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REUNION INDUSTRIES INC
Form 10-K/A
April 30, 2007

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549-1004
FORM 10-K/A (Amendment No. 1)

(Mark One)

X ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
----- EXCHANGE ACT OF 1934 (NO FEE REQUIRED)
For the fiscal year ended December 31, 2006

Commission File Number 01-15739

REUNION INDUSTRIES, INC.

(Exact name of Registrant as specified in its charter)

DELAWARE 06-1439715

(State of Incorporation) (I.R.S. Employer Identification No.)

11 STANWIX STREET, SUITE 1400, PITTSBURGH, PENNSYLVANIA 15236

(Address of principal executive offices, including zip code)

(412) 281-2111

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:
Title of Each Class: COMMON STOCK, \$.01 par value
Name of Each Exchange on Which Registered: AMERICAN STOCK EXCHANGE
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 X

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

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 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 the 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 Accelerated filer Non-accelerated filer X

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Indicate by check mark whether the Registrant is a shell company Yes No X

At March 15, 2007, 17,419,019 shares of common stock were issued and outstanding. As of June 30, 2006, the aggregate market value of the voting stock held by non-affiliates of the registrant (computed by reference to the average of the high and low sales prices on the American Stock Exchange) was \$7,315,988.

DOCUMENTS INCORPORATED BY REFERENCE: None

Reunion Industries, Inc. ("Reunion Industries", "Reunion" or the "Company") is filing this Amendment No. 1 to its Annual Report on Form 10-K for the year ended December 31, 2006, as filed with the Securities and Exchange Commission on April 2, 2007, to provide certain information previously omitted from such report. The following are the four items previously omitted:

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY
 ITEM 11. EXECUTIVE COMPENSATION
 ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS
 AND MANAGEMENT
 ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS
 ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by such items is provided herein as follow:

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY

As of April 27, 2007, the following individuals were directors and/or named executive officers of the Company.

Name	Principal Position with Reunion Industries, Inc.	Age	Director Since
Thomas N. Amonett(1) (2)	Director	63	1992
Charles E. Bradley, Sr.	Director,	77	1995
Kimball J. Bradley	Director, Chairman, CEO & President		41 2000
Thomas L. Cassidy(1) (2)	Director	78	1995
David E. Jackson(1) (2)	Director	48	2003
Joseph C. Lawyer	Director and Vice Chairman	61	2000
John G. Poole	Director	64	1996
John M. Froehlich	Executive Vice President, Secretary & CFO		64
Jack T. Croushore	President, CP Industries Division		62

(1) Member, Compensation Committee of the Board of Directors

(2) Member, Audit Committee of the Board of Directors

THOMAS N. AMONETT has served as a director of Reunion Industries since July 1, 1992 and served as its President and Chief Executive Officer from July 1, 1992 until October 26, 1995. He also served as the President of Reunion Energy Company, then a wholly-owned subsidiary of Reunion Industries in the oil and gas operating business, from July 1, 1992 until May 24, 1996. Mr. Amonett is President and Chief Executive Officer of Champion Technologies, Inc., a manufacturer and distributor of specialty chemicals and related

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services, primarily to the oil and gas industry. From November 1998 to June 1999, he was President, Chief Executive Officer and a director of American Residential Services, Inc., a company providing equipment and services relating to residential heating, ventilating, air conditioning, plumbing, electrical and indoor air quality systems and appliances. From July 1996 until June 1997, Mr. Amonett was Interim President and Chief Executive Officer of Weatherford Enterra, Inc., an energy services and manufacturing company. Mr. Amonett serves as a director of Petro Corp. Incorporated, a Houston-based oil and gas company, and Stelmar Shipping Ltd., an international provider of petroleum product and crude oil transportation services.

CHARLES E. BRADLEY, SR. became a director of Reunion Industries on June 20, 1995 and was appointed President and Chief Executive Officer of Reunion Industries on October 26, 1995. He became Chairman effective March 16, 2000 and served in that capacity until March 2, 2006 when he resigned his officership as Chairman and CEO. He continues to serve as a director of the Company. Mr. Bradley, Sr. was a co-founder of Stanwich Consulting Corp., formerly known as Stanwich Partners, Inc. ("SPI"), in 1982 and has served as its President since that time. SPI is a private investment company. He was a director of Chatwins Group, Inc. ("Chatwins Group") from 1986 until its merger

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with Reunion Industries on March 16, 2000 and was Chairman of the Board of Chatwins Group from 1988 until the merger. Mr. Bradley, Sr. is currently the President and a director of Sanitas, Inc. and Texon Energy Corporation, both inactive companies. Mr. Bradley is the father of Kimball J. Bradley.

KIMBALL J. BRADLEY became President and Chief Operating Officer of Reunion Industries effective May 1, 2000. Effective March 2, 2006, the Board of Directors elected him Chairman of the Board and Chief Executive Officer. Mr. Bradley continues to serve as President of the Company. He was Executive Vice President of Operations of Reunion Industries following the Chatwins Group merger and was a Senior Vice President of Chatwins Group from August 1998 until the merger and a Vice President of Chatwins Group from January 1996 to August 1998.

THOMAS L. CASSIDY became a director of Reunion Industries on June 20, 1995. He was a Managing Director of Trust Company of the West, an investment management firm, from 1984 until his retirement in 1999. Mr. Cassidy is a Partner of TCW Capital, an affiliate of Trust Company of the West. Mr. Cassidy was a director of Chatwins Group from March 1993 to June 1997.

DAVID E. JACKSON became a director of Reunion Industries on June 26, 2003. He currently manages Kodiak Metals, LLC, a hedge fund which invests in junior equities in the metals and mining industry. He has over fifteen years experience as a portfolio manager investing in distressed securities having worked as a portfolio manager with Avenue Capital Management, Oppenheimer & Co. Inc., EBF & Associates and Cargill, Inc.

JOSEPH C. LAWYER became Vice Chairman of Reunion Industries effective May 1, 2000 and held that position until his retirement in 2006. He was President and Chief Operating Officer of Reunion Industries following the Chatwins Group merger and was President, Chief Executive Officer and a director of Chatwins Group from 1988 until the merger. Mr. Lawyer is a director of Respironics, Inc., a company engaged in design, manufacture and sale of home and hospital respiratory medical products.

JOHN G. POOLE became a director of Reunion Industries on April 19, 1996. Mr. Poole is a private investor. He was a co-founder of SPI with Charles E. Bradley, Sr. in 1982 and served as its Vice President until 2001. Mr. Poole was a director of Chatwins Group from 1988 until the merger. He is also a

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director of Consumer Portfolio Services, Inc., engaged in the business of purchasing, selling and servicing retail automobile installment sales contracts.

JOHN M. FROEHLICH has served as Executive Vice President and Chief Financial Officer of the Company since March 16, 200 and as its Secretary since June 12, 2002.

JACK T. CROUSHORE has served as President of the Company's CP Industries division since 1988.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires Reunion's directors and officers and persons who own beneficially more than 10% of the common stock of Reunion Industries to file with the Securities and Exchange Commission and the American Stock Exchange initial reports of beneficial ownership and reports of changes in beneficial ownership of the common stock of Reunion Industries. Directors, officers and persons owning more than 10% of the common stock of Reunion Industries are required to furnish Reunion Industries with copies of all such reports. Based solely on Reunion's review of the copies of such forms it has received and representations from certain persons that they were not required to file reports on Form 5 during 2006, Reunion Industries believes that all its officers, directors and greater than 10% beneficial owners complied with all filing requirements applicable to them with respect to transactions during 2006, except that LC Capital Master Fund, Ltd. filed a Form 3 late and a Form 4 late for one transaction.

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Audit Committee

The Audit Committee of the Board of Directors, comprised of Messrs. Amonett, Cassidy and Jackson (chairman), assists the board in assuring that the accounting and reporting practices of the Company are in accordance with all applicable requirements. Each member of the Audit Committee meets the independence and financial experience requirements under the listing standards of the American Stock Exchange (AMEX). In addition, the Board has determined that Mr. Jackson is an "Audit Committee financial expert" as defined by rules of the Securities and Exchange Commission (SEC). Mr. Jackson's business experience is described above. The Audit Committee reviews with the auditors the scope of the proposed audit work and meets with the auditors to discuss matters relating to the audit and any other matter which the committee or the auditors may wish to discuss. In addition, the Audit Committee recommends the appointment of auditors to the board of directors each year and would recommend the appointment of new auditors if future circumstances were to indicate that such action is desirable.

Code of Ethics

In 2004, the Board of Directors adopted a Code of Business Ethics and Conduct that applies to the Company's executive officers as well as all other employees of the Company. Accountability for adherence to the Code primarily rests with the Audit Committee. Reunion Industries will furnish without charge a copy of its Code of Business Ethics upon written request. Written requests may be directed to Reunion Industries, Inc., attn: Investor Relations, 11 Stanwix Street, Suite 1400, Pittsburgh, PA 15222.

ITEM 11. EXECUTIVE COMPENSATION

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The following table provides information concerning the compensation of the Company's Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO") and the three other most highly compensated employees during the 2006 year.

Name and Position as of December 31, 2006	Salary	Bonus	Option Awards(1)	All Other Compensation	Total
-----	-----	-----	-----	-----	-----
Kimball J. Bradley Chairman, CEO and President	\$391,528	\$ -0-	\$ 15,049	\$ 30,499 (2)	\$437,076
John M. Froehlich Executive VP of Finance and CFO	\$219,064	\$ -0-	\$ 5,098	\$ 11,275 (3)	\$235,437
Jack T. Croushore President, CPI Division	\$209,000	\$100,000	\$ 5,098	\$ 7,575 (4)	\$321,672
Thomas J. Vogel Vice President	\$112,205	\$ -0-	\$ 357	\$ 900 (5)	\$113,462
Roger L. Seese Vice President CPI Division	\$102,588	\$ -0-	\$ 510	\$ 900 (5)	\$103,998

(1) Represents the dollar amount of stock option awards recognized for each named individual as compensation costs for financial reporting purposes in accordance with FAS 123R for the year 2006.

(2) Includes payments of life insurance premiums of \$19,717, car allowances of \$9,882 and healthcare benefit credits of \$900.

(3) Includes payments of life insurance premiums of \$10,375 and healthcare benefit credits of \$900.

(4) Includes payments of life insurance premiums of \$675, car allowance of \$6,000 and healthcare benefit credits of \$900.

(5) Represents healthcare benefit credits.

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Option Grants

During the year ended December 31, 2006, the Company granted no stock options to any executive officer or to any of the employees named above. The following table shows all outstanding stock options to acquire Reunion Industries common stock granted to executive officers and the above named individuals as of December 31, 2006:

Name	Number of Shares							Market
	Underlying			Exercise		Non-Vested Options		
	Unexercised Options							
	-----			-----		-----		
	Exercisable	Exercisable	Non	Price	Date	Expiration	Value	
-----	-----	-----	-----	-----	-----	-----	-----	-----
Kimball J Bradley	100,000			\$0.275	6/26/08			
	300,000				\$0.352	12/01/08		
	200,000	100,000		\$0.200	6/21/10		100,000	\$ 39,000
John M Froehlich	66,667	33,333	\$0.180	6/21/15	33,333	\$ 13,000		
Jack T. Croushore	50,000		\$0.250	6/26/13				
	66,667	33,333	\$0.180	6/21/15	33,333	\$ 13,000		
Thomas J. Vogel	4,670	2,330	\$0.180	6/21/15	2,330	\$ 909		

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Roger L. Seese 6,667 3,333 \$0.18 6/21/15 3,333 \$ 1,300

Note: Options granted to Kimball J. Bradley have an exercise price equal to 110% of the fair market value of Reunion Industries' common stock on the grant date. The remaining options have an exercise price of 100% of the fair market value on the grant date. All non-vested options shown above have a vesting date of June 21, 2007. Reunion Industries has not issued any stock appreciation rights.

Option Exercises and Year-End Values

There were no options exercised in the year ended December 31, 2006.

Other Compensation Plans

The Company has no long-term incentive plan, has no defined benefit plan applicable to any of its executive officers and has no other nonqualified defined contribution or deferred compensation plans.

Compensation of Directors

The following table provides information concerning the compensation of the Company's non-employee Directors for 2006. Directors who are employees of the Company receive no compensation for their services as Directors or as members of Board committees.

Name		Fees		Total
		Paid in Cash	All Other Compensation	
Thomas N. Amonett (1)	\$ 21,500	\$ -	\$ 21,500	
Charles E. Bradley, Sr.	\$ 20,000	\$ 63,333	\$ 83,333	
Thomas A. Cassidy (1)	\$ 21,000	\$ -		\$ 21,000
David E. Jackson (1)	\$ 21,500	\$ -		\$ 21,500
Joseph C. Lawyer	\$ 20,000	\$ 37,500		\$ 57,500
John G. Poole	\$ 20,000	\$ 42,000	\$ 62,000	

(1) Member of both the Audit Committee and the Compensation Committee.

Non-employee Directors receive annual retainers of \$18,000 for service on the board and \$500 for each board or committee meeting attended. Directors are reimbursed for the actual cost of any travel expenses incurred. During 2006, in addition to their director's fees, Mr. Bradley, Mr. Lawyer and Mr. Poole received other compensation of \$63,333, \$37,500 and \$42,000, respectively, for consulting services.

Non-employee directors of Reunion Industries are eligible for awards under the 1998 and 2004 Stock Option Plans. During the year ended December 31, 2006, no options were granted.

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Compensation Committee Report

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis section, included below, with management. Based on this review and discussion, the Compensation Committee has recommended to the Board that the section be included in the Company's filing on this Form 10-K/A.

Members of the Compensation Committee
 Thomas N. Amonett, Chairman
 Thomas L. Cassidy,

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David E. Jackson

Compensation Discussion and Analysis

The Compensation Committee is responsible for the formulation and adoption of all executive compensation, benefit and insurance programs, subject to full board approval where legally required or in those instances where the underlying benefit philosophy might be at variance with preexisting board policies. The Compensation Committee also supervises the administration of all executive compensation and benefit programs, including the establishment of any specific criteria against which all annual performance based benefits are to be measured.

Each year the Compensation Committee reviews the compensation levels of the Company's executive officers and other key employees as deemed appropriate by the committee with the objective of maximizing shareholder value by retaining and rewarding qualified and competent individuals to run the business. The CEO operates under an employment agreement that renews annually at a 5% increase in salary, provides for bonus payments based on discretionary considerations and calculations by the Compensation Committee and contains termination benefits under certain circumstances. Such termination benefits are provided (i) in order to maintain a continuity of management in the event of termination in connection with a change in control of the Company or termination without cause and (ii) in order to compensate the executive in the event of termination for illness or death. Due to the financial difficulties that the Company has experienced, the reviews of compensation levels for executive officers of the Company are based mainly on factors that are more focused toward qualitative and not quantitative results. While quantitative measures based on Company performance compared to plan and prior year results are considered, qualitative factors, such as relationships with independent sources in the financial arena, knowledge and experience in the acquisition and divestiture of companies and debt restructurings, management and leadership skills and overall technical expertise, form a significant part of the determination of executive compensation. Such determination of compensation levels also take into consideration the lack of any pension/retirement plan for executive officers. Due to the existing financial difficulties and lack of liquidity, the Compensation Committee generally utilizes the Company's stock option plans to maintain employees while creating performance incentives for them and/or to reward individuals for specific achievements.

Reviews of compensation levels for the above named non-executive officers are performed by the CEO and are based on similar qualitative factors but are focused more to the quantitative factors such as divisional operating results compared to plan and prior years' performance. Stock option and bonus awards are reviewed by the Compensation Committee.

Compensation Committee Interlocks and Insider Participation

Messrs. Amonett, Cassidy and Jackson are members of the Board's Compensation Committee. Mr. Amonett served as Reunion Industries' President and Chief Executive Officer from July 1, 1992 until October 26, 1995. He also served as the President of Reunion Energy Company, then a wholly-owned subsidiary of Reunion Industries in the oil and gas operating business, from July 1, 1992 until May 24, 1996.

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Potential Payments upon Termination of Employment

Under the terms of the Employment Agreement between the Company and

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Kimball J. Bradley, the Company is obligated to make certain payments and to provide certain benefits to him upon the termination of his employment for certain reasons. If his employment is terminated by reason of his becoming disabled, the Company would be obligated to continue to pay him his base salary (currently \$406,028), for one year after termination. If Mr. Bradley's employment is terminated by his death, the Company would be obligated to pay his estate his base salary for two years. If his employment is terminated without cause, if he resigns for "good reason" or if his employment is terminated in connection with a change of control of the Company, the Company would be obligated to pay him any unpaid bonus earned by him, continue to pay him his base salary for 1.5 years after termination (subject to reduction by the amount of any other salary earned by him during such period), continue to include him in the Company's group health and life insurance programs for such period and continue to pay the premiums on a \$1,000,000 life insurance policy for him for such period. If his employment is terminated for cause or by his resignation (other than for "good reason"), the Company would have no post-termination obligations to him.

Upon termination of Mr. Bradley's employment, he will continue to be bound by obligations of confidentially (indefinitely), non-solicitation of employees and customers of the Company (three years) and non-competition with the Company's business (three years). If he were to breach these obligations, the Company's post-termination obligations to him would cease.

Any post-termination salary continuation for Mr. Bradley would be paid in equal installments on the Company's regular payroll dates during the continuation period. The estimated annual costs of the benefits that would be provided to him post-termination would be \$10,000 for group health and life insurance and \$20,000 for an individual life insurance policy.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Equity Compensation Plan Information

The following table summarizes information with respect to options and warrants under Reunion's equity compensation plans on December 31, 2006:

	Equity Compensation Plans	
	Approved by Security Holders	Not Approved by Security Holders
Number of common stock shares to be issued Upon exercise of outstanding options and warrants	=====	1,444,000 =====
Weighted-average exercise price per share of outstanding options and warrants	\$0.25 =====	\$0.07 =====
Number of common stock shares remaining available for future issuance under equity compensation plans (excluding outstanding options)	280,600 =====	- =====

Note: Data above in the column for plans not approved by security holders reflect warrants issued to various lenders in connection with their loans to the Company.

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Reunion Industries had 17,419,019 shares of common stock outstanding as of April 22, 2007. The following table sets forth information regarding the beneficial ownership of our common stock by (i) each stockholder known to us

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to own 5% or more of our common stock, (ii) each director of Reunion, (iii) each of the chief executive officer and the other named executives, and (iv) all current directors and executive officers as a group. Except as set forth in the footnotes to the following table, each stockholder has sole dispositive and voting power with respect to the shares of our common stock shown as owned by such stockholder.

Beneficial Owner and Address	Shares Owned	% of Outstanding Shares
-----	-----	-----
Kimball J. Bradley c/o Reunion Industries, Inc. 11 Stanwix Street, suite 1400 Pittsburgh, PA 15222	6,829,802 (1)	37.7%
The Charles E. Bradley, Sr. Family Limited Partnership c/o Stanwich Consulting Corp. 62 Southfield Ave. One Stamford Landing Stamford, CT 06902	4,310,813 (2)	24.7%
Stanwich Financial Services Corp. c/o Melissa Neier, Esq. Ivey, Barnum & O'Mara 170 Mason Street Greenwich, CT 06830	1,651,697 (3)	9.5%
The John Grier Poole Family Limited Partnership One Rye Road Portchester, NY 10573	1,499,747 (2) (4)	8.6%
Amanda Poole, David Poole and Jesse Poole c/o John G. Poole One Rye Road Portchester, NY 10573	1,499,747 (4)	8.6%
LC Capital Master Fund, Ltd. c/o Lampe Conway 7 Co., LLC 730 Fifth Avenue New York, NY 10019	1,919,055 (5)	10.0%
John G. Poole	839,428 (6)	4.8%
Charles E. Bradley, Sr.	545,477 (7) (8) (9)	3.1%
Joseph C. Lawyer	712,131 (10)	4.1%
Thomas N. Amonett	88,000 (11)	