

Edgar Filing: REUNION INDUSTRIES INC - Form 8-K

On February 2, 2007, the Company received a letter (the "Trustee Notice Letter") from U.S. Bank National Association (the "Indenture Trustee"), acting as Trustee under the Indenture pursuant to which the Company's 13% Senior Notes ("Senior Notes") were issued. The Senior Notes have matured. The Company's indebtedness under the Senior Notes consists of \$22.0 million of principal and \$11.3 million of accrued interest through January 31, 2007. The Trustee Notice Letter cited non-payment Events of Default under the Indenture and demanded immediate payment of all such principal and accrued interest.

Additionally, on February 2, 2007, the Company received a letter (the "Steel Letter") from Steel Partners II, L.P. ("Steel"), the holder by assignment of a \$3.5 million Promissory Note originally issued by the Company to LC Capital Master Fund, Ltd. that was due on December 5, 2006 (the "Steel Note"). The Steel Letter demanded payment of all principal and interest under the Steel Note.

Under the terms of an Intercreditor Agreement among all of the Company's secured lenders, the Indenture Trustee and Steel are each precluded from exercising its rights and remedies as a secured party with respect to its loans to the Company until 180 days after it gives notice (a "Standstill Notice") to Wachovia Bank, N.A., the Company's senior secured lender, of a declaration of default and a demand for payment by the Company. After the end of such period, The Indenture Trustee and Steel may exercise such rights and remedies only if Wachovia Bank is not diligently pursuing in good faith the exercise of Wachovia's enforcement rights and remedies against the Company. As a result of the Trustee Notice Letter, which was also delivered to Wachovia Bank, the 180 day standstill period began on February 2, 2007 for the Indenture Trustee with respect to the Senior Notes.

During this current standstill period, the Company is continuing to investigate other recapitalization scenarios and/or possible sale of assets to provide the liquidity necessary to pay, in full, its debt obligations.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Current Report on Form 8-K to be signed on its behalf by the undersigned, hereunto duly authorized.

Date: February 8, 2007

REUNION INDUSTRIES, INC.
(Registrant)

By /s/ John M. Froehlich
John M. Froehlich
Executive Vice President
and Chief Financial Officer

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