect on the Company's consolidated financial statements.

In May 2017, the FASB issued ASU 2017-09, *"Compensation - Stock Compensation (Topic 718): Scope of Modification Accounting,"* which amends the scope of modification accounting for share-based payment arrangements, provides guidance on the types of changes to the terms or conditions of share-based payment awards to which an entity would be required to apply modification accounting under Topic 718. Topic 718 is effective for fiscal years beginning after December 15, 2017. The Company does not believe its implementation will have a material effect on the Company's consolidated financial statements.

Note 2 Fair Value of Financial Instruments

The Company's financial instruments include cash and cash equivalents, accounts receivable, derivative instruments, accounts payable, earn-out liabilities and debt instruments. For short-term instruments, other than those required to be reported at fair value on a recurring basis and for which additional disclosures are included below, management concluded the historical carrying value is a reasonable estimate of fair value because of the short period of time between the origination of such instruments and their expected realization. Therefore, as of December 31, 2017 and December 31, 2016, the carrying amount for cash and cash equivalents, accounts receivable, accounts payable and the Company's revolving line of credit, which is based on a variable interest rate, approximates their fair value.

During 2017, the Company sold shares of Level 1 available for sales securities. Proceeds from the sale totaled $4,141,564 which resulted in a realized gain of $310,043 which is included in other income on the accompanying consolidated statements of operations. As a result of the sale, unrealized gains of $555,979, $366,346 net of taxes, were reclassified out of accumulated other comprehensive income ("AOCI") with the realized gain on sale included in earnings. As of December 31, 2017, the Company has additional available for sale securities with unrealized losses of $14,111, $10,864 net of taxes, which is included in AOCI at December 31, 2017. The Company used the average cost method to determine the realized gain or loss for each transaction. The fair value of available for sale securities held by the Company as of December 31, 2017 was $537,233 and is included in prepaid expenses and other current assets on the accompanying consolidated balance sheets. The Company did not have any available for sale securities held at December 31, 2016.

The Company has two Level 2 financial assets and liabilities. The fair value of the interest rate swap contract entered into on August 21, 2012 was an asset of $127,981 and $31,285 at December 31, 2017 and December 31, 2016, respectively. The interest rate swap was priced using discounted cash flow techniques. Changes in the swap fair value was recorded in current assets or liabilities, as appropriate, with corresponding offsetting entries to other income (expense). Significant inputs to the discounted cash flow model include projected future cash flows based on projected one-month LIBOR and the average margin for companies with similar credit ratings and similar maturities. It is classified as Level 2 as it is not actively traded and is valued using pricing models that use observable market inputs. See Note 17 for further discussion of interest rate swap.

To manage the impact on earnings of fluctuating nickel prices, the Company enters into three-month forward option contracts, which are classified as Level 2. At December 31, 2017, the Company had contracts in place with notional quantities totaling 1,351,494 pounds with strike prices ranging from $3.75 to $4.64 per pound. At December 31, 2016, the Company had contracts in place with notional quantities totaling 638,168 pounds with strike prices ranging from $3.92 to $4.38 per pound. The fair value of the option contracts were an asset of $9,027 and $87,283 at December 31, 2017 and December 31, 2016, respectively. The fair value of the contracts was priced using discounted cash flows techniques based on forward curves and volatility levels by asset class determined on the basis of observable market inputs, when available. Changes in their fair value were recorded to cost of goods sold with corresponding offsetting entries to other current assets.

The fair value of earn-out liabilities resulting from the MUSA acquisition discussed in Note 18 is classified as Level 3. The fair value was estimated by applying the Monte Carlo simulation approach using management's projection of pounds shipped and price per unit. Each quarter-end the Company re-evaluates its assumptions and adjusts to the estimated present value of the expected payments to be made.

Earn-out liabilities associated with the acquisitions of Palmer in 2012 and Specialty in 2014 were adjusted to zero during 2015 and gains of approximately $2,483,333 and $2,414,115, respectively, were recognized. The Palmer earn-out period expired August 21, 2015 and the Specialty earn-out period expired on November 22, 2016. No earn-out payments were made in 2015 or 2016.

There were no changes in the carrying amount of the earn-out liability for the year ended December 31, 2016. The following table presents a summary of changes in fair value of the Company's Level 3 liabilities measured on a recurring basis for 2017:

Balance at December 31, 2016	$	—
Fair value of earn-out liability associated with the MUSA acquisition at February 28, 2017		4,663,783
Earn-out payments to MUSA sellers		(518,456)
Change in fair value during the period		688,523
Balance at December 31, 2017	$	4,833,850

There were no transfers of assets or liabilities between Level 1, Level 2 and Level 3 in the years endedDecember 31, 2017 or December 31, 2016. There have also been no changes in the fair value methodologies used by the Company during the years ended December 31, 2017 or December 31, 2016.

Note 3 Property, Plant and Equipment

Property, plant and equipment consist of the following:

		2017		2016
Land	$	62,916	$	62,916
Leasehold improvements		544,186		120,915
Buildings		412,301		641,526
Machinery, fixtures and equipment		81,229,311		66,099,880
Machinery and equipment under capital lease		401,077		199,767
Construction-in-progress		2,881,654		5,418,397
		85,531,445		72,543,401
Less accumulated depreciation		50,451,436		45,219,309
Property, plant and equipment, net	$	35,080,009	$	27,324,092

The Company recorded depreciation expense of$5,294,695, $4,235,203, and $4,356,911 for 2017, 2016 and 2015, respectively. Accumulated depreciation includes $86,357 and $25,341 at December 31, 2017 and December 31, 2016, respectively, for assets acquired under capital leases.

Note 4 Goodwill

There were no changes in the carrying amount of goodwill for the year ended December 31, 2016. The change in the carrying amount of goodwill by segment for the year ended December 31, 2017 was as follows:

		Specialty Chemicals Segment		Metals Segment		Total
Balance at December 31, 2016	$	1,354,730	$	—	$	1,354,730
Acquisition of MUSA		—		4,648,795		4,648,795
Balance at December 31, 2017	$	1,354,730	$	4,648,795	$	6,003,525

In 2015, the fair value of all reporting units exceeded their carrying value. However, the impairment of the Specialty and Palmer reporting units was primarily driven by the significant compression of the Company's stock price as a result of temporary business declines being experienced in the Metals Segment. These declines primarily related to lower oil prices that caused significantly reduced demand for Palmer and Specialty's products and, secondarily, related to lowered nickel surcharges which affected both pounds shipped and selling prices for the BRISMET reporting unit. Other companies in the oil and gas sector were similarly affected as a result of declining commodity prices. This temporary business decline resulted in a significant gap between the fair value of the Company based on the discounted cash flow analysis and the market capitalization of the Company as of December 31, 2015. Therefore, the Company recorded a goodwill impairment charge of $17,158,249 for the Palmer and Specialty operations during the fourth quarter of 2015 resulting in no goodwill remaining in the Metals Segment as of December 31, 2015.

Note 5 Long-term Debt

	2017	2016
$65,000,000 Revolving line of credit, due October 30, 2020	$ 25,913,557	$ 8,804,206

On August 31, 2016, the Company amended its Credit Agreement with its bank to create a new credit facility in the form of an asset-based revolving line of credit in the amount of $45,000,000. The Line was used to refinance and consolidate all previous debt agreements. The maturity date of the Line was February 28, 2019. Interest on the Line was calculated using the One Month LIBOR Rate (as defined in the Credit Agreement), plus a pre-defined spread. Borrowings under the Line were limited to an amount equal to a Borrowing Base calculation (as defined in the Credit Agreement) that includes eligible accounts receivable and inventory.

Pursuant to the Credit Agreement, the Company was required to pledge all of its tangible and intangible properties, including the stock and membership interests of its subsidiaries. In the Credit Agreement, the Company's bank agreed to release its liens on the real estate properties covered by the Purchase and Sale Agreement with Store Funding, as described in Note 12.

On October 30, 2017, the Company amended its Credit Agreement with its bank to increase the limit of the Line by$20,000,000 to a maximum of $65,000,000 and extended the maturity date to October 30, 2020. None of the other provisions of the Credit Agreement were changed as a result of this amendment.

Covenants under the Credit Agreement include maintaining a minimum fixed charge coverage ratio and a limitation on the Company's maximum amount of capital expenditures per year, which is in line with currently projected needs. The Company evaluated this transaction and determined the restructuring should be accounted for as a debt modification. The Company incurred lender and third party costs associated with the debt restructuring that were capitalized on the balance sheet in non-current assets. At December 31, 2017, the Company was in compliance with all debt covenants.

The line of credit interest rates were 3.44 percent and 2.62 percent at December 31, 2017 and December 31, 2016, respectively. Additionally, the Company is required to pay a fee equal to 0.125 percent on the average daily unused amount of the line of credit on a quarterly basis. As of December 31, 2017, the amount available for borrowing under the line of credit was $56,726,959 of which $25,913,557 was borrowed, leaving $30,813,402 of availability. Average line of credit borrowings outstanding during fiscal 2017 and 2016 were $27,895,901 and $6,830,114 with weighted average interest rates of 3.09 percent and 2.88 percent, respectively.

The Company made interest payments on all credit facilities of $856,651 in 2017, $826,478 in 2016 and $1,149,163 in 2015.

Note 6 Accrued Expenses

Accrued expenses consist of the following:

	2017	2016
Indemnified legal judgment (See Note 13)	$ —	$ 11,000,000
Salaries, wages, and commissions	3,219,190	2,133,814
Taxes, other than income taxes	921,476	479,489
Current portion of earn-out liability	1,663,751	—
Advances from customers	184,874	571,738
Insurance	372,000	209,000
Professional fees	343,706	40,073
Warranty reserve	37,771	180,000
Benefit plans	208,717	159,253
Insurance financing liability	224,961	167,724
Customer rebate liability	439,912	157,445
Current portion, environmental reserves	549,000	184,887
Current portion, deferred gain sale-leaseback	334,273	334,273
Other accrued items	493,823	333,091
Total accrued expenses	$ 8,993,454	$ 15,950,787

Note 7 Environmental Compliance Costs

At December 31, 2017 and December 31, 2016, the Company had accrued $549,000 and $589,887, respectively, for remediation costs which, in management's best estimate, is sufficient to 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 year. 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.

Prior to 1987, the Company utilized certain products at its chemical facilities that are currently classified as hazardous materials. Testing of the groundwater in the areas of the former wastewater 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 2014, at the former Augusta, GA plant site, the Georgia Department of Natural Resources, Environmental Protection Division ("EPD") closed the surface impoundment regulated unit since the Company met post-closure clean-up goals and the Company renewed the Corrective Action Permit, which includes a site-wide corrective action plan, long-term monitoring and institutional controls. The Company has accrued $474,000 and $514,887 at December 31, 2017 and December 31, 2016, respectively, for the completion of the site-wide corrective action plan, which should be finished by the end of the second quarter of 2018. As part of the Asset Purchase Agreement for the sale of the former Spartanburg facility, the purchaser also agreed to pay for all future annual monitoring and reporting costs at the Augusta facility required by the EPD until the site -wide corrective action plan is completed.

The Company has identified and evaluated two SWMUs at its plant in Bristol, Tennessee that revealed residual groundwater contamination. An Interim Corrective Measures Plan to address the final area of contamination identified was submitted for regulatory approval and was approved in March 2005. The Company has $75,000 accrued at December 31, 2017 and December 31, 2016, to provide for estimated future remedial and cleanup costs.

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 8 Deferred Compensation

The Company has deferred compensation agreements with certain former officers providing for payments for the longer often years or life from age 65. The present value of such vested future payments, $159,080 at December 31, 2017 and $171,015 at December 31, 2016, has been accrued.

Note 9 Stock Options, Stock Grants and New Stock Issues

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

	Weighted Average Exercise Price	Options Outstanding	Weighted Average Contractual Term (in years)	Intrinsic Value of Options	Options Available
At January 3, 2015	$ 12.25	157,295	6.9	$ 852,810	169,384
Granted February 10, 2015	$ 16.01	32,532			(32,532)
Exercised	$ 12.47	(666)		$ 1,511	
Expired	$ 14.08	(15,176)			15,176
At December 31, 2015	$ 12.79	173,985	6.4	$ —	152,028
Exercised	$ —	—		$ —	
Expired	$ 16.01	(937)			937
At December 31, 2016	$ 12.77	173,048	5.4	$ —	152,965
Exercised	$ 11.55	(25,632)		$ 78,818	
Expired	$ 15.26	(1,905)			1,905
At December 31, 2017	$ 12.96	145,511	4.6	$ 156,445	154,870
Exercisable options	$ 12.45	119,861	4.2	$ 156,445	
Options expected to vest:				Grant Date Fair Value	
At December 31, 2015	$ 13.76	85,960	7.3	$ 6.57	
Vested	$ 12.71	(41,737)		$ 6.91	
Forfeited options	$ 16.01	(937)			
At December 31, 2016	$ 14.72	43,286	7.1	$ 6.24	
Vested	$ 14.35	(17,574)		$ 5.96	
Forfeited options	$ 15.38	(62)			
At December 31, 2017	$ 14.72	25,650	6.5	$ 6.41	

The following table summarizes information about stock options outstanding atDecember 31, 2017:

	Outstanding Stock Options			Exercisable Stock Options	
		Weighted Average			
Range of Exercise Prices	Shares	Exercise Price	Remaining Contractual Life in Years	Shares	Weighted Average Exercise Price
$ 11.55	56,710	$ 11.55	3.06	56,710	$ 11.55
$ 11.35	25,076	$ 11.35	4.10	25,076	$ 11.35
$ 13.70	27,801	$ 13.70	5.10	22,084	$ 13.70
$ 14.76	8,109	$ 14.76	6.14	4,865	$ 14.76
$ 16.01	27,815	$ 16.01	7.11	11,126	$ 16.01
	145,511			119,861	

The 2011 Plan is an incentive stock option plan, therefore there are no income tax consequences to the Company when an option is granted or exercised. The stock options will vest in 20 percent increments annually on a cumulative basis, beginning one year after the date of grant. In order for the options to vest, the employee must be in the continuous employment of the Company since the date of the grant. Any portion of the grant that has not vested will be forfeited upon termination of employment. Shares representing grants that have not yet vested will be held in escrow by the Company. An employee will not be entitled to any voting rights with respect to any shares not yet vested, and the shares are not transferable. On February 10, 2015, the Company granted options to purchase32,532 shares of its commons stock at an exercise price of$16.01 per share to participants in the 2011 Plan.

The per share weighted-average fair value of this stock option grant was$6.39. The Black-Scholes model for this grant was based on a risk-free interest rate oftwo percent, an expected life of seven years, an expected volatility of 0.46 and a dividend yield of two percent.

In 2017 and 2015, options for 25,632 and 666 shares were exercised by employees and directors for an aggregate exercise price of$296,050 and $8,302, respectively. The proceeds received by the Company were generated from the surrender of 20,243 shares previously owned from employees and directors in 2017 and from cash received of $8,302 in 2015. No options were exercised by employees or directors in 2016. At the 2017, 2016 and 2015 respective year ends, options to purchase 119,861, 129,762 and 88,025 shares with weighted average exercise prices of $12.45, $12.12 and $11.85, respectively, were fully exercisable. Compensation cost charged against income before taxes for the options was approximately $80,966 for 2017, $135,085 for 2016 and $278,341 for 2015. As of December 31, 2017, there was $86,280 of unrecognized compensation cost related to unvested stock options granted under the Company's stock option plans. The weighted average period over which the stock option compensation cost is expected to be recognized is 1.90 years.

The Compensation & Long-Term Incentive Committee ("Compensation Committee") of the Board of Directors of the Company approves stock grants under the Company's 2005 Stock Awards Plan to certain management employees of the Company. The stock grants will vest in 20 percent increments annually on a cumulative basis, beginning one year after the date of grant. In order for the grants to vest, the employee must be in the continuous employment of the Company since the date of the grant. Any portion of the grant that has not vested will be forfeited upon termination of employment. Shares representing grants that have not yet vested will be held in escrow by the Company. An employee will not be entitled to any voting rights with respect to any shares not yet vested, and the shares are not transferable. On January 5, 2015, 3,000 shares, with a market price of $17.95 per share, were granted under the Plan to external consultants of the Company. The Company's 2005 Stock Awards Plan expired on February 3, 2015 at which time no further grants could be awarded. There are outstanding awards under this plan that will vest over the next three years.

The 2015 Stock Awards Plan was approved by the Compensation Committee of the Board of Directors of the Company and authorizes the issuance of up to 250,000 shares which can be awarded for a period of ten years from the effective date of the plan. Prior to May 9, 2017, as discussed below, the stock awards vest in 20 percent increments annually on a cumulative basis, beginning one year after the date of grant from shares held in treasury with the Company. In order for the awards to vest, the employee must be in the continuous employment of the Company since the date of the award. Any portion of an award that has not vested is forfeited upon termination of employment. The Company may terminate any portion of the award that has not vested upon an employee's failure to comply with all conditions of the award or the 2015 Stock Awards Plan. An employee is not entitled to any voting rights with respect to any shares not yet vested, and the shares are not transferable.

On February 19, 2016, the Compensation Committee of the Company's Board of Directors approved stock grants under the Company's 2015 Stock Awards Plan to certain management employees of the Company where 50,062 shares with a market price of $7.51 per share were granted under the Plan. On May 5, 2016, the Compensation Committee of the Company's Board of Directors approved stock grants under the Company's 2015 Stock Awards Plan to certain management employees of the Company where 42,193 shares with a market price of $8.05 per share were granted under the Plan.

On February 8, 2017, the Compensation Committee of the Company's Board of Directors approved stock grants under the Company's 2015 Stock Awards Plan to certain management employees of the Company where 44,687 shares with a market price of $12.30 per share were granted under the Plan.

Effective May 1, 2017, the Company's Board of Directors approved the First Amendment to the 2015 Stock Awards Plan. The amendment grants the Committee the authority to establish and amend vesting schedules for stock awards made pursuant to the 2015 Stock Awards Plan. On May 9, 2017, the Committee approved the amendment of the vesting schedules for the May 5, 2016 and February 8, 2017 stock grants reducing the vesting period from five years to three years. As a result of this amendment, compensation expense increased in 2017 by $75,756 and $67,180, for the five employees receiving grants on May 5, 2016 and eight employees receiving grants on February 8, 2017, respectively.

A summary of plan activity for the 2005 and 2015 Stock Awards Plans is as follows:

	Shares	Weighted Average Grant Date Fair Value
Outstanding at January 3, 2015	66,403	$ 15.00
Granted January 5, 2015	3,000	$ 17.95
Vested	(17,903)	$ 13.86
Forfeited	(60)	$ 13.34
Outstanding at December 31, 2015	51,440	$ 15.57
Granted February 19, 2016	50,062	$ 7.51
Granted May 5, 2016	42,193	$ 8.05
Vested	(21,133)	$ 13.12
Forfeited	(1,260)	$ 17.73
Outstanding at December 31, 2016	121,302	$ 10.03
Granted February 8, 2017	44,687	$ 12.30
Vested	(34,322)	$ 10.45
Outstanding at December 31, 2017	131,667	$ 10.69

Compensation expense on the grants issued is charged against earnings equally before forfeitures, if any, over a period of60 months from the date of the grants for grants prior to May 5, 2016, with the offset recorded in Shareholders' Equity. Compensation expense on grants issued after that date is charged against earnings over 36 months. Compensation cost charged against income for the awards was approximately $557,450, $354,538 net of income taxes, or $0.04 per share for 2017, $324,388, $206,311 net of income taxes, or $0.02 per share for 2016 and $243,354, $154,773 net of income taxes, or $0.02 per share, for 2015. As of December 31, 2017, there was $1,073,914 of total unrecognized compensation cost related to unvested stock grants under the Company's Stock Awards Plan. The weighted average period over which the stock grant compensation cost is expected to be recognized is 2.12 years.

Each year, the Company allows each non-employee director to elect to receive up to 100 percent of their annual retainer in restricted stock. The number of restricted shares issued is determined by the average of the high and low common stock price on the day prior to the Annual Meeting of Shareholders or the date prior to the appointment to the Board for those individuals that are appointed mid-term. On May 18, 2017, May 5, 2016 and May 12, 2015, non-employee directors received an aggregate of 24,209, 40,991 and 8,216 shares, respectively, of restricted stock in lieu of total retainer fees of $287,500, $330,000 and $118,750, respectively. The shares granted to the directors are not registered under the Securities Act of 1933 and are subject to forfeiture in whole or in part upon the occurrence of certain events.

Note 10 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:

	2017	2016
Deferred income tax assets:		
Sale leaseback deferred gain	$ 1,382,270	$ 2,387,309
Inventory valuation reserves	209,745	379,005
Allowance for doubtful accounts	7,944	28,556
Inventory capitalization	943,203	1,780,957
Environmental reserves	124,029	199,191
Interest rate swap	—	15,185
Warranty accrual	8,132	62,035
Deferred compensation	36,617	60,745
Accrued bonus	483,238	337,028
Accrued expenses	24,749	77,629
State net operating loss carryforwards	2,069,258	1,724,843
Other	479,338	389,530
Total deferred income tax assets	5,768,523	7,442,013
Valuation allowance	(2,087,860)	(1,790,051)
Total net deferred income tax assets	3,680,663	5,651,962
Deferred income tax liabilities:		
Tax over book depreciation and amortization	3,971,816	6,946,812
Prepaid expenses	174,322	211,300
Interest rate swap	87,016	—
Other	83,419	103,342
Total deferred income tax liabilities	4,316,573	7,261,454
Deferred income taxes	$ (635,910)	$ (1,609,492)

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

	2017	2016	2015
Current:			
Federal	$ 1,067,490	$ (980,495)	$ 1,415,142
State	106,832	190,230	233,626
Total current	1,174,322	(790,265)	1,648,768
Deferred:			
Federal	(1,043,384)	(1,329,302)	(47,530)
State	6,201	(78,433)	197,762
Total deferred	(1,037,183)	(1,407,735)	150,232
Total	$ 137,139	$ (2,198,000)	$ 1,799,000

Tax benefit from discontinued operations amounted to $51,000 and $651,000 for the fiscal years ended 2016 and 2015, respectively. The Company did not have any discontinued operations for 2017.

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

	2017		2016		2015	
	Amount	%	Amount	%	Amount	%
Tax at U.S. statutory rates	$ 502,690	34.0 %	$ (3,125,382)	34.0 %	$ (2,880,574)	34.0 %
State income taxes, net of federal tax benefit	65,546	4.4 %	(48,842)	0.5 %	285,426	(3.4)%
State valuation allowance	8,498	0.6 %	95,961	(1.0)%	94,068	(1.1)%
Life insurance cash surrender value	—	— %	503,700	(5.5)%	—	— %
Earn-out adjustments	—	— %	—	— %	(857,061)	10.1 %
Manufacturing exemption	(116,980)	(7.9)%	—	— %	(187,604)	2.2 %
Stock option compensation	226	— %	45,929	(0.5)%	94,637	(1.1)%
Uncertain tax positions	—	— %	—	— %	(139,000)	1.6 %
Rate change effects	(380,961)	(25.8)%	—	— %	—	— %
Goodwill impairment	—	— %	—	— %	5,405,302	(63.8)%
Other, net	58,120	4.0 %	330,634	(3.6)%	(16,194)	0.3 %
Total	$ 137,139	9.3 %	$ (2,198,000)	23.9 %	$ 1,799,000	(21.2)%

Income tax payments of $2,576,515, $991,888 and $2,250,558 were made in 2017, 2016 and 2015, respectively. The Company had state net operating loss carryforwards at the end of fiscal years 2017 and 2016 of $49,711,027 and $49,676,851, respectively. These losses will expire between the years of 2018 and 2037. A valuation allowance has been set up against $49,612,725 of these state net operating loss carryforwards because it is not more likely than not that the losses will be realized in the foreseeable future. The portion of the valuation allowance for the net operating loss carryforwards was $2,064,674 and $1,724,843 at December 31, 2017 and December 31, 2016, respectively. In addition, a $23,186 valuation allowance was established at December 31, 2017 for other deferred tax assets. This resulted in a valuation allowance increase of $297,809 all related to continuing operations.

The Company and its subsidiaries are subject to U.S. federal income tax as well as income tax of multiple state jurisdictions. The Company is no longer subject to U.S. federal examinations for years before 2014 or state income tax examinations for years before 2013. The Company completed its 2012 and 2013 federal income tax return examination by the Internal Revenue Service during the second quarter of 2015.

The Company had no uncertain tax position activity during 2017 or 2016. The Company's continuing practice is to recognize interest and/or penalties related to income tax matters in the provision for income taxes. The Company had no accruals for uncertain tax positions including interest and penalties at the end of 2017.

On December 22, 2017, the Tax Cuts and Jobs Act (“The Act”) was signed into law by the President of the United States, enacting significant changes to the Internal Revenue Code effective January 1, 2018. The Act includes a number of provisions including, but not limited to, a permanent reduction of the U.S. corporate tax rate from 35 percent to 21 percent, eliminating the deduction for domestic production activities, limiting the tax deductibility of interest expense, accelerating the expensing of certain business assets and reducing the amount of executive pay that could qualify as a tax deduction. Many effects of The Act are international in nature, such as the one-time transition tax, base erosion anti-abuse tax and the global intangible low-taxed income tax, and thus would not pertain to the Company as it has no international operations. The Company's net deferred tax liability as of December 31, 2017 was determined based on the new permanently enacted corporate income tax rate of 21 percent. As a result, the 2017 income tax provision was reduced by $380,961 for a one-time non-cash revaluation adjustment of the net deferred tax liabilities.

On December 22, 2017, the SEC staff issued Staff Accounting Bulletin No. 118 (“SAB 118”) to address the application of U.S. GAAP in situations when a registrant does not have the necessary information available, prepared, or analyzed (including computations) in reasonable detail to complete the accounting for certain income tax effects of The Act. The Company's revaluation of its deferred tax assets and liabilities is provisional and subject to further clarification of the new law, including but not limited to US state conformity that cannot be estimated at this time and measurement of underlying tax basis in certain business assets. The ultimate impact may differ from provisional amounts due to, among other things, additional analysis, changes in interpretations and assumptions the Company has made, and additional regulatory guidance that may be issued. Further guidance may be forthcoming from federal and state agencies, which could result in additional adjustments. The accounting is expected to be completed no later than the filing of the 2017 U.S. corporate income tax return in 2018.

Note 11 Benefit Plans and Collective Bargaining Agreements

The Company has a 401(k) Employee Stock Ownership Plan (the "401(k)/ESOP Plan") covering all non-union employees. Employees could contribute to the 401(k)/ESOP Plan up to 100 percent of their wages with a maximum of $18,000 for 2017. Under the Economic Growth and Tax Relief Reconciliation Act, employees who are age 50 or older could contribute an additional $6,000 per year for a maximum of $24,000 for 2017. 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. For the year ended December 31, 2015, contributions by the Company were made in cash and then used by the 401(k)/ESOP Plan Trustee to purchase Company stock. Effective January 1, 2016, contributions by the Company are made in accordance with the investment elections made by each participant for their deferral contributions. The Company contributes on behalf of each eligible participant a matching contribution equal to a percentage determined each year by the Board of Directors. For 2017, 2016 and 2015 the maximum was 100 percent of employee contributions up to a maximum of four percent of their eligible compensation. The matching contribution is applied to the employee accounts after each payroll. Matching contributions of approximately $608,473, $516,991 and $541,260 were made for 2017, 2016 and 2015, respectively. The Company may also make a discretionary contribution, which if made, would be distributed to all eligible participants regardless of whether they contribute to the 401(k)/ESOP Plan. No discretionary contributions were made to the 401(k)/ESOP Plan in 2017, 2016 or 2015.

The Company also has a 401(k) and Profit Sharing Plan (the "Bristol Plan") covering all employees of the United Steel Workers of America, Local Union 4586 Collective Bargaining Agreement ("CBA"). Employees could contribute to the Bristol Plan up to 60 percent of pretax annual compensation, as defined in the Plan, with a maximum of $18,000 for 2017. Under the Economic Growth and Tax Relief Reconciliation Act, employees who are age 50 or older could contribute an additional $6,000 per year for a maximum of $24,000 for 2017. The Company contributes three percent of a participant's eligible compensation for the plan year, regardless of whether the participants contribute to the Bristol Plan. The Company's contributions were $174,229, $136,763 and $147,005 for 2017, 2016 and 2015, respectively. Additional profit sharing amounts may also be contributed at the option of the Company's Board of Directors, which if made, would be allocated to participants based on the ratio of the participant's compensation to the total compensation of all participants eligible to participate in the Bristol Plan. No discretionary contributions were made to the Bristol Plan in 2017, 2016 or 2015.

In connection with the MUSA acquisition discussed in Note 18, the Company assumed the rights and obligations pursuant to the CBA between MUSA and the United Steel Workers of America, Local Union 5852-22 (the " Munhall Union"). As a part of this CBA, the Company assumed the obligation of participating in the Steelworkers Pension Trust (plan number 499; EIN: 23-6648508), a union-sponsored multi-employer defined benefit plan (the "Munhall Plan"), which covers all the Company's eligible Munhall Union employees. The Munhall Plan has a plan year that coincides with the calendar year. Per the most recent available annual funding notice, the plan was at least 80 percent funded for the plan year ended December 31, 2016. Per the terms of the agreement the Company contributes 3.75 percent of each participant's eligible compensation for the plan year. Munhall Union employees make no contributions to the Munhall Plan. The Company's contributions are less than 5 percent of total contributions to the plan based on contributions for the plan year ended December 31, 2016. The Company's contributions to the Munhall Plan totaled $69,245 for the year ended December 31, 2017. Additionally, as part of the CBA with the Munhall Union, members of the union are eligible to make deferral contributions to the Company's 401(k)/ESOP Plan per the plan guidelines; however they do not receive matching contributions of the 401(k)/ESOP Plan.

The Company also maintains a CBA with the United Steel Workers of America, Local Union 4564-07, which represents employees at the Specialty-Mineral Ridge facility. In connection with this CBA, the Company contributes to union-sponsored defined contribution retirement plans. Contributions relating to these plans were approximately $29,042, $22,256 and $37,712 for 2017, 2016 and 2015, respectively.

Note 12 Leases

On August 31, 2016, Synalloy and its operating subsidiaries ("the Synalloy Companies") entered into a Purchase and Sale Agreement ("PSA") with Store Capital Acquisitions, LLC, a Delaware limited liability company and an affiliate of Store Capital Corporation ("Store Capital Acquisitions"). Store Capital Acquisitions assigned its rights under the PSA to Store Master Funding XII, LLC, a Delaware limited liability company ("Store Funding"), prior to closing.

On September 30, 2016, pursuant to the terms and conditions of the PSA, the Synalloy Companies completed the sale of their real estate properties in Tennessee, South Carolina, Texas and Ohio to Store Funding for a purchase price of $22,000,000. The net book value of the real estate properties sold totaled $17,769,883 and the Company recognized a loss on the sale of certain locations of $2,455,347. The Company also recognized a deferred gain of $6,685,464 on the sale of certain locations which is being amortized on the straight-line method over the initial lease term of 20 years. The deferred gain recognized during the fourth quarter of 2016 totaled $83,568 and reduced the net loss recognized at December 31, 2016 in the accompanying consolidated statements of

operations to $2,371,778. The deferred gain recognized during 2017 totaled $334,273. Concurrent with the sale of its real properties, the Company leased back all real properties sold to Store Funding. The closing of the sale-leaseback transaction provided the Company with net proceeds (after transaction-related costs) of $21,925,000. The net proceeds were used to pay down debt under the Company's credit agreement, as described in Note 5.

The initial non-cancellable term of the lease is 20 years, with two renewal options of ten years each. The lease includes a rent escalator equal to the lesser of 1.25 times the percentage increase in the Consumer Price Index since the previous increase or two percent. The lease met the operating lease requirements and has been accounted for as such. For each location, the Company simultaneously entered into a sublease with each operating subsidiary.

The Company leases office space in Spartanburg, South Carolina and Richmond, Virginia, property for a storage yard in Mineral Ridge, Ohio, manufacturing and warehouse space in Munhall, Pennsylvania and various manufacturing and office equipment at each of its locations, all under operating leases.

The amount of future minimum lease payments under operating leases are as follows: 2018 - $2,744,596; 2019 - $2,861,487; 2020 - $2,903,841; 2021 - $2,892,396; 2022 - $2,883,906; and thereafter - $33,783,129. Rent expense related to operating leases was $3,339,600, $1,143,895 and $685,903 in 2017, 2016 and 2015, respectively.

The Company leases machinery and equipment for its manufacturing facility in Cleveland, Tennessee under capital leases. Future minimum commitments for capital leases are as follows:

Year ending December 31:		
2018	$	85,464
2019		85,464
2020		70,080
2021		38,781
2022		18,407
Total minimum lease payments		298,196
Less imputed interest costs		15,177
Present value of net minimum lease payments	$	283,019

The current portion due under the capital lease is included in accrued expenses and the long-term portion is included in other long-term liabilities in the accompanying consolidated balance sheets as of December 31, 2017 and December 31, 2016.

Note 13 Commitments and 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. No significant claims expenses were incurred during 2017, 2016 or 2015, with the exception of the items discussed below. Any legal costs associated with commitments or contingencies are expensed as incurred.

In January 2014, a Metals Segment customer filed suit against Palmer and Synalloy and another unrelated defendant in Texas state court alleging breach of warranty, among other claims. The plaintiff's claim for damages did not state a dollar amount. This matter arose out of products manufactured and sold by Palmer prior to the Company's acquisition of all of Palmer's outstanding stock in August 2012. During August and September 2016, the parties to the lawsuit tried the matter in a bench trial in the District Court of Harris County, Texas, 333rd Judicial District (the "Court"). On December 31, 2016, the Court entered final judgment in favor of the Plaintiff and Synalloy and against Palmer. The Court ordered Palmer to pay the Plaintiff approximately $8,600,000 in damages, plus pre- and post-judgment interest, and approximately $1,040,000 in attorneys' fees. The Court ruled Synalloy has no liability to the Plaintiff. The former shareholders of Palmer are contractually bound, pursuant to the Stock Purchase Agreement by and among Synalloy and the former shareholders dated August 10, 2012, to hold harmless and indemnify Synalloy and Palmer from any and all costs and damages, including the judgment described above and all associated attorneys' fees, arising out of this matter. At December 31, 2016, the Company recorded $11,000,000 in accrued expenses and current assets to reflect the legal liability and corresponding indemnified receivable due from the former shareholders of Palmer. On June 30, 2017, the plaintiff entered into settlement agreements with Palmer/Synalloy and the former shareholders of Palmer, respectively, pursuant to which, the parties agreed to settle and release the judgment in full. On August 31, 2017, the former shareholders of Palmer satisfied the financial conditions specified in their settlement agreement with the plaintiff, and the plaintiff filed a Release of Final Judgment with the Court. Because the former shareholders of Palmer were contractually bound, pursuant to the Stock Purchase Agreement

by and among Synalloy and the former shareholders dated August 10, 2012, to hold harmless and indemnify Synalloy and Palmer from any and all costs and damages, including the judgment described above and all associated attorneys' fees, arising out of this matter, neither Synalloy nor Palmer contributed to the payments required by the settlement agreements. The legal liability and corresponding indemnified receivable due from the former shareholders of Palmer were reduced to zero at August 31, 2017.

In September 2014, a Metals Segment customer filed suit against Synalloy Fabrication, LLC (discontinued operation) and its surety in the United States District Court for the District of Maryland (Baltimore Division) alleging breach of contract, among other claims. The plaintiff's claim for damages was approximately $3,300,000 plus attorney's fees. This matter arose from a disagreement over the scope of a pipe fabrication project and whether an enforceable contract exists between the parties. On March 11, 2016, the United States District Court of Maryland (Baltimore Division) granted summary judgment regarding liability in favor of the plaintiff by ruling that an enforceable contract existed between the parties and the Company breached the agreement. As a result of this ruling, the remaining issue in the case was the amount of the plaintiff's damages. Consequently, the Company increased the facility closing liability to a level of $3,000,000 for the estimated costs associated with the claim for the year ended December 31, 2015. In June 2016, the matter was settled for damages totaling $3,100,000. As a result, the Company increased the facility closing liability and made a payment of $2,500,000 in June 2016. In September 2016, the remaining balance of $600,000 was paid in full. The amount required to adjust the facility closing reserve as a result of the settlement is included in discontinued operations for 2016 and 2015 in the accompanying consolidated statement of operations.

Other than the environmental contingencies discussed in Note 7 and the matters discussed in this Note 13, management is not currently aware of any other asserted or unasserted matters which could have a significant effect on the financial condition or results of operations of the Company.

Note 14 Earnings Per Share

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

	2017	2016	2015
Numerator:			
Net income (loss) from continuing operations	$ 1,341,362	$ (6,993,967)	$ (10,269,278)
Net loss from discontinued operations, net of tax	$ —	$ (99,334)	$ (1,251,058)
Denominator:			
Denominator for basic earnings per share - weighted average shares	8,704,730	8,649,745	8,710,361
Effect of dilutive securities:			
Employee stock options and stock grants	22,757	—	—
Denominator for diluted earnings per share - weighted average shares	8,727,487	8,649,745	8,710,361
Net earnings (loss) per share from continuing operations:			
Basic	$ 0.15	$ (0.81)	$ (1.18)
Diluted	$ 0.15	$ (0.81)	$ (1.18)
Net loss per share from discontinued operations:			
Basic	$ —	$ (0.01)	$ (0.14)
Diluted	$ —	$ (0.01)	$ (0.14)

The diluted earnings per share calculations exclude the effect of potentially dilutive shares when the inclusion of those shares in the calculation would have an anti-dilutive effect. The Company had weighted average shares of common stock of 86,524 in 2017, 295,287 in 2016 and 229,025 in 2015, which were not included in the diluted earnings per share calculation as their effect was anti-dilutive.

Note 15 Industry Segments

The Company's business is divided into two operating segments: Metals and Specialty Chemicals. The Company identifies such segments based on products and services, long-term financial performance and end markets targeted. The Metals Segment operates

as three reporting units including Synalloy Metals, Inc., a wholly-owned subsidiary which owns100 percent of BRISMET, Palmer and Specialty, both wholly-owned subsidiaries of the Company. BRISMET manufactures pipe and tube from stainless steel and other alloys, Palmer produces fiberglass and steel storage tanks and Specialty is a master distributor of seamless carbon pipe and tube. The Metal Segment's products, some of which are custom-produced to individual orders and required for corrosive and high-purity processes, are used principally by the chemical, petrochemical, pulp and paper, mining, power generation (including nuclear), water and wastewater treatment, liquid natural gas, brewery, food processing, petroleum, pharmaceutical and other industries. Products include pipe, storage tanks, pressure vessels and a variety of other components. The Specialty Chemicals Segment operates as one reporting unit which includes MS&C, a wholly owned subsidiary of the Company which owns 100 percent of MC, and CRI Tolling, a wholly owned subsidiary of the Company. The Specialty Chemicals Segment manufactures a wide variety of specialty chemicals for the carpet, chemical, paper, metals, mining, agricultural, fiber, paint, textile, automotive, petroleum, cosmetics, mattress, furniture, janitorial and other industries. MC manufactures lubricants, surfactants, defoamers, reaction intermediaries and sulfated fats and oils. CRI Tolling provides chemical tolling manufacturing resources to global and regional companies and contracts with other chemical companies to manufacture certain pre-defined products.

The chief operating decision maker evaluates performance and determines resource allocations based on a number of factors, the primary measure being operating income (loss). The accounting policies of the segments are the same as those described in the summary of significant accounting policies.

Segment operating income is the segment's total revenue less operating expenses, excluding interest expense and income taxes. Identifiable assets, all of which are located in the United States, are those assets used in operations by each segment. During 2015, the Company recorded an impairment charge of $17,158,249 of the total Metals Segment's goodwill as a result of the annual impairment analysis performed in the fourth quarter; see Note 4. The Metals Segment's identifiable assets did not include any goodwill in 2016. In relation to the acquisition of the stainless pipe and tube assets of MUSA (see Note 18), the Metals Segment recognized goodwill of $4,648,795 in 2017. The Specialty Chemicals Segment's identifiable assets include goodwill of $1,354,730 in 2017 and 2016. Centralized data processing and accounting expenses are allocated to the two segments based upon estimates of their percentage of usage. Unallocated corporate expenses include environmental charges of $37,748, $48,000 and $1,332 for 2017, 2016 and 2015, respectively. Corporate assets consist principally of cash, certain investments and equipment.

The Metals Segment had one customer that accounted for approximately 14 percent of revenues in 2015. There were no customers representing more than ten percent of the Metals Segment's revenues in 2017 or 2016. The Specialty Chemicals Segment has one customer that accounted for approximately 23 percent, 25 percent and 31 percent of revenues for 2017, 2016 and 2015. The concentration of sales to this customer declined in 2016 as a result of this customer moving production of the certain products previously produced and sold by the Specialty Chemicals Segment in house. The loss of this customer would have a material adverse effect on the revenues of the Specialty Chemicals Segment and the Company.

In order to establish stronger business relationships, the Metals Segment uses only a few raw material suppliersNine suppliers furnish about 80 percent of total dollar purchases of raw materials, with one supplier furnishing 40 percent. However, the Company does not believe that the loss of this supplier would have a materially adverse effect on the Company as raw materials are readily available from a number of different sources, and the Company anticipates no difficulties in fulfilling its requirements. For the Specialty Chemicals Segment, most raw materials are generally available from numerous independent suppliers and about 52 percent of total purchases are from its top 15 suppliers. While some raw material needs are met by a sole supplier or only a few suppliers, the Company anticipates no difficulties in fulfilling its raw material requirements.

Segment Information:

All values are for continuing operations only.

	2017	2016	2015
Net sales			
Metals Segment	$ 152,957,195	$ 90,214,537	$ 114,908,258
Specialty Chemicals Segment	48,190,487	48,351,245	60,552,180
	$ 201,147,682	$ 138,565,782	$ 175,460,438
Operating income (loss)			
Metals Segment	$ 5,424,624	$ (4,820,374)	$ 2,821,879
Goodwill impairment	—	—	(17,158,249)
Business interruption proceeds	—	—	1,246,024
Gain (loss) on sale-leaseback	239,604	(2,166,136)	—
Total Metals Segment	5,664,228	(6,986,510)	(13,090,346)
Specialty Chemicals Segment	4,295,576	4,887,143	5,664,843
Gain (loss) on sale-leaseback	94,669	(205,642)	—
Total Specialty Chemicals Segment	4,390,245	4,681,501	5,664,843
	10,054,473	(2,305,009)	(7,425,503)
Unallocated straight line lease cost	397,071	101,633	—
Unallocated corporate expenses	6,116,768	5,733,529	5,105,935
Acquisition related costs	794,983	106,227	499,761
Operating income (loss)	2,745,651	(8,246,398)	(13,031,199)
Interest expense	985,366	932,572	1,352,806
Change in fair value of interest rate swap	(96,696)	12,997	41,580
Earn-out adjustments	688,523	—	(4,897,448)
Casualty insurance gain	—	—	(923,470)
Other income, net	(310,043)	—	(134,389)
Income (loss) before income taxes	$ 1,478,501	$ (9,191,967)	$ (8,470,278)
Identifiable assets			
Metals Segment	$ 130,456,857	$ 109,689,477	
Specialty Chemicals Segment	25,394,078	22,907,672	
Corporate	4,023,215	6,040,914	
	$ 159,874,150	$ 138,638,063	
Depreciation and amortization			
Metals Segment	$ 6,280,681	$ 5,132,506	$ 5,172,251
Specialty Chemicals Segment	1,302,579	1,449,437	1,376,167
Corporate	154,552	113,047	85,973
	$ 7,737,812	$ 6,694,990	$ 6,634,391
Capital expenditures			
Metals Segment	$ 3,405,552	$ 2,198,535	$ 7,398,517
Specialty Chemicals Segment	1,649,967	475,703	3,439,260
Corporate	223,089	370,173	67,453
	$ 5,278,608	$ 3,044,411	$ 10,905,230
Sales by product group			
Specialty chemicals	$ 48,190,487	$ 48,351,245	$ 60,552,180
Stainless steel pipe	100,523,823	56,065,642	77,849,443
Seamless carbon steel pipe and tube	25,103,641	14,913,133	18,013,326
Liquid storage tanks and separation equipment	27,599,731	19,235,762	19,045,489
	$ 201,417,682	$ 138,565,782	$ 175,460,438
Geographic sales			
United States	$ 196,172,279	$ 132,313,157	$ 167,185,319
Elsewhere	4,975,403	6,252,625	8,275,119
	$ 201,147,682	$ 138,565,782	$ 175,460,438

Note 16 Quarterly Results (Unaudited)

The following is a summary of quarterly operations for 2017 and 2016:

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2017				
Net sales	$ 42,203,579	$ 51,511,045	$ 54,595,924	$ 52,837,134
Gross profit	7,403,579	8,177,927	4,836,620	7,662,824
Net income (loss) from continuing operations	701,542	829,879	(1,206,752)	1,016,693
Net income from discontinued operations	—	—	—	—
Net income (loss)	701,542	829,879	(1,206,752)	1,016,693
Other comprehensive income (loss)	—	366,346	(366,346)	(10,864)
Comprehensive income (loss)	—	1,196,225	(1,573,098)	1,005,829
Per common share				
Basic	0.08	0.10	(0.14)	0.11
Diluted	0.08	0.10	(0.14)	0.11
2016				
Net sales from continuing operations	$ 36,312,012	$ 34,906,668	$ 34,297,231	$ 33,049,871
Gross profit from continuing operations	4,718,176	3,997,594	4,504,419	3,684,290
Net loss from continuing operations (1)	(1,366,732)	(1,583,395)	(2,608,276)	(1,435,564)
Loss from discontinued operations, net of tax	—	(99,334)	—	—
Net loss	(1,366,732)	(1,682,729)	(2,608,276)	(1,435,564)
Other comprehensive income	—	—	—	—
Comprehensive (loss)	(1,366,732)	(1,682,729)	(2,608,276)	(1,435,564)
Per common share from continuing operations				
Basic	(0.16)	(0.18)	(0.30)	(0.17)
Diluted	(0.16)	(0.18)	(0.30)	(0.17)
Per common share from discontinued operations				
Basic	—	(0.01)	—	—
Diluted	—	(0.01)	—	—

(1) The Company recorded a loss of $2,455,347 in the third quarter of 2016 associated with the sale-leaseback transaction.

Note 17 Interest Rate Swap

As discussed in Note 5, the Company has an interest rate swap associated with its Line which effectively is expected to offset variable interest in the borrowing; hedge accounting was not utilized. The notional amount of the swap was $10,500,000 and $12,750,000 at December 31, 2017 and December 31, 2016, respectively. Therefore, the fair value is recorded in current assets or liabilities, as appropriate, with corresponding changes to fair value recorded to other income (expense). The Company recorded an asset of $127,981 and $31,285 for the fair value of the Palmer swap at December 31, 2017 and December 31, 2016, respectively.

Note 18 Acquisitions

Acquisition of the Stainless Steel Pipe and Tube Assets of Marcegaglia USA, Inc.

On December 9, 2016, the Company's subsidiary Bristol Metals, LLC ("BRISMET"), entered into a definitive agreement to acquire the stainless steel pipe and tube assets of MUSA located in Munhall, PA (the "Bristol Metals-Munhall") to enhance its on-going business with additional capacity and technological advantages. The transaction closed on February 28, 2017 and was funded through an increase to the Company's credit facility (See Note 5). The purchase price for the transaction, which excludes real estate and certain other assets, totaled $14,953,513. The assets purchased from MUSA include inventory, production and maintenance supplies and equipment less specific identified liabilities to be assumed. In accordance with the agreement, on December 9, 2016, BRISMET entered into an escrow agreement and deposited $3,000,000 into the escrow fund. The deposit was remitted to MUSA at the close of the transaction and was reflected as a credit against the purchase price.

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

Sources of funds:		
Borrowings from revolving line of credit	$	14,953,513
Total sources of funds	$	14,953,513
Uses of funds:		
Acquisition of MUSA Stainless assets	$	14,953,513
Total uses of funds	$	14,953,513

The transaction was accounted for using the acquisition method of accounting for business combinations. During the fourth quarter of 2017, the Company finalized the purchase price allocation for the Bristol Metals-Munhall acquisition.

MUSA will receive quarterly earn-out payments for a period of four years years following closing. Aggregate earn-out payments will be at least $3,000,000, with no maximum. Actual payouts will equate to three percent of BRISMET's incremental revenue, if any, from the amount of small diameter stainless steel pipe and tube (outside diameter of ten inches or less) sold. At February 28, 2017, the acquisition date, the Company forecasted earn out payments to be $4,063,204, which was discounted to a present value of $3,604,330 using a discount rate applicable to future revenue offive percent. In determining the appropriate discount rate to apply to the contingent payments, the risk associated with the functional form of the earn-out, the credit risk associated with the payment of the earn-out and the methodology to quantify the earn-out were all considered. The fair value of the contingent consideration was estimated by applying the Monte Carlo simulation approach using management's estimates of pounds shipped.

In the second quarter of 2017, Management adjusted the selling price used in the earn-out calculation associated with the MUSA acquisition. Since this adjustment was determined within the measurement period, the beginning earn-out liability and goodwill were increased by $1,059,453. Goodwill related to Bristol Metals-Munhall increased from $3,589,342 to $4,648,795 and the fair value on contingent consideration was increased from$3,604,330 to $4,663,783. All other changes in fair value have been included as other (income) loss on the Company's consolidated statements of operations.

The total purchase price was allocated to Bristol Metals-Munhall facility's net tangible and identifiable intangible assets based on their estimated fair values as of February 28, 2017. The fair value assigned to the customer list intangible is being amortized on an accelerated basis over 15 years. The excess of the consideration transferred over the fair value of the net tangible and identifiable intangible assets and liabilities is reflected as goodwill. Goodwill consists of manufacturing cost synergies expected from combining laser mill capabilities acquired as part of Bristol Metals-Munhall with BRISMET's current operations. All of the goodwill recognized was assigned to the Company's Metals Segment and is expected to be deductible for income tax purposes.

The following table shows the initial estimate of value and revisions made during 2017:

	Initial estimate	Revisions	Final
Inventories	$ 5,434,000	$ —	$ 5,434,000
Other current assets - production and maintenance supplies	1,548,701	—	1,548,701
Equipment	7,576,733	—	7,576,733
Customer list intangible	992,000	—	992,000
Goodwill	3,589,342	1,059,453	4,648,795
Earn-out liability	(3,604,330)	(1,059,453)	(4,663,783)
Other liabilities assumed	(582,933)	—	(582,933)
	$ 14,953,513	$ —	$ 14,953,513

Bristol Metals-Munhall's results of operations since acquisition are reflected in the Company's consolidated statements of operations. The amount of Bristol Metals-Munhall's revenues and operating loss included in the consolidated statements of operations for the year ended December 31, 2017 was $25,766,689 and $245,408, respectively. The following unaudited pro-forma information is provided to present a summary of the combined results of the Company's operations with Bristol Metals-Munhall as if the acquisition had occurred on January 1, 2016. The unaudited pro-forma financial information is for information purposes only and is not necessarily indicative of what the results would have been had the acquisition been completed on the date indicated above.

Pro-Forma (Unaudited)

	2017	2016
Pro-forma revenues	$ 206,071,634	$ 161,591,159
Pro-forma net income (loss)	1,441,258	(9,730,841)
Earnings (loss) per share:		
Basic	0.17	(1.12)
Diluted	0.17	(1.12)

The pro-forma calculation excludes non-recurring acquisition costs of $698,587 which were incurred by the Company during 2017. The stainless steel operations of MUSA's historical financial results were adjusted for both years to eliminate interest expense charged by the prior owner. Pro-forma net income was reduced for both years for the amount of amortization on Bristol Metal Munhall's customer list intangible and an estimated amount of interest expense associated with the additional line of credit borrowings.

On March 1, 2017, pursuant to the terms and conditions of the MUSA asset purchase agreement, the Company entered into a lease agreement to lease manufacturing and warehouse space at MUSA's Munhall, PA facility for $33,333 per month for the initial lease term of 15 months. In February 2018, the lease was amended to extend the term of the lease for the period beginning June 1, 2018 and ending May 31, 2023 and includes escalating rent payments. The lease met the operating lease requirements and has been accounted for as such; see Note 12.

Note 19 Dispositions and Closures

Associated with the closure of Bristol Fab in 2014, Bristol Fab's collective bargaining agreement with the Union expired and the Company was legally obligated to pay a withdrawal liability to the Union's pension fund of approximately $1,904,628. This obligation was payable over 26 months ending October 1, 2016 with an interest rate of 4.51 percent.

During 2016, the Company successfully completed the items and processes identified when the one-time closing charges were developed. A charge of $99,334 and $1,251,058, net of tax respectively, was recorded as discontinued operations during 2016 and 2015 for a legal claim filed against Synalloy Fabrication as discussed in Note 13. The matter was settled during 2016 and the settlement was paid in full by September 2016. As such, the facility closing reserve was zero as of December 31, 2016. Bristol Fab was reported as a part of the Metals Segment.

The Company's results from discontinued operations are summarized below:

	2016	2015
Net sales	$ —	$ —
Loss before income taxes	$ (150,334)	$ (1,902,058)
Benefit from income taxes	(51,000)	(651,000)
Net loss from discontinued operations	$ (99,334)	$ (1,251,058)

Note 20 Payment of Dividends

At the end of each fiscal year the Board reviews the financial performance and capital needed to support future growth to determine the amount of cash dividend, if any, which is appropriate. In 2017, the Company paid a $0.13 cash dividend on November 6, 2017 for a total of $1,148,513. In 2016, no dividends were declared or paid by the Company. In 2015, the Company paid a $0.30 cash dividend on December 8, 2015 for a total payment of $2,617,513.

Note 21 Business Interruption Proceeds and Gain on Casualty Loss

On April 30, 2015, the Company's fiberglass tank fabrication facility at the Palmer complex in Andrews, Texas suffered fire damage including minor structural damage as well as damage to the electrical system and overhead cranes. The Company completed repairs to the facility and the losses were fully insured including business interruption coverage. Total business interruption insurance recoveries recognized during the year ended December 31, 2015 were $1,246,024 and is shown separately in operating income on the accompanying consolidated statements of operations. During the fourth quarter of 2015, the Company completed the insurance claim settlement for the fire and recorded a casualty insurance gain of $923,470, representing the excess of insurance proceeds over the net book value of assets damaged in the loss, and is shown separately in other income on the accompanying consolidated statements of operations for the year ended December 31, 2015.

Management's Annual Report on Internal Control Over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Securities and Exchange Act of 1934. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. Management has excluded the Munhall facility's operations (acquired in the MUSA Stainless acquisition) from its assessment of internal control over financial reporting as of December 31, 2017 because this material acquisition closed in the first quarter of 2017. Total assets of $20.2 million and total revenue of $25.8 million associated with the Munhall facility represent approximately 15 percent and 17 percent, respectively, of the related financial statement amounts of the Metals Segment as of, and for the year ended, December 31, 2017.

Because of inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies may deteriorate.

Management conducted an evaluation of the effectiveness of the Company's internal control over financial reporting as of December 31, 2017 using the criteria established by the Committee of Sponsoring Organizations of the Treadway Commission in the *Internal Control-Integrated Framework (COSO 2013).* Based on that evaluation, management believes the Company's internal control over financial reporting was effective as of December 31, 2017.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2017, has been audited by KPMG LLP, an independent registered public accounting firm, which also audited the Company's Consolidated Financial Statements for the year ended December 31, 2017. KPMG LLP's report on the Company's internal control over financial reporting is set forth below.

Changes in Internal Control Over Financial Reporting

There was no change in the Company's internal control over financial reporting that occurred during the Company's fourth quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting. The Company believes that its disclosure controls and procedures were operating effectively as of December 31, 2017.

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
Synalloy Corporation:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Synalloy Corporation and subsidiaries (the "Company") as of December 31, 2017 and 2016, the related consolidated statements of operations and other comprehensive income, shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2017, and the related notes and financial statement schedule II (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2017, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Company's internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated March 13, 2018 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ KPMG LLP

We have served as the Company's auditor since 2015.

Richmond Virginia
March 13, 2018

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
Synalloy Corporation:

Opinion on Internal Control Over Financial Reporting

We have audited Synalloy Corporation and subsidiaries' (the "Company") internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated balance sheets of the Company as of December 31, 2017 and 2016, the related consolidated statements of operations and other comprehensive income, shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2017, and the related notes and financial statement schedule II (collectively, the consolidated financial statements), and our report dated March 13, 2018 expressed an unqualified opinion on those consolidated financial statements.

The Company acquired certain assets of Marcegaglia USA, Inc. (the Munhall facility) during 2017, and management excluded from its assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2017, the Munhall facility's internal control over financial reporting associated with total assets (including amounts resulting from the purchase price allocation) of $20.2 million and total revenues of $25.8 million included in the consolidated financial statements of the Company as of and for the year ended December 31, 2017. Our audit of internal control over financial reporting of the Company also excluded an evaluation of the internal control over financial reporting of the Munhall facility.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP

Richmond, Virginia
March 13, 2018

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

None.

Item 9A Controls and Procedures

Disclosure Controls and Procedures

Under the supervision and with the participation of the Company’s management, including the Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer, the Company conducted an evaluation of the effectiveness of the Company’s disclosure controls and procedures, as such term is defined under Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934 (the “Exchange Act”), as amended. Based on this evaluation, the Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer concluded that the Company’s disclosure controls and procedures were effective as of the end of December 31, 2017. There have been no significant changes in the Company’s internal controls or in other factors that could significantly affect the internal controls subsequent to the date the Company completed the evaluation. Management has excluded the Munhall facility's operations (acquired in the MUSA Stainless acquisition) from its assessment of internal control over financial reporting as of December 31, 2017 because this material acquisition closed in the first quarter of 2017. Total assets of $20.2 million and total revenue of $25.8 million associated with the Munhall facility represent approximately 15 percent and 17 percent, respectively, of the related financial statement amounts of the Metals Segment as of, and for the year ended, December 31, 2017.

Item 9B Other Information

Not applicable.

PART III

Item 10 Directors, Executive Officers and Corporate Governance

In accordance with General Instruction G(3), information called for by Part III, Item 10, is incorporated herein by reference from the information appearing under the caption "Proposal 1 - Election of Directors," "Executive Officers," and "Section 16(a) Beneficial Ownership Reporting Compliance” in the definitive Proxy Statement for the 2016 Annual Meeting of Shareholders, which definitive Proxy Statement will be filed electronically with the SEC pursuant to Regulation 14A.

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

Audit Committee. The Company has a separately designated standing Audit Committee of the Board of Directors established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934. The members of the Audit Committee are Anthony A. Callander, Henry L. Guy and James W. Terry.

Audit Committee Financial Expert. The Company's Board of Directors has determined that the Company has at least one "audit committee financial expert," as that term is defined by Item 407(d)(5) of Regulation S-K promulgated by the Securities and Exchange Commission, serving on its Audit Committee. Mr. Anthony A. Callander meets the terms of the definition and is independent, as independence is defined for audit committee members in the rules of the NASDAQ Global Market. Pursuant to the terms of Item 407(d) of Regulation S-K, a person who is determined to be an "audit committee financial expert" will not be deemed an expert for any purpose as a result of being designated or identified as an "audit committee financial expert" pursuant to Item 407(d), and such designation or identification does not impose on such person any duties, obligations or liability that are greater than the duties, obligations or liability imposed on such person as a member of the Audit Committee and Board of Directors in the absence of such designation or identification. Further, the designation or identification of a person as an "audit committee financial expert" pursuant to Item 407(d) does not affect the duties, obligations or liability of any other member of the Audit Committee or Board of Directors.

Item 11 Executive Compensation

In accordance with General Instruction G(3), information called for by Part III, Item 11, is incorporated herein by reference from the information appearing under the caption "Board of Directors and Committees - Compensation Committee Interlocks and

Insider Participation," "Director Compensation," "Discussion of Executive Compensation" and "Compensation Committee Report" in the definitive Proxy Statement for the 2018 Annual Meeting of Stockholders, which definitive Proxy Statement will be filed electronically with the SEC pursuant to Regulation 14A.

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

In accordance with General Instruction G(3), information called for by Part III, Item 12, is incorporated by reference from the information appearing under the caption "Beneficial Owners of More Than Five Percent of the Company's Common Stock" and "Security Ownership of Certain Beneficial Owners and Management" in the definitive Proxy Statement for the 2018 Annual Meeting of Shareholders, which definitive Proxy Statement will be filed electronically with the SEC pursuant to Regulation 14A.

Equity Compensation Plan Information. The following table sets forth aggregated information as of December 31, 2017 about all of the Company's equity compensation plans.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) [1] (c)
Equity compensation plans approved by security holders	145,511	$ 12.96	192,984
Equity compensation plans not approved by security holders	—	—	—
Total	145,511	$ 12.96	192,984

[1] Represents shares remaining available for issuance under the 2015 Stock Awards Plan and the 2011 Plan.

Non-employee directors are paid an annual retainer of $95,000, and each director has the opportunity to elect to receive 100 percent of the retainer in restricted stock. For 2017, non-employee directors received an aggregate of $287,500 of the annual retainer in restricted stock. The number of restricted shares is determined by the average of the high and low sale price of the Company's stock on the day prior to the Annual Meeting of Shareholders. For 2017, six non-employee directors each received an aggregate of 24,209 shares. Issuance of the shares granted to the directors is not registered under the Securities Act of 1933 and the shares are subject to forfeiture in whole or in part upon the occurrence of certain events. The above table does not reflect these shares issued to non-employee directors.

Item 13 Certain Relationships and Related Transactions

In accordance with General Instruction G(3), information called for by Part III, Item 13, is incorporated by reference from the information appearing under the caption "Board of Directors and Committees – Related Party Transactions" and "– Director Independence" in the definitive Proxy Statement for the 2017 Annual Meeting of Shareholders, which definitive Proxy Statement will be filed electronically with the SEC pursuant to Regulation 14A.

Item 14 Principal Accountant Fees and Services

In accordance with General Instruction G(3), information called for by Part III, Item 14, is incorporated by reference from the information appearing under the caption "Independent Registered Public Accounting Firm - Fees Paid to Independent Registered Public Accounting Firm" and "– Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Registered Public Accounting Firm" in the definitive Proxy Statement for the 2017 Annual Meeting of Shareholders, which definitive Proxy Statement will be filed electronically with the SEC pursuant to Regulation 14A.

PART IV

Item 15 Exhibits and Financial Statement Schedules

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

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

   Consolidated Balance Sheets at December 31, 2017 and December 31, 2016

   Consolidated Statements of Operations for the years ended December 31, 2017, December 31, 2016 and December 31, 2015

   Consolidated Statements of Shareholders' Equity for the years ended December 31, 2017, December 31, 2016 and December 31, 2015

   Consolidated Statements of Cash Flows for the years ended December 31, 2017, December 31, 2016 and December 31, 2015

   Notes to Consolidated Financial Statements

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

   Schedule II - Valuation and Qualifying Accounts for the years ended December 31, 2017, December 31, 2016 and December 31, 2015

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

3. Listing of Exhibits:

   See "Exhibit Index"

Schedule II Valuation and Qualifying Accounts

Column A	Column B	Column C	Column D	Column E
Description	Balance at Beginning of Period	Charged to (Reduction of) Cost and Expenses	Deductions	Balance at End of Period
Year ended December 31, 2017				
Deducted from asset account:				
Allowance for doubtful accounts	$ 82,000	$ 202,000	$ (249,000)	$ 35,000
Inventory reserves	$ 966,000	$ 1,237,000	$ (1,506,000)	$ 697,000
Year ended December 31, 2016				
Deducted from asset account:				
Allowance for doubtful accounts	$ 247,000	$ (45,000)	$ (120,000)	$ 82,000
Inventory reserves	$ 682,000	$ 984,000	$ (700,000)	$ 966,000
Year ended December 31, 2015				
Deducted from asset account:				
Allowance for doubtful accounts	$ 1,115,000	$ 104,000	$ (972,000) (a)	$ 247,000
Inventory reserves	$ 725,000	$ 767,000	$ (810,000)	$ 682,000

(a) Allowance for doubtful accounts deductions for 2015 includes an$801,000 payment to the former owners of Palmer. Per the Stock Purchase Agreement between the former owners of Palmer and the Company (the "SPA"), the former owners of Palmer reimbursed Synalloy for all uncollected accounts receivable after 120 days of Synalloy's ownership. Synalloy increased the allowance for doubtful accounts to reflect the $801,000 payment to offset the outstanding accounts receivable at that time. Over the next two years, Synalloy collected approximately $299,000 on these old accounts and the accounts receivable balance was reduced accordingly. The SPA did not require the reimbursement of these subsequent collections to the former owners of Palmer; however, Synalloy management, on our own recognizance during the second quarter of 2015, reimbursed the $299,000 collected on these old accounts and eliminated the outstanding receivable and allowance for doubtful accounts balances. This transaction had no effect on earnings during any period.

Index to Exhibits

Exhibit No. from Item 601 of Regulation S-K	Description
1.1	Underwriting Agreement dated September 24, 2013, incorporated by reference to Registrant's Form 8-K filed September 24, 2013
3.1	Restated Certificate of Incorporation of Registrant, as amended, incorporated by reference to Registrant's Form 10-Q for the period ended April 2, 2005
3.2	Restated Certificate of Incorporation of Registrant, as amended, incorporated by reference to Registrant's Form 8-K filed May 18, 2015
3.3	Bylaws of Registrant, incorporated by reference to Registrant's Form 10-Q for the period ended March 31, 2001, as amended, which amendments are incorporated by reference to Registrant's Form 8-K filed August 13, 2007
4.1	Form of Common Stock Certificate, incorporated by reference to Registrant's Form 10-Q for the period ended March 31, 2001
10.1	Synalloy Corporation 2005 Stock Awards Plan, incorporated by reference to the Proxy Statement for the 2005 Annual Meeting of Shareholders
10.2	Synalloy Corporation 2015 Stock Awards Plan, incorporated by reference to the Proxy Statement for the 2015 Annual Meeting of Shareholders
10.3	Amendment 1 to the Synalloy Corporation 2005 Stock Awards Plan, incorporated by reference to Registrant's Form 10-K for the year ended December 29, 2007
10.4	Amendment 2 to the Synalloy Corporation 2005 Stock Awards Plan, incorporated by reference to Registrant's Form 10-K for the year ended January 3, 2015
10.5	2011 Long-Term Incentive Stock Option Plan, incorporated by reference to Registrant's Proxy Statement for the 2011 Annual Meeting of Shareholders
10.6	2015 Short-Term Cash Incentive and Restricted Stock Incentive Plan, incorporated by reference to Registrant's Form 10-K for the year ended December 31, 2015
10.7	2016 Short-Term Cash Incentive and Restricted Stock Incentive Plan, incorporated by reference to the Registrant's Form 10-K for the year ended December 31, 2016
10.8	2017 Short-Term Cash Incentive and Restricted Stock Incentive Plan
10.9	Agreement between Registrant's Bristol Metals, LLC subsidiary and the United Steelworkers of America Local 4586, dated February 1, 2015, incorporated by reference to Registrant's From 10-K for the year ended December 31, 2015
10.10	Agreement between Registrant's Specialty Pipe & Tube, Inc. subsidiary and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union Local 4564-07, dated July 1, 2014, incorporated by reference to Registrant's Form 10-K for the year ended January 3, 2015
10.11	Agreement between Registrant's Bristol Metals, LLC subsidiary and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union Local 5852-22, dated March 12, 2018, but effective January 6, 2018
10.12	Second Amended and Restated Loan Agreement, dated as of August 31, 2016, between Registrant and Branch Banking and Trust (“BB&T”), incorporated by reference to Registrant's Form 10-Q for the period ended September 30, 2016
10.13	Third Amended and Restated Loan Agreement, dated as of October 30, 2017, between Registrant and BB&T, incorporated by reference to Registrant's Form 10-Q for the period ended September 30, 2017
10.14	Employment Agreement dated January 24, 2011, between Registrant and Craig C. Bram, incorporated by reference to Registrant's Form 10-K for the year ended January 1, 2011
10.15	Amended Employment Agreement dated January 24, 2012, between Registrant and Craig C. Bram, incorporated by reference to Registrant's Form 10-K for the year ended December 31, 2011
10.16	Amended Employment Agreement dated January 24, 2013, between Registrant and Craig C. Bram, incorporated by reference to Registrant's Form 10-K for the year ended December 29, 2012
10.17	Amended Employment Agreement dated June 1, 2013, between Registrant and Craig C. Bram, incorporated by reference to Registrant's Form 8-K filed June 28, 2013
10.18	Amended Employment Agreement dated May 1, 2014, between Registrant and Craig C. Bram, incorporated by reference to Registrant's Form 10-K for the year ended January 3, 2015
10.19	Employment Agreement dated January 11, 2016, between Registrant and Dennis M. Loughran, incorporated by reference to Registrant's Form 8-K filed January 11, 2016.

10.20	Employment Agreement dated January 11, 2016, between Registrant and J. Kyle Pennington, incorporated by reference to Registrant's Form 8-K filed January 11, 2016.
10.21	Employment Agreement dated January 11, 2016, between Registrant and James G. Gibson, incorporated by reference to Registrant's Form 8-K filed January 11, 2016.
10.22	Stock Purchase Agreement, dated as of August 10, 2012, among Jimmie Dean Lee, James Varner, Steven C. O'Brate and Synalloy Corporation, incorporated by reference to Registrant's Form 8-K filed on August 24, 2012
10.23	Stock Purchase Agreement, dated as of November 21, 2014, between The Davidson Corporation and Synalloy Corporation, incorporated by reference to Registrant's Form 8-K filed on November 25, 2014
10.24	Purchase and Sale Agreement, dated as of September 1, 2016, by and between Store Capital Acquisition, LLC and Bristol Metals, LLC, Specialty Pipe & Tube, Inc., Palmer of Texas Tanks, Inc., Manufacturers Soap & Chemical Company, Manufacturers Chemicals, LLC, and Synalloy Corporation, incorporated by reference to Registrant's Form 10-Q for the period ended September 30, 2016
10.25	Master Lease Agreement, dated as of September 30, 2016 between Registrant and Store Master Funding XII, LLC, incorporated by reference to Registrant's Form 10-K for the year ended December 31, 2016
10.26	Asset Purchase Agreement, dated as of December 9, 2016, by and between Marcegaglia USA, Inc. and Bristol Metals, LLC, as amended by Amendment No. 1 to Asset Purchase Agreement, dated as of February 28, 2017, by and between Marcegaglia USA, Inc. and Bristol Metals, LLC, incorporated by reference to Registrant's Form 10-K for the year ended December 31, 2016
21	Subsidiaries of the Registrant
23.1	Consent of KPMG LLP, independent registered public accounting firm
31.1	Rule 13a-14(a)/15d-14(a) Certifications of Chief Executive Officer
31.2	Rule 13a-14(a)/15d-14(a) Certification of the Chief Financial Officer
31.3	Rule 13a-14(a)/15d-14(a) Certification of the Principal Accounting Officer
32	Certifications Pursuant to 18 U.S.C. Section 1350
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase
101.LAB*	XBRL Taxonomy Extension Label Linkbase
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase
101.DEF*	XBRL Taxonomy Extension Definition Linkbase
*	In accordance with Regulation S-T, the XBRL-related information in Exhibit 101 to this Annual Report on Form 10-K shall be deemed "furnished" and not "filed."

Signatures

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

SYNALLOY CORPORATION

By /s/ Craig C. Bram Craig C. Bram President and Chief Executive Officer (principal executive officer)	March 13, 2018 Date
By /s/ Dennis M. Loughran Dennis M. Loughran Senior Vice President and Chief Financial Officer (principal financial officer)	March 13, 2018 Date
By /s/ Richard D. Sieradzki Richard D. Sieradzki Chief Accounting Officer (principal accounting officer)	March 13, 2018 Date

Registrant

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

By /s/ Murray H. Wright Murray H. Wright Chairman of the Board	March 13, 2018 Date
By /s/ Anthony A. Callander Anthony A. Callander Director	March 13, 2018 Date
By /s/ Amy J. Michtich Amy J. Michtich Director	March 13, 2018 Date
By /s/ James W. Terry, Jr. James W. Terry, Jr. Director	March 13, 2018 Date
By /s/ Henry L. Guy Henry L. Guy Director	March 13, 2018 Date
By /s/ Susan S. Gayner Susan S. Gayner Director	March 13, 2018 Date
By /s/ Craig C. Bram Craig C. Bram Chief Executive Officer and Director	March 13, 2018 Date

Exhibit 10.8

SYNALLOY CORPORATION
2017 Executive Incentive Plan

1. Purpose. This Executive Incentive Plan (the "Incentive Plan") is intended to provide key executive employees of Synalloy Corporation (the "Company", which term shall include Synalloy Corporation and any of its affiliates or subsidiaries) the opportunity to participate in the Company's profitability, future prosperity and growth. The purpose of the Incentive Plan is to provide short and Long Term incentive for gain through outstanding service to the Company and its shareholders, and to assist in attracting and retaining executives of ability and initiative.

2. Administration. The Incentive Plan shall be administered by the Company's Compensation & Long Term Incentive Committee (the "Committee"). The same restrictions set forth in the Company's 2015 Stock Awards Plan (the "Restricted Stock Plan"), shall also apply under this Incentive Plan. To the extent this Incentive Plan differs from or is inconsistent with the Restricted Stock Plan, the terms and provisions of the Restricted Stock Plan shall govern. The Committee shall have complete authority and discretion to (1) interpret all provisions of this Incentive Plan consistent with law and the Restricted Stock Plan, (2) to adopt, amend, and rescind general and special rules and regulations for its administration, and (3) to make all other determinations necessary or advisable for the administration of the Incentive Plan. No member of the Committee shall be liable for any action or determination in respect thereto, if made in good faith, and shall be entitled to indemnification by the Company with respect to all matters arising from his or her service on the Committee to the fullest extent allowable under the Company's charter documents and applicable law.

3. Eligibility. Any salaried employee of the Company who in the judgment of the Committee occupies a management position in which his or her efforts contribute to the profit and growth of the Company may be eligible to participate in the Incentive Plan. The named participants to this Incentive Plan shall be recommended by the division Presidents and the CEO, and approved by the Committee. The key metric used to measure management performance in a particular division or the Company as a whole, as the case may be, is "Adjusted EBITDA" defined as operating income before interest, change in fair value of interest rate swap, income taxes, depreciation and amortization, excluding inventory profits and losses, acquisition costs and costs associated with raising capital. The Adjusted EBITDA Target described herein and reflected on Exhibit A are derived from the Company's annual budget approved by the Company's Board of Directors and are exclusive of and calculated prior to allocation of the cash and restricted stock incentives payable to the executives participating in the Incentive Plan. Exhibit A to this Incentive Plan, as may be amended from time to time by the Committee, sets forth for each named participant, his or her Base Salary, the Short Term Cash Incentive and the Long Term Incentive (both as a percentage of Base Salary).

4. Short Term Cash Incentive.

   A. **Components**: The Short Term Cash Incentive has two components: an annual Adjusted EBITDA Performance metric (70% of total) and an annual goal achievement metric (30% of total). The table below illustrates Total Short Term Cash Incentive as a percentage of base salary when both components are achieved. Exhibit A details each Executive, their corresponding level, Adjusted EBITDA metrics and annual goals.

Total Short Term Cash Incentive			
Incentive as a % of Base Salary	**Threshold Performance**	**Target Performance**	**Maximum Performance**
Level 1	60%	65%	100%
Level 2	42%	65%	85%
Level 3	35%	50%	72%
Level 4	30%	50%	60%

A. **Adjusted EBITDA Performance Metric**. At the beginning of each year, the Company's Board of Directors will approve the upcoming year's budget that shall include the Adjusted EBITDA target for each division and for the Company as a whole. Threshold and Maximum Adjusted EBITDA are calculated as a percentage of the Target Adjusted EBITDA as approved by the Committee. The Adjusted EBITDA component of the Short Term Cash Incentive will be based on a percentage of Base Salary for each Executive Level as applicable (see chart below).

Adjusted EBITDA Component of the Short Term Cash Incentive			
Incentive as a % of Base Salary	**Threshold Adjusted EBITDA Performance**	**Target Adjusted EBITDA Performance**	**Maximum Adjusted EBITDA Performance**
Level 1	42.0%	45.5%	70.0%
Level 2	29.4%	45.5%	59.5%
Level 3	24.5%	35.0%	50.4%
Level 4	21.0%	35.0%	42.0%

B. **Goal Achievement Metric**: At the beginning of each year, Management will propose annual goals for each Executive to the Committee for review and approval. The Achieved Goals component of the Short Term Cash Incentive will be based on a percentage of Base Salary for each Executive Level as applicable (see chart below).

Goals Achieved Component of the Short Term Cash Incentive			
Incentive as a % of Base Salary	**Threshold Goals Achieved**	**Target Goals Achieved**	**Maximum Goals Achieved**
Level 1	18.0%	19.5%	30.0%
Level 2	12.6%	19.5%	25.5%
Level 3	10.5%	15.0%	21.6%
Level 4	9.0%	15.0%	18.0%

5. Long Term Incentive ("LTI").

A. **Components**: The LTI has two components: a Time Based metric (50% of total) and a Performance Based metric (50% of total). The total LTI will be based on a percentage of Base Salary for each Executive Level as applicable (see chart below). The number of shares will be determined by an average of the High and Low Synalloy stock price on the day prior to the restricted stock grant. Exhibit A details each Executive, their corresponding level, and Adjusted EBITDA metrics.

Long Term Incentive				
Incentive as a % of Base Salary	**Total Long Term Incentive**		**Time Based Incentive**	**Performance Based Incentive**
Level 1	65.0%		32.5%	32.5%
Level 2	45.0%		22.5%	22.5%
Level 3	25.0%		12.5%	12.5%
Level 4	12.5%		6.25%	6.25%

A. **LTI: Time Based Incentive**: The Time Based Incentive is intended to be a reward and retention tool for the Company Executives. The restricted stock calculation is based on a percentage of base salary by Executive Level. The grant date is generally in February at the beginning of Year 1 as approved by the Committee. The restricted stock should have a three year vesting period with 33.3% vesting each year.

B. **LTI: Performance Based Incentive**: The Performance Based Incentive is a Three Year Cumulative Adjusted EBITDA

Target calculated by taking the current year Adjusted EBITDA target as approved in the Short Term Incentive and then applying a compounded growth rate for years two and three. The growth rates are proposed by Management and approved by the Committee. Threshold and Maximum Adjusted EBITDA are calculated as a percentage of the Target Adjusted EBITDA as approved by the Committee. The Performance Based Incentive of the LTI will be based on a percentage of Base Salary for each Executive Level as applicable (see chart below). The grant date is generally in February at the beginning of Year 1 as approved by the Committee. The restricted stock should have a three year vesting period with 100.0% vesting at the end of year 3 at the level of 3 year cumulative Adjusted EBITDA achievement.

Performance Based Component of LTI		
	3 Year Cumulative Adjusted EBTIDA	**% of Performance Based Incentive**
Below Threshold	$XXM	0%
Threshold Performance	$XXM	50%
Target Performance	$XXM	100%
Maximum Performance	$XXM	150%

6. Mid-Year Acquisition Adjustments . The Company, from time to time, may acquire another business or operating division mid-year, which acquisition will not be budgeted or accounted for in the annual or three year Adjusted EBITDA Targets that are established at the beginning of the fiscal year. Upon consultation with the CEO and division Presidents, the Committee may amend the applicable Adjusted EBITDA Targets to account for any and all mid-year acquisitions.

7. General Provisions. Neither the adoption of this Incentive Plan nor its operation, nor any document describing or referring to this Incentive Plan, or any part thereof, shall confer upon any employee any right to continue in the employ of the Company or any subsidiary, or shall in any way affect the right and power of the Company to terminate the employment of any employee at any time with or without assigning a reason therefor to the same extent as the Company might have done if this Incentive Plan had not been adopted. In light of the importance of promoting Long Term relationships and a long- term commitment to the ongoing success of the Company, in order to receive any cash payments or grants of restricted stock under this Incentive Plan, an employee must be employed by the Company on the last day of the applicable fiscal year; provided, however, that if termination of employment occurs as a result of death, disability (unable to work for 12 consecutive months), or retirement (with a minimum of 5 years of employment with the Company), payment of the cash bonus and/or the grant of restricted will be determined as otherwise provided in this Incentive Plan but shall be prorated to reflect that portion of the prior year in which the employee was an employee of the Company. Eligible employees must have entered into a confidentiality and non-competition agreement in a form acceptable to the CEO of the Company in order to receive any benefits under this Incentive Plan. Payments under this Incentive Plan will be prior to March 15th of the year following the Company's fiscal year end. This Incentive Plan shall be governed by the laws of the Commonwealth of Virginia.

8. Duration and Amendment of the Incentive Plan. Unless previously terminated by the Committee, the Incentive Plan shall be effective for the fiscal year specified in the Incentive Plan. The Committee may alter, amend, or terminate this Incentive Plan, including any exhibits attached hereto, at any time.

Collective Bargaining Agreement

Between

BRISTOL METALS, LLC.

and

United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union
AFL - CIO, CLC

on behalf of

Local Union 5852-22

"Senior Most Qualified" will apply throughout the contract unless explicitly stated otherwise.

Most Qualified- is defined as, the ability to do the job/assignment with proper training.

January 6, 2018 through January 5, 2023

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PREAMBLE

This Agreement effective January 6, 2018 is entered into between Bristol Metals, LLC (hereinafter referred to as the "Company") and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL-CIO, CLC, on behalf of Local #5852-22, (hereinafter referred to as the "Union") for the Company's facility in Munhall, PA. The parties enter into this Agreement for the purpose of establishing wages, hours and other terms and conditions of employment for bargaining unit employees of this facility.

ARTICLE I - PURPOSE AND INTENT

The purpose of this Agreement is to maintain the favorable relations existing between the Company and its employees by establishing the basic terms and conditions of employment. It is the objective of the parties that the Company succeed in its business as well as in the fulfillment of its responsibilities to the employees covered by this Agreement. It is, therefore, the intent of the parties to set forth their Agreement with respect to the rates of pay, hours of work, and conditions of employment to be observed by the Company, the Union, and the employees covered by this Agreement, and to promote harmonious relations between the Company, its employees, and the Union.

The parties further agree to strive collectively to maintain a strong market position for the Company by the use of modern methods and equipment designed to improve quality and reduce costs; to accomplish this purpose there must be continual improvement in quality and employee productivity under favorable working conditions and at fair wages consistent with competitive industry practices. The Company and the Union agree to discharge their responsibilities under this Agreement and are bound to observe all of its terms and conditions.

It is the continuing policy of the Company and the Union that the provisions of this Agreement shall be applied to all employees without regard to race, color, sex, age, religion, creed, national origin or disability and in accordance with applicable state and federal laws and regulations. There shall be no discrimination in applying wages, conditions of work, work rules and other phases of labor relations.

ARTICLE II - RECOGNITION AND DUES

Section 1 - Bargaining Unit

The Company recognizes the Union as the exclusive collective bargaining representative for all production employees and excluding salaried employees, such as managers, supervisors, assistant supervisors, technical and clerical employees, guards and janitors. The specific terms of this Agreement shall be the source of rights that may be asserted by the Union against the Company.

Section 2 - Union Membership

A. Following the Effective Date of this Agreement, each employee who is a member of the Union in good standing and each employee who becomes a member after that date shall, as a condition of employment, maintain membership in the Union.
B. Each employee hired after the Effective Date of this Agreement shall, as a condition of employment, on the 31 st day following the beginning of such employment, acquire and maintain membership in the Union.
C. On or before the last day of each month, the Union shall submit to the Company a list showing the name and check or badge number of each employee who shall have become a member of the Union in good standing since the last previous list of such members was furnished to the Company. The Company shall continue to rely upon the membership list that has been submitted to it by the Union subject to revision by the addition of new members and deletion of the names of employees who have withdrawn from membership during such period.
D. For purpose of this Agreement, "Membership" shall be, at a minimum, "Core Membership" in the Union. The foregoing provisions shall be effective in accordance and consistent with applicable provisions of federal and state law.

Section 3 - Check Off

A. The Company will check off monthly dues, assessments and/or fees as designated by the International Treasurer of the Union as membership dues in the Union or fees on the basis of individually signed check off authorization cards in a form agreed to by the Company and the Union.

B. Deductions shall commence with respect to dues/fees for the month in which the Company receives such authorization card or in which such card becomes effective, whichever is later. Dues/fees for a given month shall be deducted from the first pay processed in the succeeding month.
C. In cases of earnings insufficient to cover deduction of dues/fees, the dues/fees shall be deducted from the next pay in which there are sufficient earnings, or a double deduction may be made from the first pay of the following month, provided, however, that the accumulation of dues shall be limited to two (2) months.

ARTICLE III - MANAGEMENT RIGHTS

The Company retains the exclusive right to manage the business and plant, and to direct the working force. The Company, in the exercise of its rights, shall observe all the provisions of this Agreement. The right to manage the business and plant, and to direct the working force includes the right to hire, establish work schedules, and make, modify and enforce rules governing the conduct and performance of employees, the right to discipline, suspend, or discharge employees for just cause reasons, and the right to lay employees off due to lack of work or other legitimate reasons, except as limited by this Agreement. These rights are vested exclusively in the Company, provided that this will not be used for purpose of discrimination against any employee. Consideration shall be given to the workforce and normal duties of their jobs.

ARTICLE IV - RESPONSIBILITIES OF THE PARTIES

Each of the parties hereto acknowledges the rights and responsibilities of the other party and agrees to discharge its responsibilities that may be provided elsewhere, in the following manner:

A. There shall be no strikes, work stoppages or interruptions of or impeding of work. There shall be no concerted refusals by groups of employees to work overtime. No officer or representative of the Union shall authorize, instigate, or condone such activities and no employee shall participate in such activities. It is agreed that if the offending party or individual persists in violations, or if there is a significant violation, he/she may be suspended or discharged.
B. The applicable procedures setting out the resolution of grievances, in Article X - Adjustment of Grievances - shall be the means to settle all complaints and grievances.
C. There shall be no lockouts.
D. The Company shall address minor and major disciplinary infractions through the publication of a comprehensive “Company Rules and Regulations Policy and Procedure” as well as “Attendance Policy”. If the Company intends to change Policies, the Union shall be notified of the intended changes and provided an opportunity to comment and offer suggestions. The final decision as to any changes shall be by mutual agreement of the parties.
E. Parties recognize that a management employee may need to assist a bargaining unit employee from time to time to start-up, trouble shoot, keep operations going and otherwise assist where the normal operator or bargaining unit person is working during this time and has not been replaced by the management employee. Management employees may also perform work that is customarily performed by production or maintenance employees for the purpose of instruction, experimental work and in case of emergencies. If a supervisor performs work in violation of this paragraph and the employee who otherwise would have performed this work can reasonably be identified, the employee may seek redress through the grievance procedure.

ARTICLE IVa - UNION RESPONSIBILITIES

Union officials will carry out their duties in a responsible manner and the Company will respect their positions and work with such officials to have satisfactory relations. The following will take place:

A. The Union will furnish the Company, in writing, the names of employees who will act as Union representatives, Grievance Persons and alternatives on each shift.
B. Whenever possible Union business shall be conducted on the employee’s time. However, if it is necessary for officers or committee persons to conduct union business during their working hours, they shall be permitted a reasonable time to do so at a time prescribed by the Foreman involved. The Unit President, District Representative or the International Safety Representative will be permitted access to the plant at reasonable times when necessary to transact legitimate Union business pertaining to the administration of the Agreement after notifying the Human Resources Manager or his representatives as to the reason, time and location.

C. The Company agrees to grant time off without pay to Union officers and Grievance Persons to attend meetings when attendance of such officers and Grievance Persons is required for Union business. Notice of request is required three (3) days in advance.
D. The Local Unit President, for the purpose of layoff only, shall head the plant seniority list during his/her term of office and upon completion of the term of office, the employee will return to his/her proper position on the seniority list.

ARTICLE V - WAGES

Section 1 - Wage Rates

The straight time hourly wage rates of employees in each classification and the effective dates of such wage rates are set forth Appendix “A” CLASSIFICATION AND PROGRESSIVE RATE CHART.

Section 2 - Wage Payment

A. The jobs outlined in **Appendix** “A” CLASSIFICATION AND PROGRESSIVE RATE CHART are those in effect. The Company has the sole discretion to move any employee up or down along categories A, B and C within any job classification based upon his/her performance. Note that there should be no pay differential between weld mills.

   The procedure the Company will use for moving employees up or down along categories A, B, and C within any job classification based upon his/her performance is set forth in Appendix “E”, EMPLOYEE RATES AND EVALUATION PROCESS.
B. The standard Company pay period will be established at the discretion of the Company. Employee payroll corrections will be paid on the next weekly paycheck.
C. Payment of wages will be made by direct deposit transaction into the employee’s account at his/her designated financial institution.

Section 3 - Inter-Departmental Transfers

A. If an employee is transferred to a higher job class, he/she shall be paid the starting rate of his/her new job.
B. An employee may be transferred on a temporary basis to another job in another department for up to sixty (60) consecutive work days at the discretion of the Company. Pay will be at the higher rate of his/her previous or transferred job. After sixty (60) working days, the Company will move the employee back to his/her previous job, or to another job in his/her home department, and keep him/her there for sixty (60) working days before transferring him/her to another department again.

Section 4 - Pay on Day of Injury

If an employee is injured on the job and requires medical attention at the Emergency Department of a local hospital, he/she shall be paid for the balance of his/her shift at the appropriate straight time rate. Such time shall include time spent seeking emergency care and post-emergency care if the attending physician at the Emergency Department determines the employee should not return to work on the day of the injury.

Pay for the time the employee has worked plus the time missed while seeking emergency care and post-emergency care shall not exceed the balance of the hours in his/her shift.

The employee must furnish documentation from the treating Emergency Department which shows the date the emergency treatment was given and the employee’s work status for the day after the injury.

For purposes of overtime calculation, the employee’s time away from the plant to seek emergency care shall not be considered time worked.

Section 5 - Jury Duty

An employee who is required to perform jury duty shall be excused from work for the days on which he/she serves jury duty.

An employee shall notify the Company within two (2) working days of his receipt of such notice. If the employee must then call before the date required for jury duty, he/she must notify the Company as soon as his/her status is

determined and the possible extent of such service. If an employee is dismissed from jury duty without reporting for jury duty, the employee must report to work as scheduled.

For each day of jury duty, when the employee would have worked a regularly scheduled day, the employee shall receive the difference between the payment received for such service and eight (8) hours pay at his/her straight time hourly rate provided the employee provided notice as required above. Such pay shall be based on the number of days the employee would have worked had he not be performing jury duty.

The pay differential specified above will be limited to one period of jury duty annually, not to exceed fifteen (15) working days per year, and shall not exceed pay for forty (40) hours of differential pay during any one week.

The employee will present proof that he/she did serve or report as a juror and the amount of pay he/she received.

If an employee is subpoenaed as a witness, the employee shall be paid as per the above formula covering jury duty for those days required to report up to three (3) days per calendar year. The aforementioned shall exclude subpoena notices arising out of secondary employment.

Section 6 - Funeral Leave

When death occurs to an employee's legal spouse, mother, father, mother-in-law, father-in-law, son, daughter, brother, sister, brother-in-law, sister-in-law, grandparent or grandchild, an employee, upon request, will be excused from work and paid his/her regular rate of pay for a maximum of twenty-four (24) scheduled hours.

When death occurs to a grandparent of an employee's spouse, the employee, upon request, will be excused from work and be paid his/her regular rate of pay for one scheduled shift, which shall be the day of the funeral, provided the employee furnishes documentation that he/she attended the funeral. For an Aunt, Uncle or Cousin, the employee will be excused from work and paid his/her regular rate of pay for a maximum of eight (8) hours.

If the application of this provision produces unusual hardship, as determined by Management, in dealing with the death in the family, the Company may allow time off with pay, but in no case more than three (3) scheduled shifts. The Company may allow up to two additional shifts off without pay in cases of unusual hardship. If the employee is not granted additional unpaid time off in a case of unusual hardship, he/she shall have the option of using two days of vacation time. An employee will not receive funeral pay when it duplicates pay received for time not worked for any other reason.

Section 7 - Plant Shutdown/Severance Pay

A. **Conditions of Allowances**

When in its sole judgment, the Company decides to permanently close the plant and terminate the employment of individuals, an employee whose employment is terminated shall be entitled to a severance allowance in accordance with and subject to the following provisions.

Before the Company shall finally decide to permanently close the plant, it shall give the Union, when practicable, advance written notification of its intent. Such notification shall be given sixty (60) days prior to the proposed closure date, and the Company will thereafter meet with appropriate Union representatives in order to provide them with an opportunity to discuss the Company's proposed course of action. Upon conclusion of such meetings, which in no event shall be less than thirty (30) days prior to the proposed closure date, the Company shall advise the Union of its final decision. The final closure decision shall be the exclusive function of the Company. This notification provision shall not be interpreted to offset the Company's right to layoff or in any other way reduce or increase the working force in accordance with its presently existing rights as set forth in Article III of this Agreement.

The Company acknowledges its obligations under the 1989 WARN Plant Closing law.

B. **Eligibility**

To be eligible for a severance allowance an employee shall have accumulated three (3) or more years of continuous service as computed in accordance with Article IX - Seniority, of this Agreement.

C. **Scale of Allowance**

An eligible individual shall receive severance allowance equal to the following number of weeks for the corresponding amount of continuous service:

Amount of Continuous Service	Weeks of Severance
3 years but less than 5 years	1
5 years but less than 7 years	3
7 years but less than 10 years	4
10 years or more	5

D. **Calculation of Allowance**

A week's severance allowance shall be determined in accordance with the provisions for calculation of vacation pay as set forth in Article VIII - Vacations.

E. **Non-Duplication of Allowance**

Severance allowance shall not be duplicated for the same severance, whether the other obligation arises by reason of contract, law, or otherwise. If the individual is or shall become entitled to any discharge, liquidation, severance, or dismissal allowance, or payment of similar kind by reason of any law of the United States, or any other states, districts, or territories thereof, the total amount of such payments shall be deducted from the severance allowance to which the individual may be entitled under this section, or any payment made by the Company under this section, or any payment made by the Company under this section may be offset against such payments. Statutory unemployment compensation payments shall be excluded from the non-duplication provision of this section.

F. **Payment of Allowance**

Payment shall be made in a lump-sum at the time of termination. Acceptance of severance allowance shall terminate employment and continuous service for all purposes of this Agreement.

ARTICLE VI - HOURS OF WORK

Section 1 - Workweek/Workday

The normal workweek and workday shall be established by the Company.

Section 2 - Work Stations

Employees are expected to be at their work stations at the start of their shifts and remain at their work stations until the end of their shifts. All employees, at the completion of their respective scheduled shifts, shall not stop their activity and leave their work stations until relieved by the next shift employees, unless otherwise directed by their respective supervisors.

When an employee's regular permanent shift will be changed for any reason the Company shall provide at least five (5) calendar days notice of the change in assignment. When the change in shift assignment is due to unanticipated events, the employee affected by the shift change will be given a three (3) day notice of said shift change, unless in the case of an unforeseeable emergency.

Section 3 - Continuous Process

The Company may exercise its right to implement Continuous Process Operations as a measure to utilize the full productive capacity of the plant and equipment. Continuous Process is a work schedule that contemplates up to twenty-one (21) turns per week.

The Company may implement Continuous Process operations on a plant-wide basis or for specific operations based upon operational needs.

Section 4 - Overtime Payment

The rules for the payment of overtime for Regular and Continuous Process Operations are defined below:

A. Overtime pay at the rate of one and one-half (1 ½) times the normal hourly rate shall be paid for all hours worked in excess of forty (40) in any workweek.

B. Scheduled absences, which include authorized vacation, jury duty leave, and funeral leave, will count toward the forty (40) hours in any one workweek.
C. Employees who are scheduled to work or who are notified to report and do report, and less than four (4) hours of work is available, shall be given four (4) hours work in scheduled classification or, in the event that no work whatsoever is available, shall be paid a minimum of four (4) hours at that rate. Payment of overtime premium shall be made only for the hours actually worked.

Section 5 - Overtime Work

When overtime work is required and a need exists for the Company to request specific employees for overtime work in order to maintain flexibility in equipment utilization, the following procedure will be used:

A. When an employee fails to report to work as scheduled, the Company may hold over qualified employee(s) from the shift that is ending, such employee(s) will be asked to stay over into the next shift by order of seniority. If there are no volunteers from the prior shift, the junior qualified employee(s) on the shift will be required to stay. If the shift assignment is for eight (8) hours, the additional assignment may be up to four (4) hours unless the employee agrees to stay longer. If the shift assignment is for twelve (12) hours, the additional assignment may be for up to two (2) hours unless the employee agrees to stay longer. In no case will an employee work more than sixteen (16) hours.
B. If it is necessary to call qualified employees, they will be called in order of seniority. If insufficient employees become available through the offer system, then the junior-most employee shall become obliged to work as necessary.
C. Overtime will be allocated by seniority within department or job class. In the event no employee in the relevant job class and department accepts the overtime, the opportunity to work overtime will be offered to all employees in the plant and will be awarded to the senior qualified employee. In the event no employee is awarded the overtime after the opportunity has been offered on a plant-wide basis, the most junior qualified employee in the relevant department and job class will be obligated to work the overtime.

Section 6 - Overtime Performance

A. The Union agrees that all employees will cooperate in the performance of overtime work and there shall be no concerted action by it or its members to discourage such overtime performance.
B. The Company desires not to engage in overtime balancing. If excessive overtime accumulation by some employees becomes a problem, the Union will address it as an internal Union affair by means of persuasion of the proper employees to accept or reject overtime offers accordingly. The Company does however reserve the right to balance overtime as the Company deems necessary.

Section 7 - Non Availability of Work

In the event work cannot be provided because of strikes, work stoppages in connection with labor disputes, mechanical or electrical failures, failures of utilities, Acts of God (fire, lightning, storms, cyclones, floods, etc.) Section 6 shall not apply. Supervisors shall make reasonable efforts to inform employees work cannot be provided, but in failing to do so, the Company shall not be liable for any pay or guarantee. If some alternative work is available, the Company shall endeavor to utilize whoever is available, but shall not be liable in these situations, for any pay or guarantee for those who are not available or who do not work.

Section 8 - Reporting to Work

A. Recognizing mutual responsibility in report-off practice, each employee must report off in accordance with the Company rules and regulations.
B. In the case of an unreported absence of three (3) or more days, the employee will be considered as having quit his job. If an employee fails to report his/her absence he/she shall not be arbitrarily treated under this Article if he/she is able to furnish satisfactory evidence that such failure resulted from illness, accident, death in his/her immediate family, Act of God, or other good causes, which prevented him/her from making such report. Absenteeism will be handled as described in the Absentee Policy.
C. An employee reporting late for work will be paid commencing with the ring-in time rounded to the nearest tenth (1/10) of an hour.

Section 9 - Work Hours

In the event an economic downturn, the Company and the Union shall confer in an effort to work out a mutually satisfactory arrangement for the fair distribution of the work to senior qualified employees.

ARTICLE VII - Holidays

Section 1 - Holiday Schedule

The following days shall be considered paid holidays:

New Year's Day

Good Friday

Memorial Day

Fourth of July

Labor Day

Thanksgiving Day

Friday following Thanksgiving Day

Christmas Day

Day before or day after Christmas (to be determined the first of each year)

Two (2) Floating Holidays

On an un-worked holiday the hours will be counted as time worked.

If any of the above holidays fall on Saturday, they will be observed on Friday. If any of the above holidays fall on Sunday, they will be observed on the following Monday.

When Christmas falls on a Thursday, the Company will modify the schedule of 3pm to 11pm employees so that the employees do not have to work Christmas Eve and effort will be made to reschedule so as not to lose any work time in the week.

New hires that start prior June 30th will receive two floating eight-hour holidays. New employees that start July 1st or later will receive one floating eight-hour holiday.

Employees that wish to take a floating holiday must provide forty-eight (48) hours' notice to their supervisors to allow for coverage. Employees will not be paid for unused floating holiday time.

Section 2 - Holiday Pay

Employees eligible for paid holidays will be paid one and one-half (1 ½) times their normal hourly rate for all hours worked on such holidays, in addition to their regular holiday pay. Employees that are not working the 12-hour continuous schedule will be paid holiday pay at 8 hours even if they have been scheduled for overtime.

Section 3 - Holiday Pay on Regular Scheduled Workday

An eligible employee who does not work on any such holiday shall be paid his/her regular scheduled workday at the rate of pay applicable to his/her classification for the pay period in which the holiday falls.

Section 4 - Pay Requirements

An eligible employee for the purpose of this Article is defined as one who meets the following conditions:

A. Has completed his/her probationary period as defined in Article IX, Section 7 of this Agreement.
B. Performs work in the month in which the holiday occurs.
C. Works his/her last scheduled day before and his/her first scheduled day after the holiday occurs, excluding scheduled vacations, funeral leave and jury duty.

Section 5 - Holiday Pay for Partial Work Day

If an eligible employee performs work on a holiday, but works less than eight (8) hours, he/she shall be paid in accordance with Section 3 of this Article for all un-worked hours up to eight (8) hours for the day.

ARTICLE VIII - Vacations

Section 1 - Vacation Eligibility

A. An eligible employee for the purpose of this Article is defined as one who is actively employed, has one (1) year of continuous service as of January 1 of the vacation year and who has received earnings in at least 51% of the pay periods during the previous calendar year.
B. Such vacation benefits shall have been earned in the previous calendar year and be based upon the eligible employee's company continuous service date as of January 1 of the vacation year.
C. An employee who does not have one (1) year continuous service as of January 1 of the vacation year, will be entitled to one (1) week of vacation providing the employee's employment anniversary date occurs on or before December 15 of the vacation year and such employee has received earnings in 51% of the pay periods during the preceding 12 month period.

Section 2 - Length of Vacation, Calculation of Payment

A. An eligible employee will receive an annual vacation entitlement which will include time off with pay in week increments in accordance with the following table:

YEARS OF SERVICE	VACATION WEEKS
1 year but less than 3 years	1 week,40 hours pay
3 years but less than 7 years	2 weeks, 80 hours pay
7 years but less than 15 years	3 weeks, 120 hours pay
15 or more years	4 weeks, 160 hours pay

B. Vacation pay will be computed based upon the employee's applicable straight time rate for the classified or laborer job currently held and on which the employee holds seniority rights.
C. Payment of regular vacation pay will be made in the payroll period in which approved vacation is taken by the employee.

Section 3 - Vacation Scheduling

On or promptly after January 1 of each year, each employee entitled or expected to become entitled to take vacation time off in the following year will establish his/her vacation based on the following:

A. The Company shall review all requests submitted by 1/31 of each year and schedule employee vacations based upon seniority and operational necessity, giving senior employees preference where and when practical. Maintenance employees cannot schedule vacations during a plant shutdown. The final right to allot vacation periods and the right to change allotments is exclusively reserved to the Company in order to assure orderly operations. The Company must give employees thirty (30) days notice before changing scheduled vacations.
B. Employees will be charged eight (8) hours of vacationtime for each scheduled vacation day. Written requests that are received after 1/31 shall be considered on a first come, first serve basis, and shall be scheduled based on anticipated operational conditions. Employees will be notified of the status of such requests within a reasonable time.
C. All other requests for scheduled vacation days must be submitted to the Supervisor at least 24 hours before beginning of the work shift. Vacation cannot be carried over to a subsequent calendar year. Employees will not be paid out for any unused vacation unless vacation time has been denied.

Section 4 - Plant Shutdown

Each year the Company may shut down the plant for two (2) weeks, one week being between Christmas and New Year's Day.

Going further, plant shutdown will be announced 30 days prior to the date of shutdown, employees with greater than three (3) week's vacation who are not scheduled to work will be required to schedule vacation during the shutdown. Those employees with one (1) week who are not scheduled to work will have the option of vacation or layoff. If the announcement of the shutdown is after January for that year, employees may take vacation as previously scheduled or as otherwise selected in Section 3.

Plant Maintenance and production personnel dedicated to special activities are exempted from this policy as per proper advance notification. When the plant is closed for the scheduled shutdown, all personnel may be scheduled, and will be required, to work.

Section 5 - Terminations

An employee separated from the Company for any reason shall be paid for any unused entitlement for the year in effect. In the event of death of the employee, any unused vacation pay entitlement due in the year of death, as well as any accrued vacation, will be paid to the employee's designated beneficiary.

ARTICLE IX - SENIORITY

Section 1 - General

The purpose of this Article is to provide a fair and workable agreement for giving preference when possible to employees with greater continuous seniority. Both the Company and the Union encourage the promotion and advancement of all employees.

Seniority shall be defined for purposes of this Agreement as the net credited seniority for the bargaining unit employees on the payroll as of the date of this Agreement and is in accordance with the seniority list published as of that date. Employee, senior most qualified, with the most seniority shall be granted their preference in selecting their assigned shift. If a more senior employee selects to be on a specific shift, then that employee must stay on the selected shift for a minimum of six (6) months. Upon management approval, the time requirement may be modified for coverage needs.

The following shall apply to all cases of promotions, layoffs and recalls.

Section 2 - Bids Between Departments

This Section will cover job bids for all permanent jobs and will allow employees to bid from one job classification (Welder/Finisher/Helper) to another, other than for Special Skill Classification Bids, which are covered in Section 3.

Successful bidders shall remain on the new job for no less than one (1) year prior to rebidding, unless permitted by the Company due to special necessities and circumstances.

The Company shall first post a notice that the job is open. Interested employees will, within ninety-six (96) hours, excluding Saturdays, Sundays, and Holidays, notify the Company of their interest by completing and submitting a bid notice to their Supervisor. An employee who is on vacation when a job is posted may apply for that job by telephone, FAX, or E-mail. He/she may also have another employee submit a bid on his/her behalf, which the employee will confirm upon his/her return to work.

In awarding all permanent bids, consideration shall be given to the following Factors:

a. The best-qualified bidder able to perform the work.
b. Continuous plant service.

When the Company determines that Factor (a) applies to two (2) or more applicants who are relatively equal, Factor (b) shall govern the choice. The "best qualified" shall be determined based on each employee's performance during the past year; using such objective criteria as productivity, quality, disciplinary and absentee records. An employee who is denied a job under paragraph a., above, shall have recourse to the grievance process.

An employee awarded a job on this basis shall be paid in accordance with Article V of this Agreement. The successful bidder will start his/her probationary period on the new job assignment within thirty (30) calendar days of the bid award unless it is determined that additional time is needed, such as finding an appropriate replacement for the successful bidder, in which case the assignment may be delayed for an appropriate period of time. Note that an employee has seventy-two (72) hours to turn down a bid once awarded.

Should it be necessary for the Company to fill the job in the interim period, such job shall be filled in accordance with the applicable provisions under the Agreement.

In the event no employee bids the posted bid, the Company may assign the job to:

a. Any probationary employee in accordance with Section 5 of this Article.
b. Any new hire.

Section 3 - Special Skill Classification Bids

The Special Skill Classification will include, but not be confined to, Maintenance positions.

It must be recognized that the Company is completely aware of the advantage of promoting within; there are, however occasions when it is absolutely essential that fully qualified persons fill a special skill position. When such is the case, the following action will be taken:

a. The position will be posted indicating that the position is to be filled with a completely qualified person.
b. All Company employees signing the posting will be considered for the position.
c. If any employee is deemed through testing to be qualified, they will be offered the position in accordance with their Company seniority (most senior first).
d. If, in the discretion of management, no employee considered above is deemed qualified, the Company will fill the position by hiring a person from outside the Company, and such person will become a member of the Bargaining Union under the provisions of this Agreement. Wrtten docementation shall be provided to the Union President and Servicing Union Staff Representative.

Section 4 - Job Probationary Period

When an employee has been awarded a bid job by the Company in accordance with Section #2 or #3 of this Article, he/she shall be deemed to be probationary for sixty (60) working days. At any time during this period, the Company may discontinue the probationary period if, it is determined that the employee cannot meet the requirements of the job. An employee who fails to qualify under this provision will be reassigned or returned to his/her former job assignment.

Section 5 - Voluntary Lay Off

A. In the event of a reduction in force, an employee may volunteer to be laid off. Such a voluntary lay off will be granted if mutually agreed upon by the Company and the Union.
B. Voluntary layoffs will last for a minimum of ninety (90) calendar days except in the case where the Company needs an employee to return to work prior to the expiration of ninety (90) calendar days.
C. At the end of ninety (90) calendar days of voluntary lay off, senior employees will be given an opportunity to return to work if work is available, or they may volunteer for an additional thirty (30) calendar days of voluntary layoff.
D. This process of continuing voluntary lay off will continue in thirty (30) calendar day increments until the employee returns to work.

Section 6 - Reduction in Force

In the event of a reduction in force, the employees with the least amount of continuous plant seniority will be laid off first, provided the remaining employees are qualified to fill the remaining jobs. The jobs to be continued in force will be filled from among the employees not laid off according to the following procedures:

A. So far as possible, jobs will be filled on a seniority basis from among employees who are classified in or are qualified for such jobs. Those who are considered as trainees for the classification will then be utilized.
B. Employees not awarded classified restricted jobs in accordance with the foregoing will be assigned to Helper jobs, to the extent needed by the Company.
C. In recalling employees from layoff, the employees on the layoff list will be recalled according to their seniority, provided they are qualified to perform the available work, and reinstated to active classification status when applicable.
D. Notice of recall shall be mailed by certified mail to employee’s address on file with the Company and dates used in Section 11 shall count from the date of delivery.

Section 7 - Probationary Employee

New employees and those hired after break in continuity of service will be regarded as probationary employees for the first 180 days of work and will receive no continuous service credit during such period unless required by law (Company will abide by the Affordable Healthcare Act with regard to benefits). After 90 days new employees will be eligible for benefits, pension match and holiday pay, however the Company will retain the exclusive determination to lay off or discharge for 180 days from date of hire. Probationary employees may be laid off or discharged as exclusively determined by the Company. Probationary employees continued in the service of the Company subsequent to the first 180 days of work from the date of original hiring shall receive seniority credit from the date of original hire or other period required by law.

Section 8 - Notice of Layoff/Recall

The Company will give a five (5) working day notice concerning any layoff. An employee who leaves after being notified of a layoff affecting his job will retain seniority rights described above, provided he returns to work within seven (7) calendar days after being recalled. A Seniority List has been established to govern layoff and recall.

Section 9 - Promotion to Excluded Position

A. Any employee who is temporarily utilized in an excluded position shall retain and accumulate plant seniority and such assignment shall not exceed a total of one hundred eighty (180) working days due to sick leave, accidents, vacations, production reasons, etc.
B. Any employee who is promoted to an excluded position shall retain and accumulate seniority for a total of ninety (90) working days. Any employee who remains in an excluded position beyond this limitation shall forfeit all seniority rights in the bargaining unit and shall not accumulate plant seniority while assigned to such excluded position.
C. If the employee is subsequently returned to the bargaining unit, such employee shall be assigned a position in accordance with his/her plant seniority.
D. In making a selection under Paragraph A or B, above, the selection of the employee will be at the sole discretion of the Company.

Section 10 - Termination of Seniority

Seniority shall date from an employee's original date of employment, and shall be terminated and employment shall end under the following circumstances:

A. Discharge for cause.
B. Resignation, retirement, or death of employee.
C. Termination in accordance with Article V - Wages, Plant Shutdown, Severance Pay.
D. Permanent transfer to an excluded position.
E. Failure to notify the Company of reason for absence within three (3) working days of the start of such absence, unless it would be impossible or unreasonable under the circumstances.
F. Failure to report to work within five (5) working days of receipt of recall notice, unless it would be impossible or unreasonable under the circumstances.
G. Failure to return to work on the first working day following the expiration of an approved leave of absence, unless it would be impossible or unreasonable under the circumstances.
H. Absence from work for twenty-four (24) consecutive months for any reason.

ARTICLE X - ADJUSTMENT OF GRIEVANCES

Section 1 - Grievance Procedure

The Company and the Union agree that the Grievance Procedure contained herein is adequate to provide a fair and final determination of all grievances arising under the terms of this Agreement; that this procedure shall be used to adjust any such complaints or grievances; and that both parties shall expedite such settlement.

Step 1 Any employee who believes that he/she has a justifiable complaint shall within thirty (30) days of the incident discuss the complaint with his/her Supervisor, with or without the Grievance Committee-person being present, as the employee may elect, in an attempt to settle same. However, any such employee may instead, if he/she desires, report

the matter directly to his/her Committee-person, if he/she believes the request or complaint merits discussion, shall take it up with the employee's Supervisor in a sincere effort to resolve the problem.

The Supervisor shall have authority to settle the complaint. The Grievance Committee-person shall have authority to settle, withdraw, or refer the complaint as provided below.

The settlement of a complaint in Step 1 shall be without prejudice to the position of either party and will not set a precedent in any other grievance, past, present or future.

If the complaint is not settled in Step 1, the Grievance Committee-person can refer it to Step 2 by completing a written grievance form within three (3) days of the Supervisor's oral response.

Step 2 In order to be considered further, a grievance shall be filed by the Union with the Human Resources Manager, within ten (10) days of receipt of the written grievance, by proper notation on such written grievance.

The second step meeting shall include the grievant and three other Union representatives of the Union's choice. The Company will be represented by the Human Resources Manager or his/her representative and any additional members of supervision who are required to obtain a full disclosure of the facts. Either party may call additional witnesses who are employees of the Company and their attendance shall be limited to the time required for their testimony.

Grievances discussed at Step 2 shall be answered by the Human Resources Manager, which shall be given to the Grievance Committee within fifteen (15) days after the date of the Step 2 meeting unless a different date is mutually agreed upon.

The Human Resources Manager shall have the authority to settle any grievance before him/her. The Chairperson of the Grievance Committee shall have authority to settle, withdraw, or recommend for appeal to Step 3 of the Grievance Procedure, any grievance before the Grievance Committee.

Step 3 In order for a grievance to be considered further, written notice of appeal shall be served to the Human Resources Manager, within fifteen (15) days after receipt of the Step 2 answer, by the representative of the International Union.

Discussion of the appealed grievance shall take place at the earliest date of mutual convenience following receipt of the notice of appeal, but not later than thirty (30) days thereafter unless either party shall request in writing, with reasons therefore, that the meeting take place at a later date.

Grievances discussed in such meeting shall be answered, in writing, by the Human Resource Manager or his/her designee within fifteen (15) days after the date of such meeting unless by mutual agreement a different date for disposition is agreed upon. Such written answer shall contain a concise summary of each representative's contractual analysis of the issues presented by the grievance; the Company's answer, and shall form a part of the written grievance.

The Human Resources Manager or his/her designee of the Company shall have authority to settle the grievance. The designated representative of the International Union shall have authority to settle, withdraw, or appeal the grievance to Arbitration. The designated representative of the International Union may by written notice served on the designated representative of the Company within thirty (30) days from receipt of the Company's Step 3 response, appeal the grievance to Arbitration.

Section 2 - Arbitration

A. If a satisfactory settlement of a grievance is not made in Step 3 of the grievance procedure, an appeal may be taken by the Union to an impartial Arbitrator by written notice served on the Company within thirty (30) days from receipt of the Company's Step 3 response. The Arbitrator shall be appointed by mutual agreement of the parties and shall be a member of the National Academy of Arbitrators and selected through the Federal Mediation and Conciliation Service..
B. The Union may not call Non-Bargaining Unit employees to testify on the Union's behalf at any arbitration hearing. The Company may not call any Bargaining Unit employee to testify on its behalf at any arbitration hearing. Nothing in this paragraph shall be interpreted to limit the parties' rights to cross-examine witnesses who testify at arbitration hearings.
C. The Arbitrator shall have jurisdiction and authority only to interpret, apply or determine compliance with the provisions of this Agreement. The Arbitrator shall not have jurisdiction or authority to add to, detract from or alter in any way the provisions of this Agreement.

D. The Arbitrator shall not docket an appeal which is not filed within the time provided in Article X - Adjustment of Grievances for filing notice of appeal from a decision in Step 3.
E. The decision of the Arbitrator on any issue which shall have been submitted in accordance with the provisions of this Agreement shall be final and binding upon the Company, the Union and all employees concerned.
F. The expense and compensation incident to the services of the Arbitrator shall be split evenly by the parties or as directed by the Arbitrator.
G. If this Agreement is violated by the occurrence of a strike, work stoppage or interruption or impeding of work at any plant or sub-division thereof, the Arbitrator shall refuse to consider or decide any cases concerning employees involved in such violation while such strike, work stoppage, or interruption or impeding of work is in effect.

Section 3 - General Provisions Applicable to Complaints and Grievances

A. At all steps in the complaint and grievance procedure, the grievant and the Union Representatives should disclose to the Company Representatives a full and detailed statement of the facts relied upon, the remedy sought, and the provisions of the Agreement relied upon. In the same manner, Company Representatives should disclose all the pertinent facts relied upon by the Company.
B. If a decision with respect to a complaint or a grievance is not referred or appealed in accordance with the time limits set forth in each Step, the matter shall be considered settled on the basis of the decision last made and shall not be eligible for further appeal. The Company shall notify the Union when closing a grievance pursuant to this paragraph.
C. If the Company's discussion or answer to a complaint or a grievance is not given within the prescribed time requirements in any Step, the Union after notifying the Company shall be entitled to the remedy sought in the grievance
D. The parties may, by mutual agreement, waive any of the time limits set forth in this Article.
E. In case a complaint involves a large group of employees, a reasonable number may participate in the discussion in Step 1 and 2.
F. Complaints or grievances which are not initiated in the proper step of the Grievance Procedure shall be referred to the proper step for discussion and answer by the Company and the Union Representatives designated to handle complaints and grievances in such step.
G. In any settlement involving retro-active payments, the appropriate Union and Company representatives shall expeditiously determine the identity of the payees and the specific amount(s) owed each payee. Payment shall be made promptly.
H. If this Agreement is violated by the occurrence of a strike, work stoppage, or interruption or impeding of work at any plant or sub-division thereof, no grievance shall be discussed or processed into the 3rd Step level or above in such plant which such violations continues, and under no circumstances shall any complaint or grievance concerning employees engaged in the violation be discussed or processed while such violation(s) continues.
I. "Day" as used in this Section shall mean calendar day, but shall not include any Saturday, Sunday, or Holiday.

ARTICLE XI - DISCHARGE

An employee (other than a Probationary employee) shall not be peremptorily discharged. In all cases in which Management may conclude that an employee's conduct may justify suspension or discharge, he shall be suspended initially for not more than 5 working days, and given written notice of such action.

In all cases of discharge, or of suspension for any period of time, a copy of the discharge or suspension notice shall be promptly furnished to the President of the Bargaining Unit.

If such initial suspension is for 5 working days and if the employee affected believes he has been unjustly dealt with, the employee may request and shall be granted, during this period, an investigatory meeting with the Plant Manager or the Company's designated official. A grievance committeeman may be present as the employee may choose.

During the course of the meeting described in the preceding paragraph, the Company will present its reasons for the suspension or discharge. The employee and/or Union will present their arguments for why the suspension or discharge is not appropriate. The Company, employee and Union will all have the opportunity to present any facts that have come to light between the time of the event which gave rise to the suspension or discharge and the time of the investigatory meeting. After such meeting, or if no such meeting is requested, Management may conclude whether the suspension shall be affirmed, modified, extended, revoked, or converted into a discharge. In the event the suspension

is affirmed, modified, extended, or converted into a discharge, the employee may, within 5 working days after notice of such action, file a grievance in the third step of the complaint and grievance procedure.

Final decision shall be made by the Company in this step within 5 working days from the date of the filing thereof. Such grievance shall thereupon be handled in accordance with the grievance procedure section.

The Company in arbitration proceedings will not make use of any personnel records of previous disciplinary action against the employee involved where the disciplinary action occurred two or more years prior to the date of the event which is the subject of such arbitration.

Should it be determined by the Arbitrator that an employee has been suspended or discharged without proper cause therefore, the Company shall reinstate the employee and make the employee whole for the period of the employee's suspension or discharge, which shall include providing him such earnings and other benefits as the employee would have received except for such suspension or discharge, and offsetting such earnings or other amounts as the employee would not have received except for such suspension or discharge.

ARTICLE XII - INSURANCE

Section 1 - Medical Program

A. The Company will provide a health plan for each full time employee with 1040 hours worked, or as required by law who elects health care coverage, as well as his/her dependents, if elected.
B. Plan coverage will be set forth in the summary plan description for the plan, a copy of which will be provided to each employee.
C. The employer may elect new carriers and new providers during the term of this Agreement. However, the level of coverage will remain substantially similar throughout the term of this Agreement.
D. Any employee who elects health care coverage will be required to pay, by means of payroll deduction, an amount equal to to a percentage of the premium cost of the level of coverage selected as stated below:

Effective Date	Employee Contribution as % of Total Premium
January 1, 2018	**15.0%**
January 1, 2019	**15.5%**
January 1, 2020	**16.0%**
January 1, 2021	**16.5%**
January 1, 2022	**17.0%**

E. The Company and the Union will meet annually to review anticipated rate changes prior to increasing employee contributions, the Company will review possible program changes with the Union. To the extent that the Company and the Union can agree on changes that will mitigate rate increases, the program changes will be implemented instead of an increase in employee contributions.
F. If an employee is laid off work, medical coverage will continue, if the employee proffers the amount of contribution to the Company, for the following period of time:
    a. If the employee has less than ten (10) years of service, coverage will continue until the end of the month of layoff plus six (6) additional months of coverage.
    b. If the employee has more than ten (10) years of service, coverage will continue until the end of the month layoff plus twelve (12) additional months of coverage.
G. If the Company is unable to provide a substantially similar level of health care coverage to the members of the bargaining unit at any time during the life of this Agreement, it will meet with the Union to discuss alternatives available.

Section 2 - Medical Program - Retired Employees

A. For those employees who retire from the Company on or after the Effective Date of the original Agreement, the health plan which is in place for active employees shall be continued for retired employees who elect such coverage

as well as their dependents, if elected. Such premium costs will be the responsibility of the retired employee and/or his covered dependents.

B. Coverage under the health care plan will continue for the retired employee and dependents as long as the appropriate contributions are made and the employee and/or dependents remain eligible under the terms of the Plan.
C. Notwithstanding the foregoing, all covered individuals will cease receiving health care coverage form the Company under the health care plan when they become eligible for Medicare. When they are Medicare eligible, the medical provider for the Company will be a Medicare HMO plan selected by the Company. The premium costs of the Medicare HMO plan will be the responsibility of the retired employee and/or his/her covered dependents.
D. For the purposes of this Section, retired employees are defined as employees with a minimum of 10 years continuous service and age 62 at retirement.

Section 3 - Dental Program

The Company provides a dental program to employees. Refer to Company Summary Benefit schedule for details.

Section 4 - Vision Program

The Company provides a vision program to employees. Refer to Company Summary Benefit schedule for details.

Section 5 - Life Insurance

A. The Company provides life insurance to employees. Refer to the Company Summary Benefits for details.
B. Those employees who retire after the effective date of this Agreement will be eligible to receive a $4,000 benefit to be paid by the Company in the event of the retired employee's death.

ARTICLE XIII - SAFETY AND HEALTH

Section 1 - Safety Program

A. The Company agrees to continue to make all reasonable provisions for the safety and health of its employees during the hours of their employment and to comply with applicable laws and regulations. The Company and the Union agree to work cooperatively to reduce work hazards and eliminate on the job injuries. To this end, protective devices, wearing apparel other than normal, and other equipment necessary to properly protect employees from injury shall be provided by the Company at no cost to the employees, except that the Company may assess a fair charge to cover loss or willful destruction thereof by the employees.
B. Every employee shall wear safety shoes which comply with ANSI Standard Z41 PT 99 or its successor standard. The Company will provide safety shoes from a catalogue chosen by the Company, once per year. Alternatively, the employee may obtain safety shoes from any other source and the Company shall reimburse the employee up to $150.00, once a year, or if approved by Human Resources as needed paid through the payroll system. If the employee chooses to select from a source other than the catalogue, the employee must present adequate proof of purchase for payment.
C. The Company will provide $100.00 per year toward the cost of prescription Safety Glasses for employees who wear prescription eyeglasses.
D. The Company shall provide adequate first aid for all employees during their working hours.

Section 2 - Safety Committee

A Safety Committee shall be composed of three (3) employees designated by the Union and three (3) members from Management. The Union and the Management representatives shall designate their respective Co-Chairpersons and committee members.

The Committee shall hold monthly meetings at times determined by the Co-Chairpersons who may agree to also hold special meetings. Such special meetings will be scheduled by mutual agreement of the Co-Chairpersons, and shall take place within three (3) working days of the date the Co-Chairpersons reach such agreement.

The Safety Committee shall have the option of conducting plant tours/inspections on a quarterly basis in lieu of its regular monthly meetings. During such tours, the members of the committee may personally examine machinery, equipment and other items in and around the facility, and monitor the Company's progress in meeting its safety goals. The Co-Chairpersons shall agree beforehand as to what parts of the facility shall be the focus of such plant tours/inspections.

The Management Co-Chairperson shall provide the Union Co-Chairperson with a copy of the minutes of each meeting.

Section 3 - Safety Conditions

A. If any employee feels he/she is being required to work under conditions which are unsafe or unhealthy beyond the normal hazard inherent to his/her job, he/she shall notify his/her Supervisor of such conditions and facts relating thereto. Any dispute arising between the supervisor and the employee regarding a safety condition will be referred, as soon as possible, to a management member of the safety committee. The management representative will meet with both the employee and the supervisor. The employee will be afforded the opportunity to explain why he/she believes the condition is unsafe or unhealthy beyond the normal hazard inherent in the employee's job. The management representative will, in concert with the employee and supervisor, attempt to determine if the conditions are unsafe or unhealthy beyond the normal hazard inherent in the employee's job, and if so, what can be done to mitigate or eliminate such hazards. If the management representative determines that an unsafe condition does not exist, the employee will return to work, and the employee may still utilize Article X of this Agreement to file a grievance.
B. Safety Committee Members will utilize their own time to investigate alleged unsafe conditions unless there is a serious imminent unsafe condition or the management representative in Part A seeks to consult with a member of the Safety Committee to review a dispute. When seeking time off during the employees' work time, such permission shall not be unreasonably withheld.
C. The Company and Union Co-Chairpersons may, by mutual agreement, request the Company to undertake testing of air quality, noise levels, or other such tests as the two Co-Chairpersons should agree upon.
D. The Company will not assign employees to work alone in an area where they will not be observable by other employees, specifically in/on overhead cranes, confined spaces, and other such areas as the parties may determine.
E. Recognizing that engineering controls are often the most effective means of abating an occupational health or safety hazard, the Company shall install such controls where employees are exposed to unsafe or unhealthful conditions when and where practicable. Such controls shall be tested at reasonable intervals and maintained in sound working order.
F. The Company will install appropriate ventilation systems where needed and maintain them in good working order.
G. The Joint Safety and Health Committee shall inspect and review changed or new work processes or new machinery or materials to assure the safety and health of employees.

Section 4 - Physician Examination

Employees shall be directed to and shall submit to examination by a physician selected by the Company to obtain clearance to return to work after absence due to illness, injury or other causes, or at any other time during the course of his/her employment when in the judgment of the Company such examination is called for in the best interest of the employee and the Company. The Company retains the right to conduct, at its own discretion, random drug testing for substance abuse. It is agreed, however, that the Company does not have the right to establish any requirements regarding the treatment of any illness or injury or the selection of the physician to administer such treatment is the solely the prerogative of the employee, except as provided for under the Worker's Compensation Act.

Section 5 - Safety Instructions

A. Employees hired or awarded different jobs shall be given safety instruction for the job they were assigned. The Safety Committee may make recommendations on these and other safety education matters including the development of safe procedures for new or changed machinery or work process.

Section 6 - Accident Investigations

All serious accidents shall be investigated by a management member of the Safety Committee as soon as practical and recommendation will be made to the Supervisor. Copies of the report and/or recommendations will be given to all members of the Safety Committee. After receiving the investigation report, the Union Chairman of the Safety Committee may address questions about the investigation report to the Management Chairman of the Safety Committee, or recommend further investigation of the accident.

Section 7 - Pay on Day of On the Job Injury

An employee who is injured on the job shall be paid according to Article V, Section 4.

Section 8 - Medical Surveillance

The Company shall institute a medical surveillance program. This program shall provide selected employees with recommendations for tests appropriate to the hazards such employees are exposed to on the job. The employee shall seek such testing through the annual examinations provided in the Company's benefit plans. To the extent the benefit plans do not cover such tests, the Company will bear the expense of such tests. The Company and the Union will work consultatively to determine what, if any, tests are appropriate for various job assignments. Recommendations for such tests will be made following mutual agreement by the Union and the Company.

ARTICLE XIV - RETIREMENT PLAN

The Company will implement a defined contribution pension plan under the Steelworkers Pension and Trust Fund.

The Company contributions shall be a percentage of employee Gross Pay as listed below:

Date	Percentage
January 1, 2018	4.00%
January 1, 2019	4.25%
January 1, 2020	4.25%
January 1, 2021	4.50%
January 1, 2022	4.50%

ARTICLE XV - 401(k) BENEFITS

All eligible employees may elect to participate in the Synalloy Retirement 401(k) Savings Plan following sixty (60) days of employment. Refer to the Synalloy 401(k) Summary Plan Description for terms and conditions.

ARTICLE XVI - MILITARY

Section 1 - Rights and Privileges

An employee entering the Armed Forces of the United States shall be guaranteed all the rights and privileges to which he/she is entitled to under the law.

Section 2 - Military Reserves

A. Those employees who elect to fulfill their military obligation by serving in either the Military Reserves or National Guard shall be allotted time off up to two (2) calendar weeks annually for summer encampment duty.
B. Employees with one (1) or more years of continuous Company service shall be eligible to receive a special payment from the Company representing the difference between gross military earnings, excluding travel, clothing or housing allowance and the straight time Company earnings, up to a maximum of eighty (80) hours for the period corresponding to military encampment.
C. The Company shall establish a payroll and administrative procedure for administrating special payments under this Article.

ARTICLE XVII - TERMINATION

The terms and conditions of this Agreement shall become effective on January 6, 2018 and shall remain in full force and effect until 11:59 p.m. on January 5, 2023.

At least ninety (90) days prior to the expiration date of the Agreement, either party may indicate by written notice to the other its desire to negotiate a new Agreement.

ARTICLE XVIII -SUCCESSOR, TRANSFEREE AND ASSIGNEE

This contract shall be binding upon the parties hereto, their successors, transferees, and assignees. In the event the Company sells or transfers any operation, or part thereof, this contract shall remain in full force and effect and be binding upon the purchaser or transferee, and the Company agrees it will include in the purchase agreement that this contract is binding on the purchaser or transferee.

SIGNATURES

United Steel, Paper, and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International	United Steel, Paper, and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International (Local Unit)	Bristol Metals, LLC
Leo Gerard President	James Pennington Unit President	Kyle Pennington President
Stanley W. Johnson Secretary - Treasurer	Daniel Bost Recording Secretary	Kevin Van Zandt Executive Vice President
Tom Conway Vice President Administration	Joseph Dombrowski Unit Committee	Pam Kurgan HR Manager
Fred Redmond Vice President Human Affairs	William Miller Unit Committee	Sally Cunningham Vice President Corporate Administration
Robert “Bobby Mac” McAuliffe Director - District 10	Dwight McCrae Unit Committee	
James P. Watt District 10 Staff Representative	Dennis Taylor Unit Committee	

APPENDIX A

CLASSIFICATION AND PROGRESSIVE RATE CHART

($/HOUR)

Increase		*$0.75*	*$0.40*	*$0.35*	*$0.35*	*$0.35*
		Upon Ratification	**1/1/2019**	**1/1/2020**	**1/1/2021**	**1/1/2022**
Helper	C	$13.15	$13.55	$13.90	$14.25	$14.60
	B	$14.52	$14.92	$15.27	$15.62	$15.97
	A	$15.94	$16.34	$16.69	$17.04	$17.39
Finisher	C	$15.62	$16.02	$16.37	$16.72	$17.07
	B	$16.98	$17.38	$17.73	$18.08	$18.43
	A	$18.41	$18.81	$19.16	$19.51	$19.86
Weld Mill Operator	C	$17.67	$18.07	$18.42	$18.77	$19.12
	B	$19.21	$19.61	$19.96	$20.31	$20.66
	A	$20.76	$21.16	$21.51	$21.86	$22.21
End/Butt Welder	C	$15.62	$16.02	$16.37	$16.72	$17.07
	B	$16.98	$17.38	$17.73	$18.08	$18.43
	A	$18.41	$18.81	$19.16	$19.51	$19.86
Maintenance	C	$18.41	$18.81	$19.16	$19.51	$19.86
	B	$19.95	$20.35	$20.70	$21.05	$21.40
	A	$21.50	$21.90	$22.25	$22.60	$22.95
Maintenance Multicraft	C	$21.41	$21.81	$22.16	$22.51	$22.86
	B	$22.95	$23.35	$23.70	$24.05	$24.40
	A	$24.50	$24.90	$25.25	$25.60	$25.95

APPENDIX B
ATTENDANCE POLICY

Bristol Metals, LLC   Attendance Policy

POLICY

Every employee has the obligation of reporting to work punctually, in accordance with his/her work schedule. Excessive absences, tardiness and early quits have a detrimental affect on productivity, morale, and the Company's ability to meet its commitments to its customers.

Every employee is required to notify the Company, specifically a Department Supervisor as far in advance as possible, or as otherwise directed, when he/she is to be absent for a scheduled shift or a part thereof.

UNDER THIS ATTENDANCE POLICY, THERE IS NO DIFFERENCE BETWEEN AN EXCUSED AND UNEXCUSED ABSENCE, LATE AND/OR AN EARLY QUIT. IT DOES NOT MATTER WHY AN ABSENCE, LATE OR EARLY QUIT OCCURS.

DEFINITIONS

Absent - Failing to report to work on any scheduled workday, including scheduled overtime.

Tardy/Late - Reporting to work after a scheduled starting time, or failing to clock in at the beginning of one's shift. See Item 10 under "Program," below.

Early Quit - Leaving work before the scheduled ending time. In accordance with Company work rules, an employee must obtain his/her supervisor's approval before leaving on an Early Quit.

Weekend - Days on which an employee is not scheduled to work. Generally, Saturday and Sunday, but may fall on other days, depending on the employee's schedule.

No Call/No Show - Failure to report off from work prior to the start of the employee's scheduled shift (unless a documented Emergency prevents such a report possible) will be counted as one absence.

On a rolling twelve-month period, each employee (except probationary employees) shall be allotted the following:

4 incidents/occurrences for Absences.
5 incidents/occurrences for Lates/Early Quits. There is no difference between a Late and an Early Quit.

Probationary employees will receive a pro-rated allotment at the end of their probation periods.

Employees do not receive any allotment of Absences or late arrivals/early quits during the probation periods. The Company does not need to apply the normal disciplinary steps indicated in this policy for employees during the probation period.

PROGRAM

1. Absence from 3 or more consecutively scheduled days is considered one incident if the illness/injury is verified by a doctor, in writing. If it is not, then each day will be considered an incident. Item #5 below applies.
2. Work scheduled outside of an employee's regular schedule including, but not limited to overtime, will be considered regularly scheduled time if the employee has agreed in advance to work during this time.
3. An employee off for 4 or more consecutively scheduled work days due to an illness or injury must provide a release from his/her attending physician in order to return to work. Employees will not be permitted to return to work without a doctor's release.
   Partial days shall be included, for example:

   If a person leaves early, then reports off for the next 3 consecutively scheduled days due to the same illness/injury, it will be considered 4 consecutive days. The same applies if a person is absent for 3 consecutive days, reports to work on the 4th day, but leaves early due to the same illness/injury. With a physician's verification, this time will be recorded as one occurrence.
4. Employees who report to work and leave less than halfway through the scheduled shift shall be charged for an Absence occurrence, not an Early Quit.
5. Absences separated by a weekend are not considered consecutive days unless verified by an employee's attending physician.

6. Time off for certain events such as Jury Duty, Funeral Leave, Military Leave, Union Business, Family Medical Leave, Sick & Accident and Worker's Compensation will not be counted, **for the purpose of discipline** against an employee provided that the appropriate documentation is provided in a timely manner.
7. Non-probationary employees shall receive eight (8) hours paid personal day for three (3) months perfect attendance. Perfect attendance will be defined as an employee who has not missed work for any reason other than Jury Duty, Military Leave, Funeral Leave and Union business. Said paid time off shall be paid at the employee's normal pay rate on the date such days are used. Such days will be considered as time worked for all purpose. Any unused Personal/Sick days cannot be carried over to a subsequent calendar year and will not be paid out unless denied.
8. An employee who is one occurrence away from termination, whether for Lates/Early Quits or Absences may convert one unused Absence occurrence to two unused Late/Early Quit occurrences or two Late/Early Quit occurrences to one Absence occurrence. The employee may make one such conversion per year.
9. An employee may, at the Company's discretion, make up lost time for pay purposes. He/she will, however, be charged for the occurrence unless advance arrangements are made in accordance with Item#11, below.

   It is each employee's responsibility to clock in/out properly. An employee, who for any reason does not clock in/out, must properly complete an Employee Time Verification Form. An employee who does not clock out but completes the Employee Time Verification Form shall not be charged an occurrence. If, however, an employee's failure to clock in/out becomes habitual, he/she will be subject disciplinary action. The determination of habitual violations shall be at the discretion of the Company.

   NOTE: COMPLETION OF THE EMPLOYEE TIME VERIFICATION FORM IS THE EMPLOYEE'S RESPONSIBILITY.

   Verbal, email or voicemail verifications do not qualify as proper verification. Only the completion of the Employee Time Verification Form is acceptable.
10. Arrangements may be made for a temporarily modified schedule, as follows:
    A. An employee may be authorized to start a shift early in order to leave early or start a shift late and work late.
    B. The arrangements must be made in seventy-two (72) hours in advance and have the appropriate documentation which must be received by Human Resources in advance of the schedule modification.
    C. It is the employee's responsibility to ensure that the proper documentation is completed, signed and submitted to Human Resources in a timely manner.
11. An employee who fails to clock in at the beginning of his/her shift will be considered late. If the employee personally reports to a member of management that he/she has not clocked in, and does so before the scheduled starting time for his/her shift, he/she will not be charged with a Late occurrence. The management employee to whom such notice is given must notify Human Resources within 24 hours. If no management employee is available, such notice may be given by voice mail at extension 202. The employee leaving such voice mail should note the time he or she is calling. The time of the call will be confirmed by the voice mail system, which places a time stamp on all messages.

DISCIPLINE

1. Employees will be subject to disciplinary action under this policy as follows.
   A. Verbal Warning - When employee is one occurrence from reaching his/her allotted limit.
   B. Written Warning - When employee reaches his/her allotted limit.
   C. Termination - When employee exceeds his/her allotted occurrences.
2. Four (4) occurrences within a 30 day period shall be cause for termination regardless of previously issued warning(s) and regardless of whether the incidents are for Absences, Lates or Early Quits.

The Company and the Union may amend this policy by mutual agreement.

APPENDIX C

WORK RULES

Bristol Metals, LLC Munhall Work Rules

The following work rules are in effect and set forth below and are to be observed by all employees. Violation of any of these rules will result in disciplinary action up to and including discharge.

1. Intentional falsification of time cards, claim forms, production reports, personal information, or any other Company documentation.
2. Unauthorized possession of property of the Company, another employee, or authorized visitor.
3. Misuse, removal, or release of property or confidential information of the Company without prior written authorization from the Company.
4. Unauthorized possession or bringing firearms, weapons, or explosives on Company premises at any time.
5. Intentional or negligent destruction, damage, misuse, or concealment of the tools, equipment, products, or property of the Company, another employee or authorized visitor.
6. Sabotage or willful neglect in the performance of assigned duties or responsibilities.
7. Leading, encouraging, instigating, or participating in an unauthorized or illegal work stoppage, walkout, slowdown, or other interference with production.
8. Threats or use of physical harm directed at another person while on Company property or while off site on Company business. Any threatening physical contact, fighting, provoking, or instigating a fight with another person while on Company property or while off site on Company business.
9. Using, possessing, distributing, or being under the influence of alcohol on Company premises.
10. Bringing in, using, possessing, distributing, or being under the influence of an illegal substance on Company premises at any time.
11. Insubordination, such as but not limited to, refusal or failure to follow the directions of management in the performance of work assignments unless the employee or another employee's life or health would be endangered. Failure to recognize the authority of a superior. Opposition to and in defiance of established authority including behavior that may cause dissension or disunity within the organization.
12. Punching the time card of another employee or having one's own time card punched by another employee.
13. Leaving the Company facility without permission during scheduled work hours.
14. Immoral or indecent conduct on Company property or off site while on Company business or as a representative of the Company.
15. Harassment of any kind toward any other person while on Company premises.
16. Removal of, tampering with or rendering inoperative any lock-out/tag-out device.
17. Interfering, hindering, or refusing to cooperate with management or security personnel in the performance of plant protection activities.
18. Interfering, hindering, or refusing to cooperate with management or authorized personnel in the investigation of accidents or other events.
19. Willful or negligent violation of published safety rules.
20. Failure to immediately (on the same day of occurrence) report any accident which results in or is the result of equipment damage, to a supervisor or management personnel.
21. Sleeping during scheduled work hours. (Sleeping during scheduled work hours is theft of company time)
22. Knowingly harboring or refusing treatment of a disease or other physical condition which endangers other employees.
23. Making false, vicious, or malicious statements concerning any employee, Company official, the Company, or its products.
24. Use of obscene, profane, or abusive language toward any person or employee on Company property.
25. Gambling on Company property.
26. Unauthorized entry onto Company property or premises outside of scheduled work hours.
27. Cannot leave work area until relief arrives, or authorized by Supervisor/Management. See Article VI Section 2.
28. Unauthorized use of cell phone. Unless for the safety of an employee or the plant
29. Employees are not allowed to audio or visually tape meetings or conversations or take pictures on company property. Unless for the safety of an employee or the plant.

The following are considered minor infractions and disciplinary action will be taken in accordance with a progressive disciplinary system.

30. Being away from assigned workstation without prior approval or using any entrance or exit from the facility other than designated employee entrances or exits.
31. Failure to punch time card as required.
32. Loitering, interfering, or disrupting another person's work duties or responsibilities.
33. Unauthorized solicitation.
34. Smoking in restricted areas.
35. Failure to maintain required performance standards or unsatisfactory work quality.
36. Creating or contributing to unsanitary conditions or poor housekeeping.
37. Failure to contact supervisor or appropriate personnel when reporting off from scheduled work.
38. Parking in unauthorized area.
39. Unauthorized or improper use of Company phones, intercom, tools, equipment, or material.
40. Performing personal work on Company time.
41. Failure of union officials to obtain written authorization to obtain time off from scheduled work to conduct union business.
42. Failure to provide written notification to the Company within 5 days of a change in address, phone number or line of contact.
43. Failure to report off from work prior to the start of an employee's scheduled shift unless an emergency situation prevents makes such reporting impossible.

PROGRESSIVE DISCIPLINARY ACTION

1st Infraction	***Verbal Warning***
2nd Infraction	***Written Warning***
3rd Infraction	***1 Day Suspension***
4th Infraction	***3 Day Suspension***
5th Infraction	***5 Day Suspension or Termination***

Each infraction shall be effective for a sliding 12 month period

The following infractions will receive disciplinary action in accordance with the Company Attendance Policy.

44. Habitual tardiness, early quits or absenteeism.
45. Failure to report for scheduled agreed upon overtime work.

Any disciplinary action taken will be dependent upon the seriousness of the infraction and the number and nature of previous offenses.

The Company retains the right to interpret and handle each situation based upon its individual facts without creating or setting any precedent for any other case in the past, current or future.

The Company also reserves the right to add, remove, or modify the above work rules, as it deems necessary, provided that the company and the bargaining unit meet and discuss these changes prior to implementation.

In the administration and application of the above work rules the employee will have an opportunity to meet with and explain his/her situation to the Company. After this meeting, the Company may decide that discipline is warranted. The employee may grieve the reasonableness of such circumstance.

APPENDIX D

CREW LEADERS

Should the need arise for the performance of additional directional duties beyond those performed by non-bargaining unit supervisors, the company may utilize a crew leader.

1. Crew leaders shall be paid an additive of $2.00 ~~$1~~ above the base rate of the highest rated job over which direction is exercised.
2. Crew leaders may participate in the hands-on performance of the crew's work.
3. Qualifications of Crew Leaders
   - Ability to keep a detailed record of daily occurrences on the shift he/she is Group Leader.
   - Must have thoroughgoing knowledge of all or most jobs in the department, and be able to set up and operate the appropriate machinery, as determined by supervisor.
   - Attendance
   - Must be able to follow and carry out instructions received from foreman; such instructions may be in writing or delivered verbally.
   - Good reading and writing skills.
   - Must reflect a positive attitude with Management
   - Must be willing to work overtime, if needed.
   - Intimate knowledge of materials produced.
   - Able to use measuring devices such as, but not limited to, OD micrometers, wall micrometers, tape measures, et cetera.
   - Must be able to multi-task and demonstrate good decision making skills
   - Must be flexible in work schedule in order to cover for a supervisor, if needed.
4. The Company will first look to employees assigned to the shift on which a Crew Leader is needed when selecting a Crew Leader. If no qualified employee is available on that shift, the Company will look to employees on other shifts.
5. The Company will inform the Unit President of its selection of a Crew Leader before notifying the employees on the relevant shift or department of the Crew Leader assignment. Selection of Crew Leaders will be the senior most qualified on the crew.
6. Crew Leaders may not issue discipline.
7. Crew Leaders may operate equipment on overtime.
8. Crew Leaders may not be called to testify in arbitration concerning matters that occurred while they were working as a crew leader.

APPENDIX E

EMPLOYEE RATES AND EVALUATION PROCESS

The Company will perform yearly performance reviews of all employees, including probationary employees who have completed 540 hours or more. Such performance reviews will be completed during the months of August and/or September. The performance reviews must be forwarded to the Human Resources Manager within 30 working days of the date the review process began. All said reviews must be completed in blue ink or on a computer.

After the Human Resource Manager has received the review/evaluation and supervisors' recommendations he/she will have 30 working days to submit the information to Upper Management.

Upper Management will have 60 days to review the supervisors' evaluations and recommendations. Upper Management may convene a meeting at which supervisors will be expected to defend their recommendations to increase and/or decrease employees' pay rates. Upper Management shall determine the effective dates of any rate changes, but in no event will such rate changes be effective more than 30 days after Upper Management review.

In the event the supervisor concludes the employee's performance indicates a reduction of rate, he/she will complete a "Potential Rate Reduction Notice" and promptly arrange a meeting with the employee and the President of the Bargaining Unit or the President's designee. At such meeting the employee and President (or designee) will be informed of the possible rate reduction and the employee will be given a 60 day improvement period. The employee will also be given a "Performance Improvement Plan" which will establish the aspects of his/her job at which the employee must show improvement in order to avoid the rate reduction. The employee and Bargaining Unit President (or designee) will have the opportunity to ask questions and discuss the kinds of improvements in performance the employee will need to achieve to avoid a rate reduction.

The employee and supervisor shall meet at agreed intervals during this 60 day period to determine the state of the employee's progress. At the end of the 60 day period the supervisor will again meet with the employee to go over the supervisor's final decision. In the event of a rate reduction, the employee will be notified immediately. Any rate reduction will be effective with the beginning of the pay period after the date of this meeting.

During the course of the year, and outside the cycle of annual performance appraisals, the supervisor shall have the option of performing a review of an employee to determine fitness for an increase or decrease in rate. Increases or decreases in rate will be made according to the same procedures as used for rate increases or decreases resulting from the annual review process. This applies to individual performance evaluations.

APPENDIX F

SAFETY RULES POLICY

Bristol Metals, LLC   Safety Rules policy

It is the policy of Bristol Metals, LLC to provide a safe work environment. It is our belief that all accidents are preventable and when both management and the work force cooperate to minimize workplace exposures and practice safe behavior, life and limb can be preserved. The Employer, the union and the employees recognize their obligations and/or rights under existing federal and state laws with respect to safety and health matters, and will cooperate with respect to compliance. The Union, employees and Employer will cooperate in achieving the objective of eliminating accidents and health hazards on the job.

In the unfortunate event an employee has a workplace injury an investigation will occur. If an injury occurs as a result of negligence with regard to a safety rule ~~the~~ discipline may occur in accordance with federal and state laws. Employees that are involved in an accident when an injury occurs will be required to submit to testing in accordance with US D.O.T. guidelines to determine the presence of illegal drugs, prescription drugs or alcohol.

______________________________   ______________

Pam Kurgan, Human Resources Manager   **Date**

APPENDIX G
LETTER AGREEMENTS

Appendix G - Letters of Agreement - Renew all letters

1. Rule/Policy Changes	dated May 18, 2009
2. Jury Duty	dated May 18, 2009
3. Funeral Leave	dated May 18, 2009
4. Holiday Pay	dated May 18, 2009
5. Testing	dated May 18, 2009

APPENDIX H

PROFIT SHARING PLAN

Reason for the Profit-Sharing Plan

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

1. Motivate every employee eligible under the Plan to improve his or her performance and help in every way they can to produce profits.
2. Reward employees for their efforts by paying them a share of Munhall profits as additional remuneration over and above their wages and salaries.

When the Distribution Will be Made

Distributions are payable on a quarterly basis based on Adjusted EBITDA. Paid two months in arrears (Q1 payable in May, Q2 payable in August, Q3 payable in November, Q4/Total Year payable in February).

Employee Eligibility for Profit Sharing participation

- Who participates - every production, maintenance and supervisory employee who is assigned to the pipe and tube manufacturing operation.
- Participants must be a full-time employee that has completed the 90-day probationary period by the end of the quarter and employed by the Company at the time of distribution
- Employee performance requirements:
    - Employee must have no disciplinary incidents of quality (internal or external) or work rules.
    - Employee must have perfect attendance in the quarter.
    - Bonus pool allocation for any disqualified employee will reduce the bonus pool.
- Bonus is based on regular hours worked up to 40 hours per week and excludes overtime. (Regular hours worked does not include holidays, FMLA, bereavement, jury duty, personal and vacation days, STD/LTD, etc.)

Bonus Pool Calculation

- Step 1: Bristol Metals, Munhall operations achieves the following:
    - Minimum 75% of its Adjusted EBITDA target for the quarter AND
    - There have been no costly incidents > $20k during the quarter, AND
    - Production and Shipping Goals were met during the quarter.
- Step 2: The Bonus pool will be calculated as 3% of quarterly Adjusted EBITDA less the amount allocated for any disqualified employees, and
- Step 3: 75% of the Q1, Q2, Q3 and Q4 bonus pool will be distributed quarterly with 25% of the bonus pool will be held back, and
- Step 4: The 25% hold back for each quarter will be paid in February in the year following the end of the fourth quarter of the current hold back year if Munhall Operations meets at least 75% of the total year Adjust EBITDA target.
- The pool will be divided so that every eligible employee gets the same percent of his or her regular hours worked (excluding all overtime).

Synalloy Corporation

Exhibit 21   Subsidiaries of the Registrant

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

Synalloy Metals, Inc., a Tennessee corporation
    Bristol Metals, LLC, a Tennessee limited liability corporation

Manufacturers Soap and Chemicals Company, a Tennessee corporation
    Manufacturers Chemicals, LLC, a Tennessee limited liability corporation

Metchem, Inc., a Delaware corporation

Synalloy Fabrication, LLC, a South Carolina limited liability corporation

Palmer of Texas Tanks, Inc., a Texas corporation (formerly Lee-Var, Inc.)

SynTrans, LLC, a Texas limited liability corporation

CRI Tolling, LLC, a South Carolina limited liability corporation

Specialty Pipe & Tube, Inc., a Delaware corporation

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Synalloy Corporation:

We consent to the incorporation by reference in the registration statements No. 333-204850 on Form S-3 and No. 333-188937 on Form S-8 of Synalloy Corporation of our reports dated March 13, 2018, with respect to the consolidated balance sheets of Synalloy Corporation as of December 31, 2017 and 2016, and the related consolidated statements of operations and other comprehensive income, shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2017, and the related notes and financial statement schedule II (collectively the consolidated financial statements), and the effectiveness of internal control over financial reporting as of December 31, 2017, which reports appear in the December 31, 2017 annual report on Form 10-K of Synalloy Corporation.

The Company acquired certain assets of Marcegaglia USA, Inc. (the Munhall facility) during 2017, and management excluded from its assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2017, the Munhall facility's internal control over financial reporting associated with total assets (including amounts resulting from the purchase price allocation) of $20.2 million and total revenues of $25.8 million included in the consolidated financial statements of the Company as of and for the year ended December 31, 2017. Our audit of internal control over financial reporting of the Company also excluded an evaluation of the internal control over financial reporting of the Munhall facility.

/s/ KPMG LLP

Richmond, Virginia
March 13, 2018

Exhibit 31.1

CERTIFICATIONS

I, Craig C. Bram, certify that:

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

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:

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

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

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

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

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

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

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

Date: March 13, 2018

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

Exhibit 31.2

CERTIFICATIONS

I, Dennis M. Loughran, certify that:

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

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:

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

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

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

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

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

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

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

Date: March 13, 2018

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

Exhibit 31.3

CERTIFICATIONS

I, Richard D. Sieradzki, certify that:

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

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:

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

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

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

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

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

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

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

Date: March 13, 2018

/s/ Richard D. Sieradzki
Richard D. Sieradzki

Principal Accounting Officer

Exhibit 32

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

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

Date: March 13, 2018 /s/ Craig C. Bram
Craig C. Bram
Chief Executive Officer

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

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