

SYNALLOY CORPORATION

Audit Committee Charter

Purpose

The purpose of the Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of Synalloy Corporation (the “Company”) is to oversee:

- The reliability of the financial statements of the Company
- The accounting, financial reporting, and disclosure processes of the Company
- The audits of the financial statements of the Company

Membership

The Committee shall be comprised of at least three directors. All members of the Committee shall be independent in accordance with the requirements of Rule 10A-3 of the Securities Exchange Act of 1934 and the rules of the NASDAQ Stock Market LLC (“NASDAQ”). No member of the Committee can have participated in the preparation of the Company’s or any of its subsidiaries’ financial statements at any time during the past three years. Members shall be appointed by the Board for such term or terms as the Board may determine, but may be removed at any time by the Board with or without cause.

Each member of the Committee must be able to read and understand fundamental financial statements, including the Company’s balance sheet, income statement and cash flow statement. At least one member of the Committee must have past employment experience in finance or accounting, requisite professional certification in accounting or other comparable experience or background that leads to financial sophistication. At least one member of the Committee must be an “audit committee financial expert” as defined in Item 407(d)(5)(ii) of Regulation S-K established by the Securities and Exchange Commission (the “SEC”). A person who satisfies this definition of audit committee financial expert will also be presumed to have financial sophistication.

General Standards for Members of the Committee

Members of the Committee shall discharge their duties as members of the Committee in accordance with the standards of Section 141 of the Delaware General Corporation Law, as amended, and subject to the provisions of the Company’s Certificate of Incorporation.

Committee Structure and Operations

The Board shall designate one member of the Committee as its chairperson. The Committee shall meet at least five times a year at such times and places as it deems necessary to fulfill its responsibilities. The Committee shall report regularly to the Board regarding its actions and make recommendations to the Board as appropriate. The Committee is governed by the same rules regarding meetings (including meetings in person or by telephone or other similar communications equipment), action without meetings, notice, waiver of notice, and quorum and voting requirements as are applicable to the Board. When new members are added to the Committee or a new Committee chairperson is designated, access to appropriate information and people should be made available. Proper transition of key open issues should take place between members of management, internal and external audit firms, and Committee members.

Responsibilities

The primary responsibility of the Committee is to oversee the Company's accounting, financial reporting and disclosure processes in a manner which is consistent with the members' duties as directors exercising their business judgment and to report the results of its activities to the Board. Management is responsible for preparing the Company's financial statements, and the independent public accounting firm engaged by the Company is responsible for auditing those financial statements. The Committee also relies on both management and the Company's internal audit department for establishing effective internal controls and procedures to ensure the Company's compliance with accounting standards, financial reporting procedures and applicable laws and regulations, and the Company's independent auditors for an unbiased, diligent review of the effectiveness of the Company's internal controls. The Company recognizes that the members of the financial management of the Company, as well as the registered public accountants, have more knowledge and more detailed information about the Company than do the members of the Committee; consequently, in carrying out its oversight responsibilities, the Committee is not providing any expert or special assurance as to the Company's financial statements or any professional certification as to the registered public accountants' work.

In carrying out its responsibilities, the Committee believes its policies and procedures should remain flexible, in order to best react to changing conditions and circumstances.

The following shall be the principal recurring processes of the Committee in carrying out its oversight responsibilities. The processes are set forth as a guide with the understanding that the Committee may diverge from this guide as it deems appropriate given the circumstances, subject to applicable rules of the SEC and NASDAQ. The processes are to:

- Select and appoint an independent registered public accounting firm to be engaged to act as the Company's independent auditors for the purpose of auditing the annual financial statements of the Company and its subsidiaries, review the Company's internal control over financial reporting and to perform other audit review or attest services. The Committee shall set the terms of the engagement and compensation, oversee the work of and, where appropriate, replace the registered public accountants. The registered public accountants shall report directly to the Committee.
- Select, retain, compensate, oversee and terminate, if necessary, any other registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company.
- Be responsible for the oversight of the work of the registered public accountants, including resolution of disagreements between management and the registered public accountants regarding financial reporting.
- Pre-approve all audit and non-audit services, including the terms thereof, provided by the Company's independent auditors or other registered public accounting firm. The Committee shall not engage the registered public accountants to perform any non-audit services prohibited by law or regulation. The Committee may delegate pre-approval authority to a member of the Committee. The decisions of any Committee member to whom pre-approval authority is delegated must be presented to the full Committee at its next scheduled meeting.
- Review with the registered public accountants and financial management of the Company the scope of the proposed audit and quarterly reviews for the current year and the procedures to be used, and the adequacy of the registered public accountants' staffing and compensation.
- Make or cause to be made such other reviews or examinations as the Committee may deem advisable with respect to the adequacy and effectiveness of the internal accounting and financial reporting controls of the Company, and the disclosure and controls and procedures of the Company, and take such action with respect thereto as the Committee deems appropriate.

- Review reports received from governmental authorities and other legal and regulatory matters that come to its attention and that may have a material effect on the financial statements or related compliance policies of the Company.
- Inquire of management and the registered public accountants about significant risks or exposures and assess the steps management has taken to manage and control such risks.
- Review and discuss earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies. If practical, such review and discussion is to be made with management and the registered public accountants. The chairperson of the Committee may represent the entire Committee for purposes of this review.
- Review and discuss with management and the registered public accountants (i) the quarterly financial statements to be contained in any Quarterly Report on Form 10-Q and (ii) the disclosure under “Management’s Discussion and Analysis of Financial Condition and Results of Operations” to be included in such Form 10-Q, before it is filed with the SEC. In addition, review and discuss with management and the registered public accountants prior to the filing of the Form 10-Q any other matters required to be communicated to the Committee by the registered public accountants. The chairperson of the Committee may represent the entire Committee for purposes of this review.
- Review and discuss with management any significant changes to critical accounting policies and practices, and any deviations from generally accepted accounting principles as reported by management.
- Receive a report from the registered public accountants, prior to the Company’s filing of any Annual Report on Form 10-K with the SEC, on all critical accounting policies and practices of the Company, all material alternative treatments of financial information within the scope of generally accepted accounting principles that have been discussed with management, including the ramifications of the use of such alternative treatments and disclosures and the treatment preferred by the registered public accountants, and receive other material written communications between the registered public accountants and management. Review and discuss with management and the registered public accountants (i) the Company’s annual audited financial statements to be contained in any Annual Report on Form 10-K, including their judgments about the quality, not just acceptability, of accounting principles and the clarity of the financial disclosures used or proposed to be used, (ii) the form of audit opinion to be issued by the registered public accountants on the financial statements and (iii) the disclosure under “Management’s Discussion and Analysis of Financial Condition and Results of Operations” to be included in the Form 10-K, before it is filed with the SEC. Review with financial management and the registered public accountants significant financial reporting issues and practices, including changes in, or adoptions of, accounting principles and disclosure practices, and discuss any other matters required to be communicated to the Committee by the registered public accountants.
- Recommend to the Board that the audited financial statements and the disclosure under “Management’s Discussion and Analysis of Financial Condition and Results of Operations” be included in the Company’s Form 10-K.
- Meet separately with the registered public accountants without members of management present to discuss the registered public accountants’ evaluation of the company’s financial accounting and personnel, the cooperation that the registered public accountants received during the course of audit, and to discuss issues and concerns warranting Committee attention. The Committee shall provide sufficient opportunity for the registered public accountants to meet privately with the members of the Committee. The Committee shall also discuss with the registered public accountants the Company’s policies and procedures to assess, monitor, and manage business risk, and legal and ethical compliance programs (e.g., Company’s Code of Conduct).

- Review and approve the functions of the Company's internal audit department, including its purpose, organization, responsibilities, budget and performance; and to review the scope, performance and results of such department's internal audit plans, including any reports to management and management's response to those reports.
- Review all "material weaknesses" and "significant deficiencies" in internal controls as reported by management, the internal audit department, and the registered public accountants.
- Establish procedures for the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters. The Committee will review all complaints received, as reported by the Company's Director of Compliance and Controls. Set clear hiring policies for employees or former employees of the registered public accountants that meet SEC and NASDAQ regulations.
- Receive reports of evidence of material violations of securities laws or breaches of fiduciary duty from corporate attorneys or others.
- Receive a report from management regarding the results of quarterly disclosure controls and procedures, and oversee any significant changes to such controls and procedures.
- On an annual basis, obtain from the registered public accountants a written communication delineating all their relationships with and professional services to the Company consistent with Independence Standards Board Standard No. 1 or other applicable standards. In addition, review with the registered public accountants any disclosed relationships or professional services that may affect their objectivity and independence and take, or recommend that the Board of Directors take, appropriate action to oversee the continuing independence of the registered public accountants.
- At least annually, obtain and review a report by the registered public accountants describing:
 - (a) The registered public accountants' internal quality control procedures; and
 - (b) Any material issues raised by the most recent internal quality control review, peer review or Public Company Accounting Oversight Board review or inspection of the registered public accountants, or by any other inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the registered public accountants, and any steps taken to deal with any such issues.
 - (c) All relationships between the registered public accountants and the Company or any of its subsidiaries; and to discuss with the independent public accountants the report and any relationships or services that may impact the objectivity and independence of the accounting firm.
- Annually review and reassess the adequacy of this Charter.
- Prepare any report of the Committee required by the regulations of the SEC to be included in the Company's proxy statement for its annual meeting of shareholders as required by the SEC.

Other Authority

The Committee shall have authority to investigate, as it deems appropriate, any matter brought to its attention within the scope of its duties. The Committee may retain outside counsel and other advisors and consultants to assist the Committee in performing its duties as it sees fit.

The Company shall promptly fund and pay all fees and expenses of registered public accountants, counsel and other advisors and consultants retained by the Committee and other expenditures authorized by the Committee.