

SYNALLOY CORP  
Form 10-Q  
November 15, 2011

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

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended October 1, 2011

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period From \_\_\_\_\_ to \_\_\_\_\_  
Commission file number 0-19687

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

Delaware  
(State or other jurisdiction of  
incorporation or  
organization) 57-0426694  
(IRS Employer  
Identification Number)

775 Spartan Blvd. Suite 102  
Spartanburg, South Carolina  
(Address of principal  
executive offices) 29301  
(Zip code)

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

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

Yes (X) 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 (X) No ( )

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting

company" in Rule 12b-2 of the Exchange Act. (check one)

Larger accelerated filer ( ) Accelerated  
filer ( )  
Non-accelerated filer ( ) Smaller  
(Do not check if a smaller reporting  
reporting company) company (X)

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

The number of shares outstanding of the registrant's common stock as of November 10, 2011 was 6,328,340.

Synalloy Corporation

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## PART I

## Item 1. FINANCIAL STATEMENTS

## Synalloy Corporation

## Condensed Consolidated Balance Sheets

	(Unaudited)	
	Oct 1, 2011	Jan 1, 2011
Assets		
Current assets		
Cash and cash equivalents	\$ 119,559	\$ 108,902
Accounts receivable, less allowance for doubtful accounts	28,611,363	19,972,900
Inventories		
Raw materials	13,230,728	12,660,670
Work-in-process	16,221,051	9,571,811
Finished goods	15,348,371	12,120,276
Total inventories	44,800,150	34,352,757
Deferred income taxes	2,194,928	2,257,000
Prepaid expenses and other current assets	1,329,063	814,185
Total current assets	77,055,063	57,505,744
Cash value of life insurance	3,083,566	3,029,566
Property, plant & equipment, net of accumulated depreciation of \$40,737,395 and \$38,486,325	17,874,928	18,191,947
Goodwill	2,354,730	2,354,730
Deferred charges, net and other non-current assets	43,918	293,372
Total assets	\$ 100,412,205	\$ 81,375,359
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable	\$ 14,110,774	\$ 10,674,077
Accrued expenses	5,182,282	3,306,291
Current portion of environmental reserves	175,789	293,456
Total current liabilities	19,468,845	14,273,824
Long-term debt	8,907,455	219,275
Environmental reserves	558,000	643,000
Deferred compensation	310,447	302,159
Deferred income taxes	2,062,000	2,062,000
Shareholders' equity		
Common stock, par value \$1 per share - authorized 12,000,000 shares; issued 8,000,000 shares	8,000,000	8,000,000
Capital in excess of par value	1,077,202	942,707
Retained earnings	74,761,395	69,981,395
Less cost of common stock in treasury:		

1,674,156 and 1,710,591 shares	(14,733,139 )	(15,049,001)
Total shareholders' equity	69,105,458	63,875,101
Total liabilities and shareholders' equity	\$ 100,412,205	\$ 81,375,359

Note: The balance sheet at January 1, 2011 has been derived from the audited consolidated financial statements at that date.

See accompanying notes to condensed consolidated financial statements.

Synalloy Corporation  
Condensed Consolidated Statements of Operations  
(Unaudited)

	Three Months Ended		Nine Months Ended	
	Oct 1, 2011	Oct 2, 2010	Oct 1, 2011	Oct 2, 2010
Net sales	\$ 46,193,059	\$ 41,932,059	\$ 130,334,163	\$ 113,481,348
Cost of goods sold	42,563,266	37,312,332	114,027,261	101,901,687
Gross profit	3,629,793	4,619,727	16,306,902	11,579,661
Selling and administrative expense	2,702,843	2,380,249	8,746,229	7,510,878
Operating income	926,950	2,239,478	7,560,673	4,068,783
Other (income) and expense				
Interest expense	36,646	21,996	93,037	36,243
Other, net	(335 )	(1,184 )	(365 )	(11,494 )
Income before income tax	890,639	2,218,666	7,468,001	4,044,034
Provision for income taxes	320,000	807,000	2,688,000	1,472,000
Net income	\$ 570,639	\$ 1,411,666	\$ 4,780,001	\$ 2,572,034
Net income per common share				
Basic	\$ 0.09	\$ 0.22	\$ 0.76	\$ 0.41
Diluted	\$ 0.09	\$ 0.22	\$ 0.75	\$ 0.41
Weighted average shares outstanding				
Basic	6,325,295	6,285,781	6,310,609	6,280,193
Dilutive effect from stock options and grants	44,600	28,900	48,285	24,264
Diluted	6,369,895	6,314,681	6,358,894	6,304,457

See accompanying notes to condensed consolidated financial statements.





Synalloy Corporation  
Condensed Consolidated Statements of Cash Flows  
(Unaudited)

	Nine Months Ended	
	Oct 1, 2011	Oct 2, 2010
<b>Operating activities</b>		
Net income	\$4,780,001	\$2,572,034
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation expense	2,289,789	2,004,721
Amortization of deferred charges	20,685	5,340
Deferred income taxes	62,072	(130,545 )
Provision for losses on accounts receivable	246,293	114,754
Provision for losses on inventory	1,259,000	50,502
Gain on sale of property, plant and equipment	(37,025 )	(46,223 )
Cash value of life insurance	(54,001 )	(66,163 )
Environmental reserves	(202,667 )	(169,392 )
Issuance of treasury stock for director fees	78,704	67,478
Employee stock option and stock grant compensation	199,866	132,331
Changes in operating assets and liabilities:		
Accounts receivable	(8,884,756 )	(8,266,279 )
Inventories	(11,706,393)	(11,116,849)
Other assets and liabilities	(112,967 )	453,716
Accounts payable	3,436,697	710,715
Accrued expenses	1,875,991	7,262,451
Income taxes payable	(154,970 )	(1,751,220 )
Net cash used in operating activities	(6,903,681 )	(8,172,629 )
<b>Investing activities</b>		
Purchases of property, plant and equipment	(1,985,046 )	(4,782,486 )
Proceeds from sale of property, plant and equipment	49,301	56,832
Net cash used in investing activities	(1,935,745 )	(4,725,654 )
<b>Financing activities</b>		
Net borrowings from long-term debt	8,688,180	1,772,568
Dividends paid	-	(1,581,084 )
Proceeds from exercised stock options	161,903	39,066
Net cash provided by financing activities	8,850,083	230,550
Increase (decrease) in cash and cash equivalents	10,657	(12,667,733)
Cash and cash equivalents at beginning of period	108,902	14,096,557
Cash and cash equivalents at end of period	\$ 119,559	\$ 1,428,824

See accompanying notes to condensed consolidated financial statements.



Synalloy Corporation

Notes To Condensed Consolidated Financial Statements

(Unaudited)

October 1, 2011

#### NOTE 1-- BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the nine-month period ended October 1, 2011, are not necessarily indicative of the results that may be expected for the year ending December 31, 2011. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's annual report on Form 10-K for the period ended January 1, 2011.

During the third quarter the Company recorded an adjustment of approximately \$413,000 (pre-tax) to reduce cost of goods sold in its consolidated financial statements related to certain parts and supplies used in its Metals Segment. During the first and second quarters of 2011, management began purchasing additional parts and supplies that it planned to maintain in stock to minimize down times in the event a repair is needed on its production lines. In previous periods, these parts and supplies were ordered on an as-needed basis, which occasionally resulted in a halt to production. The costs of these new parts were charged to cost of goods sold during the first and second quarters instead of being capitalized. Approximately half of this adjustment related to the first quarter of 2011 and the other half related to the second quarter of 2011. Management evaluated the impact of this adjustment on previously reported financial results in 2011, and concluded that the impact was not material to those interim financial statements or to the third quarter 2011 consolidated financial statements, where the adjustment was made. There was no material impact on the consolidated financial statements for the nine months ended October 1, 2011, or on periods prior to fiscal year 2011.

#### NOTE 2--INVENTORIES

Inventories are stated at the lower of cost (first-in, first-out method) or market.

#### NOTE 3--STOCK OPTIONS AND EMPLOYEE STOCK GRANTS

During the first nine months of 2011, options for 19,200 shares were exercised by directors for an aggregate exercise price of \$175,842 with the proceeds generated from the repurchase of 1,045 shares from directors totaling \$13,940 and cash received of \$161,903. There were no stock options exercised during the third quarter of 2011. Also, 4,000 stock options were cancelled during the first nine months of 2011.

On January 21, 2011, the Board of Directors of the Company adopted the 2011 Long-Term Incentive Stock Option Plan (the "2011 Plan") which was approved by the Shareholders at the April 28, 2011 Annual Meeting. The 2011 Plan authorizes the issuance of incentive options for up to 350,000 shares of the Company's common stock. On January 24, 2011, subject to plan approval, the Company granted options to purchase 100,000 shares of its common stock at an exercise price of \$11.55 to its CEO, which may be exercised beginning one year after the date of grant at a rate of 20 percent annually on a cumulative basis, and unexercised options expire ten years from the grant date.

On January 24, 2011, 13,420 shares were granted under the Company's 2005 Stock Awards Plan to the CEO and on February 9, 2011, 13,300 shares were granted to certain management employees of the Company. The stock awards vest in 20 percent increments annually on a cumulative basis, beginning one year after the date of grant. In

Synalloy Corporation

Notes To Condensed Consolidated Financial Statements

(Unaudited)

October 1, 2011

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 will be 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 Plan. Shares representing awards that have not yet vested will be held in escrow by the Company. An employee is not entitled to any voting rights with respect to any shares not yet vested, and the shares are not transferable.

## NOTE 4--INCOME TAXES

The Company did not have any unrecognized tax benefits accrued at October 1, 2011 and January 1, 2011. The Company and its subsidiaries are subject to U.S. federal income tax as well as income tax of multiple state jurisdictions. The Company has concluded all U.S. federal income tax matters for years through 2007 and substantially all material state and local income tax matters for years through 2005. The Company's continuing practice is to recognize interest and/or penalties related to income tax matters in income tax expense.

## NOTE 5--PAYMENT OF DIVIDENDS

During 2010, the Company declared and paid a \$0.25 per share dividend on March 22, 2010 and another \$0.25 per share dividend on December 8, 2010. Total outlay of the dividends during 2010 amounted to \$3,166,000. The Board presently plans to review at the end of each fiscal year the financial performance and capital needed to support future growth to determine the amount of cash dividend, if any, which is appropriate.

## NOTE 6--SEGMENT INFORMATION

	THREE MONTHS		NINE MONTHS ENDED	
	ENDED Oct 1, 2011	ENDED Oct 2, 2010	ENDED Oct 1, 2011	ENDED Oct 2, 2010
Net sales				
Metals Segment	\$35,817,000	\$30,871,000	\$97,753,000	\$80,970,000
Specialty Chemicals Segment	10,376,000	11,061,000	32,581,000	32,511,000
	\$46,193,000	\$41,932,000	\$130,334,000	\$113,481,000
Operating income				
Metals Segment	\$912,000	\$1,772,000	\$7,390,000	\$2,333,000
Specialty Chemicals Segment	686,000	856,000	2,318,000	3,183,000
	1,598,000	2,628,000	9,708,000	5,516,000
Unallocated expenses				
Corporate	671,000	388,000	2,147,000	1,447,000

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Interest expense	36,000	22,000	93,000	36,000
Other income	-	(1,000 )	-	(11,000 )
Income before income taxes	\$891,000	\$2,219,000	\$7,468,000	\$4,044,000

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Notes to Condensed Consolidated Financial Statements

(Unaudited)

October 1, 2011

#### NOTE 7--FAIR VALUE DISCLOSURES

The carrying amounts reported in the condensed consolidated balance sheets for cash and cash equivalents, trade accounts receivable, cash value of life insurance, accounts payable and long-term debt approximate their fair value.

#### NOTE 8 – LEGAL 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. Other than environmental contingencies, 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 9--SUBSEQUENT EVENTS

The Company performs an evaluation of events that occur after the balance sheet date but before financial statements are issued for potential recognition or disclosure of such events in its financial statements. The Company evaluated subsequent events through the date that the financial statements were issued.

On November 10, 2011, the Board of Directors of the Company voted to pay an annual dividend of \$0.25 per share payable on December 5, 2011 to holders of record on November 25, 2011, for a total cash payment of \$1,582,000. The Board will continue to review at or near the end of each fiscal year the financial performance of the Company and the capital needed to support future growth during the last Board Meeting of each year to determine the amount of cash dividend, if any, which is appropriate.

Synalloy Corporation

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

The following is managements' discussion of certain significant factors that affected the Company during the three and nine month periods ended October 1, 2011.

Consolidated sales for the third quarter of 2011 increased ten percent to \$46,193,000 compared to \$41,932,000 for the same period one year ago. The Company's net earnings declined 60 percent to \$571,000 or \$0.09 per share for the third quarter of 2011 compared to net earnings of \$1,412,000 or \$0.22 per share for the third quarter of 2010. For the nine months ended October 1, 2011, sales were \$130,334,000, up 15 percent from sales of \$113,481,000 for the same period of 2010. Net earnings for the first nine months of 2011 increased 86 percent to \$4,780,000 or \$0.75 per share compared to \$2,572,000 or \$0.41 per share for the comparable period last year.

Sales for the Metals Segment increased 16 percent to \$35,817,000 while operating income decreased 49 percent to \$912,000 in the third quarter of 2011 from the same period a year earlier. The sales increase resulted from a 14 percent increase in average selling prices combined with a one percent increase in unit volumes. The segment experienced a favorable product mix for the third quarter with higher priced non-commodity unit volume increasing 25 percent for the quarter while commodity unit volume decreased ten percent. Special alloy product shipments continue to surpass prior year levels as a result of increased projects and distributor restocking. International sales are also continuing to show year over year sales growth. Operating income decreased during the third quarter as lower nickel prices caused our material margins (defined as sales less material costs) to tighten. Based upon our FIFO inventory valuation method, as nickel prices decrease, our selling price is reduced accordingly while material costs reflect the higher priced inventory. Nickel prices decreased more than 15 percent from the second quarter of 2011. In addition, an inventory reserve of \$631,000 was required at the end of the third quarter of 2011 to lower the inventory carrying costs of selected inventory sizes to market value. During the third quarter of 2010, the FIFO inventory method was favorable to the profitability of the Segment and an inventory valuation reserve was not required. The Company experienced a favorable adjustment in the third quarter of the current year as repair parts and manufacturing supplies previously expensed were inventoried and are reflected as a prepaid asset in the October 1, 2011 Balance Sheet. These costs will be expensed in future periods as they are used in the production process. The total of these three items reduced net income for the third quarter of 2011 by \$0.09 per share. The favorable effect of the FIFO inventory valuation method in the prior year resulted in increased net income for the third quarter by \$0.04 per share. This \$0.13 per share difference accounts for the decline in net income per share experienced in the third quarter of 2011 compared to the year earlier results.

Sales for the first nine months of 2011 increased 21 percent to \$97,753,000 and operating income of \$7,390,000 was up 217 percent compared to the prior year periods. The sales increase was comprised of a 19 percent increase in average selling prices combined with a two percent increase in unit volumes. The unit volume increase reflects a 14 percent increase in non-commodity pipe from the same factors as outlined above for the third quarter, combined with a four percent decrease from commodity pipe sales. Both pipe manufacturing and fabricated piping systems showed operating margin improvement over the prior year on a year-to-date basis.

The Specialty Chemicals Segment's revenues decreased for the third quarter of 2011 by six percent compared to the third quarter of 2010. Sales for the first nine months of 2011 were relatively unchanged from the prior year. Pounds shipped during the third quarter and first nine months of 2011 were 17 percent and eleven percent lower, respectively, than the same periods last year. Sales did not decrease as much as pounds shipped due to a favorable product mix during the quarter, with additional sales of higher priced products. Contract or tolling sales continued to show weakness due to pricing pressures and lower sales projections from our customers. However, the Segment did



experience some pricing relief late in the third quarter resulting in September 2011 exceeding comparable 2010 sales levels. Operating income decreased 20 percent and 27 percent for the third quarter and first nine months of 2011, respectively, when compared to 2010.

Synalloy Corporation

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

Operating income did improve during September 2011, exceeding the same prior year month by four percent. While it is too early to predict the continued weakening of raw material prices, some stabilization has occurred, allowing a return to more acceptable pricing and allowing us to focus on regaining market share.

Consolidated selling, general and administrative expense increased \$323,000 or 14 percent and \$1,235,000 or 16 percent for the third quarter and first nine months of 2011, respectively, compared to the same periods for the prior year. This expense category was six percent of sales for the third quarter for both 2011 and 2010 and seven percent of sales for the first nine months of 2011 and 2010. The increases are primarily due to higher projected performance-based incentive bonuses, higher salaries and wages and the elimination of outsourcing revenue. Higher stock option compensation costs, consulting and recruiting fees also contributed to the increase in consolidated selling and administrative expense. These expenses were partially offset by a decrease in the Company's bad debt reserve.

The Company's cash balance was relatively unchanged during the first nine months of 2011, increasing from \$109,000 at the end of 2010 to \$120,000 as of October 1, 2011. As a result of the higher Metals Segment sales activity during the third quarter of 2011, compared to the fourth quarter of 2010, accounts receivable increased at October 1, 2011 by \$8,638,000. Inventory levels increased \$10,447,000 during the first nine months of 2011 in support of higher Metals Segment activity, especially in higher priced special alloy materials. Higher inventory purchases during the third quarter of 2011 increased accounts payable at the end of the quarter by \$3,437,000 when compared to the 2010 year-end balance. Capital expenditures for the first nine months of 2011 were \$1,985,000. These items resulted in the Company having to borrow \$8,688,000 during the first nine months of 2011 and had \$8,907,000 of bank debt outstanding as of October 1, 2011.

On August 19, 2011, as a result of its strong balance sheet and very favorable debt covenant ratios, the Company's bank extended the maturity date of their Credit Agreement by one additional year to June 30, 2014. None of the other terms of the debt agreement were modified.

The Metals Segment's business is highly dependent on its customers' capital expenditures which have begun to show some improvement. Excess capacity in the pipe manufacturing industry continues to present a difficult operating environment. Stainless steel surcharges, which affect our costs of raw materials and selling prices, increased through April and declined in May through November of 2011 with the exception of a slight increase in September. We expect surcharges to stabilize in December and into the first quarter of 2012. We believe we are the largest and most capable domestic producer of non-commodity stainless steel pipe and an effective producer of commodity stainless steel pipe which should serve us well in the long run. Our market position remains strong in the commodity pipe market and we are experiencing a significant upswing in project and special alloy demand. We also continue to be optimistic about the piping systems business over the long term. During the third quarter of 2011, piping systems added two new salesmen that have already yielded positive results in new inquiries and customer relations. We anticipate continued strong activity on the new sales front in the paper and wastewater treatment areas as well as power generation projects. Approximately 76 percent of the piping systems backlog comes from paper and wastewater treatment projects. Piping systems' backlog was \$18,147,000 at October 1, 2011, \$23,654,000 at July 2, 2011, \$25,306,000 at January 1, 2011 and \$33,398,000 at October 2, 2010. We expect our backlog to increase over the next quarter or two as our additional salesmen successfully convert the previously mentioned new inquiries into firm orders. We estimate that approximately 80 percent of the backlog should be completed over the next 12 months.

Sales bookings into the fourth quarter of 2011 for the Specialty Chemicals Segment continue to show signs of strengthening that were observed during September and a major defoamer project continues on track for the potential of a significant impact on sales and profitability into 2012. Specific efforts to grow the Chemical Intermediates portion of the Specialty Chemicals Segment are underway with facility modifications that will improve operating costs and margins.

Synalloy Corporation

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

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

This Form 10-Q includes and incorporates by reference "forward-looking statements" within the meaning of the securities laws. All statements that are not historical facts are "forward-looking statements." The words "estimate," "project," "intend," "expect," "believe," "anticipate," "plan," "outlook" 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; customer delays or difficulties in the production of products; environmental issues; unavailability of debt financing on acceptable terms and exposure to increased market interest rate risk; inability to comply with covenants and ratios required by our debt financing arrangements; ability to weather the current economic downturn; loss of consumer or investor confidence and other risks detailed from time-to-time in Synalloy's Securities and Exchange Commission filings. Synalloy Corporation assumes no obligation to update any forward-looking information included in this Form 10-Q.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Information about the Company's exposure to market risk was disclosed in its Annual Report on Form 10-K for the year ended January 1, 2011, which was filed with the Securities and Exchange Commission on March 25, 2011. There have been no material quantitative or qualitative changes in market risk exposure since the date of that filing.

Item 4. Controls and Procedures

Based on the evaluation required by 17 C.F.R. Section 240.13a-15(b) or 240.15d-15(b) of the Company's disclosure controls and procedures (as defined in 17 C.F.R. Sections 240.13a-15(e) and 240.15d-15(e)), the Company's chief executive officer and chief financial officer concluded that such controls and procedures, as of the end of the period covered by this quarterly report, were effective.

There has been no change in the registrant's internal control over financial reporting during the last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

Synalloy Corporation

## PART II: OTHER INFORMATION

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

During the third quarter ended October 1, 2011, the Registrant issued shares of common stock to the following class of persons upon the issuance of shares in lieu of cash for services rendered. Issuance of these shares was exempt from registration pursuant to Section 4(2) of the Securities Act of 1933 because the issuance did not involve a public offering. In addition, two Non-employee Directors either retired or resigned from the Board of Directors during the third quarter of 2011 and accordingly previously issued shares for 2011 Director Services were forfeited.

Date Issued	Class of Purchasers	Number of Shares Issued (Forfeited)	Consideration
8/03/2011	Non-Employee Directors	(1,248)	Director Services
8/11/2011	Non-Employee Directors(1)	2,248	Director Services

- (1) On August 11, 2011 two additional Non-employee Directors were elected to the Board to fill the unexpired terms of the two departing directors. Each newly elected Director was given the opportunity and has chosen to receive \$11,250 of their pro-rated retainer in restricted stock for 2011-12 year which equals 1,124 shares per director for a total of 2,248 shares. The number of restricted shares issued is determined by the average of the high and low stock priced on the day prior to the Board Meeting in which they were elected. The shares granted to the non-employee 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.

Item	Exhibits
6.	The following exhibits are included herein:
31.1	Rule 13a-14(a)/15d-14(a) Certifications of Chief Executive Officer
31.2	Rule 13a-14(a)/15d-14(a) Certifications of Chief Financial Officer and 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

\*In accordance with Regulation S-T, the XBRL-related information in Exhibit 101 to this Quarterly Report on Form 10-Q shall be deemed "furnished" and not "filed."

Synalloy Corporation

SIGNATURES

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

SYNALLOY CORPORATION  
(Registrant)

Date: November 14, 2011 By: /s/ Craig C. Bram  
Craig C. Bram  
President and Chief Executive  
Officer

Date: November 14, 2011 By: /s/ Richard D. Sieradzki  
Richard D. Sieradzki  
Chief Financial Officer and  
Principal Accounting Officer





