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REUNION INDUSTRIES INC
Form DEF 14A
May 02, 2005

SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934

Filed by the Registrant [X]

Filed by a Party other than the Registrant []

Check the appropriate box:

- [] Preliminary Proxy Statement [] Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(3) (2))
- [X] Definitive Proxy Statement
- [] Definitive Additional Materials
- [] Soliciting Material Pursuant to (S) 240.14a-11(c) or (S) 240.14a-12

Reunion Industries, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- [X] No fee required.
- [] Fee computer on table below per Exchange Act Rules 14a-6(i) (4) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(1) Amount Previously Paid:

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(3) Filing Party:

(4) Date Filed:

Notes:

REUNION INDUSTRIES, INC.
11 Stanwix Street - Suite 1400
Pittsburgh, Pennsylvania 15222

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To be Held June 21, 2005

Notice is hereby given that the Annual Meeting of the Stockholders of Reunion Industries, Inc., a Delaware corporation ("Reunion Industries", "Reunion" or "the Company"), will be held at Reunion Industries' offices, 11 Stanwix Street, Pittsburgh, Pennsylvania 15222 on June 21, 2005, at 10:00 A.M. local time, for the following purposes:

1. To elect a board of seven directors to serve until the next Annual Meeting of stockholders or until their successors are elected; and
2. To consider and act upon such other business as may properly be presented to the meeting.

Your Board of Directors recommends that you vote for all director nominees. The Board is not aware of any other proposals for the Annual Meeting.

A record of stockholders has been taken as of the close of business on April 29, 2005, and only those stockholders of record on that date will be entitled to notice of and to vote at the meeting. A stockholders' list will be available at, and may be inspected during, the meeting.

Whether or not you expect to be present at the meeting, please sign and date the enclosed proxy and return it promptly in the enclosed envelope which has been provided for your convenience.

By Order of the Board of Directors

/s/ John M. Froehlich

John M. Froehlich
Secretary

May 12, 2005

REUNION INDUSTRIES, INC.
PROXY STATEMENT

General

This proxy statement is being mailed to stockholders commencing on or

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about May 12, 2005 in connection with the solicitation by the board of directors of Reunion Industries, Inc., a Delaware corporation ("Reunion Industries", "Reunion" or the "Company"), of proxies to be voted at its Annual Meeting of Stockholders to be held at Reunion Industries' offices, 11 Stanwix Street, Pittsburgh, Pennsylvania 15222 on Tuesday, June 21, 2005 (the Annual Meeting"), and at any adjournment thereof, for the purposes set forth in the accompanying Notice. Proxies will be voted in accordance with the directions specified thereon and otherwise in accordance with the judgment of the persons designated as proxies. Any signed proxy on which no direction is specified will be voted for the election of the nominees named herein to the board of directors. Any proxy may be revoked at any time before its exercise by delivery to the corporate secretary of a written revocation of the proxy or a duly executed proxy bearing a later date.

Reunion Industries will pay the costs of soliciting proxies pursuant to this Proxy Statement. Reunion Industries will also reimburse brokerage firms and other custodians, nominees, and fiduciaries for their reasonable out-of-pocket expenses for sending management's proxy materials to stockholders and obtaining their proxies.

As of April 29, 2005, the record date for the determination of stockholders entitled to vote at the Annual Meeting, there were 16,278,579 outstanding shares of common stock of Reunion Industries. Each share of common stock entitles the holder to one vote on all matters presented at the annual meeting.

Voting Procedures

As a stockholder of Reunion, you have a right to vote on certain business matters affecting Reunion. The proposal that will be presented at the Annual Meeting and upon which you are being asked to vote is the election of directors, which is discussed below under the section entitled "Proposal: Election of Directors." The Company is not aware of any other matters to be presented to and voted upon at the Annual Meeting. Each share of Reunion's common stock you own entitles you to one vote on each matter properly presented at the Annual Meeting.

Methods of Voting

You may vote by mail or in person at the Annual Meeting.

Voting by Mail. By signing and returning the proxy card in the enclosed prepaid and addressed envelope, you are authorizing the individuals named on the proxy card (known as "proxies") to vote your shares at the Annual Meeting in the manner you indicate. We encourage you to sign and return the proxy card even if you plan to attend the meeting. In this way, your shares will be voted if you are unable to attend the meeting. If you received more than one proxy card, it is an indication that your shares are held in multiple accounts. Please sign and return all proxy cards to ensure that all of your shares are voted.

Voting in Person at the Meeting. If you plan to attend the Annual Meeting and vote in person, we will provide you with a ballot at the meeting. If your shares are registered directly in your name, you are considered the stockholder of record and you have the right to vote in person at the meeting. If your shares are held in the name of your broker or other nominee, you are considered the beneficial owner of shares held in street name. As a beneficial owner, if you wish to vote at the meeting, you will need to bring with you to the meeting a legal proxy from your broker or other nominee authorizing you to vote such shares.

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Your shares will be voted in accordance with the instructions you provide. If you sign and return your proxy card without providing your voting instructions, your shares will be voted "for" the seven named nominees for directors and in the discretion of the proxies as to other matters that may properly come before the meeting.

Revoking Your Proxy

You may revoke your proxy at any time before it is voted at the meeting. To do this, you must:

- enter a new vote by signing, dating and returning another proxy card at a later date;
- provide written notice of the revocation to Reunion's Secretary;
- or attend the meeting and vote in person.

Quorum Requirement

A quorum, which is a majority of the outstanding shares entitled to vote as of the record date, April 29, 2005, must be present in order to hold the meeting and to conduct business. Shares are counted as being present at the meeting if you appear in person at the meeting or if you vote your shares by submitting a properly executed proxy card. Both abstentions and broker non-votes are counted as present for the purpose of determining a quorum.

Votes Required for the Election of Directors

The seven nominees receiving the highest number of votes, in person or by proxy, will be elected as directors. You may vote "for" the nominees for election as directors or you may "withhold" your vote with respect to one or more nominees. There is no cumulative voting with respect to the election of directors. If you return a proxy card that withholds your vote from the election of all directors, your shares will be counted as present for the purpose of determining a quorum, but will not be counted in the vote on the proposal.

Broker Non-Votes

For the proposal to elect seven directors, if your shares are held in street name and you do not instruct your broker on how to vote your shares, your brokerage firm may either leave your shares unvoted or vote your shares on this matter. To the extent your brokerage firm votes your shares on your behalf on this proposal, your shares will be counted as present for the purpose of determining a quorum.

Voting Confidentiality

Proxies, ballots and voting tabulations are handled on a confidential basis to protect your voting privacy. This information will not be disclosed, except as required by law.

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Voting Results

Votes will be tabulated by Registrar and Transfer Company, the transfer agent and registrar for Reunion Industries' common stock, and the results will be certified by an election inspector who is required to resolve impartially any interpretive questions as to the conduct of the vote. Results will be published in Reunion's Quarterly Report on Form 10-Q for the period ended June 30, 2005. You also may request the voting results by written request to Reunion's Secretary.

PROPOSAL: ELECTION OF DIRECTORS

At the Annual Meeting, the stockholders of Reunion Industries will be asked to vote for the election of seven directors to its board of directors. The candidates proposed for election at the annual meeting are Thomas N. Amonett, Charles E. Bradley, Sr., Kimball J. Bradley, Thomas L. Cassidy, David E. Jackson, Joseph C. Lawyer, and John G. Poole. If elected, the proposed candidates would comprise the entire board of directors of Reunion Industries, and would hold office until their successors are duly elected and qualified at the next annual meeting of stockholders of Reunion Industries or until they earlier die, resign or are removed from office in accordance with the Company's By-Laws and applicable law.

Nominees

All persons nominated for election at the annual meeting currently are directors of Reunion Industries and have previously been elected by the stockholders. Mr. Charles E. Bradley, Sr. is the father of Mr. Kimball J. Bradley. Reunion Industries knows of no other family relationships between any director, executive officer or nominee and any other director, executive officer or nominee. There are no arrangements or understandings between any nominee for director and any other person pursuant to which such person was selected as a nominee.

Name	Principal Position with Reunion Industries, Inc.	Age	Director Since
Thomas N. Amonett(1) (2)	Director	61	1992
Charles E. Bradley, Sr.	Director, Chairman & CEO	75	1995
Kimball J. Bradley	Director, President & COO	39	2000
Thomas L. Cassidy(1) (2)	Director	76	1995
David E. Jackson(1) (2)	Director	46	2003
Joseph C. Lawyer	Director and Vice Chairman	59	2000
John G. Poole	Director	62	1996

(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

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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 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

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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. 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 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. Since May 1997, he has been President and sole director of Stanwich Financial Services Corp. ("SFSC"), which, on June 25, 2001, filed a voluntary petition in the United States Bankruptcy Court for the District of Connecticut for reorganization under Chapter 11 of the United States Bankruptcy Code. SFSC was in the structured settlement business. 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. 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. From November 1995 until August 1998, Mr. Bradley was President of the Auto-Lok division of Chatwins Group, having served as acting President of Auto-Lok beginning in August 1995. Prior to assuming that position, he managed various special projects at Chatwins Group's corporate office beginning in November 1993 and at Chatwins Group's CP Industries division from February 1993 to November 1993. Mr. Bradley is the son of Charles E. Bradley, Sr.

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 is the CEO of Bingo Country Holdings, Ltd. in Toronto, Canada. 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. 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

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

The Board of Directors recommends a vote for all nominees for the board of directors.

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Board and Committee Activity

During 2004, the board held three regularly scheduled meetings and the audit committee held four meetings. There was no regular meeting of the compensation committee in year 2004. Each of the directors attended all of the meetings of the board and of each committee on which he served during 2004. The Company expects the directors to attend its annual meetings of stockholders. All directors attended the last meeting, held on December 15, 2004.

Reunion's operations are managed under the general supervision and direction of the board of directors, which has the ultimate responsibility for the establishment and implementation of Reunion's general operating philosophy, objectives, goals and policies. Pursuant to delegated authority, certain board functions may be discharged by one or more standing committees of the board.

The compensation committee, comprised of Messrs. Amonett (chairman), Cassidy and Jackson, 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.

The audit committee, comprised of Messrs. Amonett, Cassidy and Jackson (chairman), assists the board in assuring that the accounting and reporting practices of Reunion Industries are in accordance with all applicable requirements. Each member of the audit committee meets the independence and financial experience requirements under the rules of both the Securities and Exchange Commission (SEC) and American Stock Exchange (AMEX), where the Company's stock is listed. In addition, the Board has determined that David E. Jackson is an "audit committee financial expert" as defined by SEC rules. Mr. Jackson's business experience is described above under the caption "PROPOSAL: ELECTION OF DIRECTORS". 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.

The board of directors does not maintain executive or nominating committees. Nominations for directorships are considered by the entire board.

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The board believes that, in view of the small number of directors (7) and the desirability of all directors, including "independent directors", participating in the process, it is unnecessary to have a separate nominating committee. The Company does not have a formal written policy or charter concerning nominations. However, in evaluating a potential nominee, including a nominee recommended by a stockholder, the board will consider the benefits to the Company of such nomination, based on the nominee's skills and experience related to managing a significant business, the willingness of the person to serve and such person's character and reputation. Stockholders who wish to suggest individuals for possible future consideration for board positions or otherwise to communicate with the Board should direct recommendations and other communications to the board of directors at the Company's principal offices.

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Director Compensation

Directors not otherwise compensated by Reunion receive annual retainers of \$18,000 for service on the board and \$500 for each board or committee meeting attended. Compensation paid to non-employee directors during 2004 for service in all board capacities aggregated \$84,000. Directors are reimbursed for the actual cost of any travel expenses incurred. In addition to his director's fees, Mr. Poole received \$42,000 for consulting services during 2004.

Non-employee directors of Reunion Industries are eligible for awards under the 1998 and 2004 Stock Option Plans. There were no options granted during 2004.

Key Person Insurance

As of June 29, 1994, Chatwins Group and Charles E. Bradley, Sr. agreed to a split-dollar life insurance arrangement. Pursuant to this arrangement, Chatwins Group agreed to maintain three universal type life policies on Mr. Bradley, Sr. and his wife. Chatwins Group will be reimbursed for the premiums it pays for such policies from either the death benefit of the policies or their cash surrender value. Mr. Bradley, Sr. agreed with Chatwins Group that if the policy proceeds are insufficient to reimburse Chatwins Group for the full amount of premiums paid, he would pay the shortfall to Chatwins Group. This arrangement was assumed by Reunion in connection with the merger of Chatwins Group with and into Reunion Industries on March 16, 2000. No premiums were paid by the Company on these policies in 2004.

As of October 24, 1994, Chatwins Group and Joseph C. Lawyer agreed to a split-dollar life insurance arrangement. Pursuant to this arrangement, Chatwins Group agreed to maintain a universal type life policy on Mr. Lawyer. Chatwins Group will be reimbursed for the premiums it pays for such policy from either the death benefit of the policy or its cash surrender value. Mr. Lawyer agreed with Chatwins Group that if the policy proceeds are insufficient to reimburse Chatwins Group for the full amount of premiums paid, he would pay the shortfall to Chatwins Group. This arrangement was assumed by Reunion in connection with the merger of Chatwins Group with and into Reunion on March 16, 2000. No premiums were paid by the Company on this policy in 2004.

As of December 12, 1995, Chatwins Group and John G. Poole agreed to a

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split-dollar life insurance arrangement. Pursuant to this arrangement, Chatwins Group agreed to maintain two universal type life policies on Mr. Poole. Chatwins Group will be reimbursed for the premiums it pays for these policies from either the death benefit of the policies or their cash surrender value. Mr. Poole agreed with Chatwins Group that if the policy proceeds are insufficient to reimburse Chatwins Group for the full amount of premiums paid, he would pay the shortfall to Chatwins Group. This arrangement was assumed by Reunion in connection with the merger of Chatwins Group with and into Reunion on March 16, 2000. No premiums were paid by the Company on these policies in 2004.

Compensation Committee Interlocks and Insider Participation

Messrs. Amonett, Cassidy and Jackson are members of the 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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MANAGEMENT INFORMATION

Executive Officers

The following individuals serve as our executive officers:

Name	Age	Position
Charles E. Bradley, Sr.	75	Director, Chairman and Chief Executive Officer
Joseph C. Lawyer	59	Director and Vice Chairman
Kimball J. Bradley	39	Director, President and Chief Operating Officer
John M. Froehlich	62	Executive Vice President, Chief Financial Officer and Secretary
Jack T. Croushore	59	President, CP Industries Division

The business experience of Charles E. Bradley, Sr., Kimball J. Bradley and Joseph C. Lawyer is described above in the section entitled "PROPOSAL: ELECTION OF DIRECTORS."

JOHN M. FROEHLICH became Executive Vice President of Finance and Chief Financial Officer of Reunion Industries on March 16, 2000. He became Secretary on June 12, 2002. He was a Vice President of Chatwins Group from 1989 until the merger of Chatwins Group and Reunion Industries on March 16, 2000 and its Chief Financial Officer and Treasurer from 1988 until the merger.

JACK T. CROUSHORE became Division President of the CP Industries division during 1988. From 1984 to 1988 he was Executive Vice President and Chief Operating Officer of CP Industries, Inc. and its predecessor division of USX Corporation. He was also a Vice President of Chatwins Group from 1988 to 2000.

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Executive Compensation

The following table reflects all forms of compensation for services to Reunion Industries by our executive officers for the last three completed fiscal years. There was no other annual compensation for any executive of the Company in the last three completed fiscal years.

Name and Position	Year	Annual Compensation		Long-Term Compensation	
		Salary	Bonus(1)	Shares Underlying Stock Option	All Other Compensation
Charles E. Bradley, Sr.	2004	\$377,107	\$ 0	0	\$ 930 (2)
Chairman and Chief Executive Officer	2003	\$400,024	0	100,000	1,020 (2)
	2002	400,024	0	0	6,516 (2)
Joseph C. Lawyer	2004	143,750	0	0	930 (3)
Vice Chairman	2003	200,000	0	0	1,020 (3)
	2002	245,830	0	0	1,020 (3)
Kimball J. Bradley	2004	372,884	0	0	20,342 (4)
President and Chief Operating Officer	2003	366,819	0	400,000	15,480 (4)
	2002	347,765	0	0	1,020 (4)
John M. Froehlich	2004	219,064	0	0	11,305 (5)
Executive Vice President of Finance and Chief Financial Officer	2003	210,001	0	0	8,801 (5)
	2002	206,246	0	0	1,020 (5)

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Jack T. Croushore	2004	209,000	0	50,000	7,020 (6)
President, CPI Division	2003	209,000	0	50,000	7,020 (6)
	2002	209,000	0	0	6,476 (6)

(1) Amounts shown for bonuses are amounts earned for the period shown, although bonuses are generally paid in subsequent years.

(2) Includes a 401(k) matching payment of \$5,496 in 2002 and healthcare benefit credits of \$930 in 2004 and \$1,020 in 2003 and 2002.

(3) Consists of healthcare benefit credits of \$930 in 2004 and \$1,020 in 2003 and 2002.

(4) Includes payments of life insurance premiums of \$19,412 and \$14,460 in 2004 and 2003, respectively, and healthcare benefit credits of \$930 in 2004 and \$1,020 in 2003 and 2002.

(5) Includes payments of life insurance premiums of \$10,375 and \$7,781 in 2004 and 2003, respectively, and healthcare benefit credits of \$930 in 2004 and \$1,020 in 2003 and 2002.

(6) Includes a car allowance of \$6,000 in 2004 and 2003, a 401(k) matching payment of \$5,456 in 2002 and healthcare benefit credits of \$930 in 2004 and \$1,020 in 2003 and 2002.

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Option Grants

The Company did not grant any options in the year ended December 31, 2004. During the year ended December 31, 2003, the Company granted options to employees to purchase 550,000 shares of the Company's common stock and an option to a non-employee director to purchase 20,000 such shares. The following table shows all options to acquire Reunion Industries common stock granted to the named executive officers during the fiscal year ended December 31, 2003.

Name	Individual Grants(1)				Projected Realizable Value at Rates of Stock Price Appreciation for Option Term(2)	
	Number of Shares Underlying Options Granted	Options Granted to Employees in Fiscal Year	Exercise Price Per Share	Expires	5%	10%
Charles Bradley, Sr.	100,000 (3)	18.18%	\$0.3520	12/01/08	\$ 5,641	\$16,336
Kimball J Bradley	100,000 (4)	18.18%	\$0.2750	06/26/08	\$ 4,407	\$12,763
Kimball J. Bradley	300,000 (3)	54.55%	\$0.3520	12/01/08	\$16,923	\$49,009
Jack T. Croushore	50,000 (5)	9.09%	\$0.2500	06/26/13	\$ 7,861	\$19,722

(1) Options granted to Charles E. Bradley, Sr. and Kimball J. Bradley have an exercise price equal to 110% of the fair market value of Reunion Industries'

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common stock on the grant date. The remaining options have an exercise price of 100% of the fair market value on the grant date. Reunion Industries has not issued any stock appreciation rights.

(2) As required by SEC rules, these columns show potential gains that may exist for the respective options, assuming that the market price for Reunion's common stock appreciated from the grant date to the end of the option terms at rates of 5% and 10%, respectively. The amounts are not estimates of Reunion's future stock price performance and are not necessarily indicative of Reunion's future stock performance. If the price of Reunion's common stock does not increase above the exercise price, no value will be realized from these options.

(3) These options were granted on December 1, 2003. Assuming continued employment with Reunion, these options have a 5-year term and will become exercisable in one-third increments on the first, second and third anniversaries of their issuance.

(4) These options were granted on June 26, 2003. Assuming continued employment with Reunion, these options have a 5-year term and will become exercisable in one-third increments on the first, second and third anniversaries of their issuance.

(5) These options were granted on June 26, 2003. Assuming continued employment with Reunion, these options have a 10-year term and will become exercisable in one-third increments on the first, second and third anniversaries of their issuance.

Option Exercises and Year-End Values

There were no options exercised in the years ended December 31, 2004 or 2003.

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Equity Compensation Plan Information

The following table summarizes information with respect to options under Reunion's equity compensation plans on December 31, 2004:

	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	614,000 =====	- =====
Weighted-average exercise price per share of outstanding options	\$0.51 =====	- =====
Number of common stock shares remaining available for future issuance under equity compensation plans (excluding outstanding options)	1,161,100 =====	- =====

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Compensation Committee Report

The compensation committee of the board of directors has furnished the following report on executive compensation for 2004:

The board of directors pursues a philosophy of seeking to improve Reunion Industries' performance and to maximize shareholder value by, among other things, relating executive compensation and stock-based benefits to the Company's performance. In general, executive financial rewards may be segregated into the following significant components: base compensation, bonus, and stock option and other benefit plans.

Base compensation for senior executives is generally intended to be competitive with that paid at comparable companies. However, no comparability studies were conducted for executive salaries paid in 2004, and the committee bases its base salary determinations primarily on its knowledge of

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compensation paid to senior executives at other companies. The committee also takes into account the responsibilities and individual performance of the executives in setting base salaries and the committee may set the base compensation for certain executives at a premium level if they are viewed as essential to the organization. The committee uses these same criteria to establish compensation for the chief executive officer and has not established any quantitative criteria for his compensation. The Company has agreed with the holders of its 13% Senior Notes that it will not increase the compensation of any executive officer in 2005 over that paid in 2004.

Under the supervision of the compensation committee, annual bonuses reflect a policy of requiring a specified level of company performance for the year before any bonuses are earned by senior executives, with bonuses for achieving higher levels of performance directly related to the level achieved. In setting performance criteria, the committee will consider the total compensation payable or potentially available to the chief executive and other executive officers. While the development of any business necessarily involves numerous factors, the board's primary emphasis will be on encouraging management to increase Reunion Industries' net assets and cash flow, and in certain instances, rationalization of certain company businesses or assets.

The board of directors believes that properly designed and administered long-term, stock-based incentives for senior executives closely align the executives' economic interest with those of stockholders and provide a direct and continuing focus upon the goal of constantly striving to maximize stockholder value. The compensation committee intends, with any necessary concurrence of the board of directors and stockholders, to continue to consider alternate forms of stock-based incentives designed to achieve the maximum possible performance based benefit to all senior executives at the least possible cost and the greatest attainable economic efficiency to Reunion Industries, with such benefits designed as nearly as practicable to directly align the economic interests of professional managers with those of Reunion Industries' stockholders. In 2002, the board, including certain current members of the compensation committee, directed Reunion's management to take action to possibly improve the value of outstanding stock options as an incentive to the Company's employees that held stock options, including executive management. The board approved management's plan of repricing the outstanding stock options to an amount closer to then recent trade amounts, which ultimately gave executive management a larger ownership stake in Reunion and an increased incentive to remain with the Company.

As of April 29, 2005, members of the compensation committee were deemed to own beneficially an aggregate of 147,029 shares of Reunion's common stock, or less than 1% of such stock. See "OWNERSHIP INFORMATION - Security Ownership of Certain Beneficial Owners and Management".

The Compensation Committee

Thomas N. Amonett, Chairman; Thomas L. Cassidy; David E. Jackson

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OWNERSHIP INFORMATION

Security Ownership of Certain Beneficial Owners and Management

Reunion Industries had 16,278,519 shares of common stock outstanding as of April 29, 2005. The following table sets forth information regarding the beneficial ownership of our common stock by (i) each stockholder known to us to own 5% or more of our common stock, (ii) each director of Reunion Industries, (iii) each of the chief executive officer and the other named executives, and (iv) all current directors and executive officers as a group.

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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	Shares Owned	% of Outstanding Shares
Kimball J. Bradley c/o Reunion Industries, Inc. 11 Stanwix Street, suite 1400 Pittsburgh, PA 15222	6,078,468 (1)	37.0%
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 (6)	26.5%
Stanwich Financial Services Corp. c/o Melissa Neier, Esq. Ivey, Barnum & O'Mara 170 Mason Street Greenwich, CT 06830	1,651,697 (5)	10.1%
The John Grier Poole Family Limited Partnership One Rye Road Portchester, NY 10573	1,499,747 (6) (7)	9.2%
Amanda Poole, David Poole and Jesse Poole c/o John G. Poole One Rye Road Portchester, NY 10573	1,499,747 (6)	9.2%
LCC Capital Master Fund, Ltd. c/o Lampe Conway 7 Co., LLC 730 Fifth Avenue New York, NY 10019	1,250,000 (13)	7.1%
Charles E. Bradley, Sr. c/o Stanwich Consulting Corp. 62 Southfield Ave. One Stamford Landing Stamford, CT 06902	258,810 (2) (3) (4)	1.6%
Thomas N. Amonett	78,000	0.5%
Thomas L. Cassidy	62,362	0.4%
David E. Jackson	13,333 (8)	