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WEIL, GOTSHAL & MANGES
Attorneys for Debtors
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Hearing Date & Time
Date: December 21, 1993
Time: 10:00 a.m.

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re :
METALLURG, INC., and :
SHIELDALLOY METALLURGICAL :
CORPORATION, :
Debtors. :
-----x

Chapter 11 Case Nos.
93 B 44468 (JLG)
93 B 44469 (JLG)
(Jointly Administered)

NOTICE OF MOTION PURSUANT TO
SECTION 1121(d) OF THE BANKRUPTCY CODE TO
EXTEND DEBTORS' EXCLUSIVE PERIODS IN WHICH
TO FILE A PLAN OR PLANS OF REORGANIZATION AND
DISCLOSURE STATEMENT AND SOLICIT ACCEPTANCES THERETO

NOTICE IS HEREBY GIVEN that upon the motion of Metallurg, Inc. ("Metallurg") and Shieldalloy Metallurgical Corporation ("Shieldalloy"), as debtors and debtors in possession in the above captioned cases (collectively, the "Debtors"), dated December 9, 1993 (the "Motion"), the Debtors will move before the Honorable James L. Garrity on December 21, 1993 at 10:00 a.m., in Room 610-2 of the United States Bankruptcy Court, Alexander Hamilton Customs House, One Bowling Green, New York, New York 10004 for an order extending the 120-day and 180-day periods during which the Debtors have the exclusive rights to file a plan of

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reorganization and solicit acceptances thereto (the "Exclusive Periods"), to April 30, 1994 and June 29, 1994, respectively, and grant the Debtors such other and further relief as is just; and

FURTHER NOTICE IS HEREBY GIVEN that objections, if any, to the relief requested in the Motion must be made in writing, shall conform to the Federal Rules of Bankruptcy Procedure and the Local Rules of the Bankruptcy Court, shall set forth the name of the objectant, the nature and amount of any claim or interest held or asserted against the Debtors' estates or properties and the basis for the objection, and shall be filed, together with proof of service, with the Clerk of the Bankruptcy Court, with a copy to chambers, and be personally served upon Weil, Gotshal & Manges, attorneys for the Debtors, 767 Fifth Avenue, New

York, New York 10153, Attn: John J. Rapisardi, Esq. on or
before December 17, 1993 at 5:00 p.m.;

Dated: New York, New York
December 9, 1993



Marcia U. Goldstein, Esq.
(MG-2606)

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New York, New York 10153
(212) 310-8000

Attorneys for Debtors in
Possession

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re : Chapter 11 Case Nos.
: 93 B 44468 (JLG)
METALLURG, INC., and : 93 B 44469 (JLG)
SHIELDALLOY METALLURGICAL : (Jointly Administered)
CORPORATION, :
Debtors. :
: :
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ORDER PURSUANT TO SECTION 1121(d) OF
THE BANKRUPTCY CODE EXTENDING DEBTORS'
EXCLUSIVE PERIODS IN WHICH TO FILE A
PLAN OR PLANS OF REORGANIZATION AND DISCLOSURE
STATEMENT AND SOLICIT ACCEPTANCES THERETO

A hearing having been held on December __, 1993
(the "Hearing") to consider the motion, dated December 9,
1993 (the "Motion") of Metallurg, Inc. ("Metallurg") and its
wholly-owned subsidiary, Shieldalloy Metallurgical
Corporation, as debtors and debtors in possession
("Shieldalloy" and together with Metallurg, the "Debtors"),
for entry of an order pursuant to section 1121(d), title 11,
United States Code, extending the Debtors' exclusive periods
in which to file a plan or plans of reorganization and
disclosure statement and to solicit acceptances thereto (the
"Exclusive Periods"), until April 30, 1994 and June 29,
1994, respectively; and as evidenced by the affidavits of
service heretofore filed with the Court, due notice of the

Motion having been given to the Office of the United States Trustee, each member of the statutory unsecured creditors' committee (the "Committee"), counsel to the Committee, and to all persons who have filed a request for notice herein, and it appearing that no other or further notice need be given; and the appearances of all interested parties and all responses and objections, if any, to the Motion having been duly noted in the record of the Hearing; and upon the record of the Hearing, the Motion and said responses and objections, if any; and it appearing that the relief requested is essential and in the best interests of the Debtors and their estates, creditors, and equity interest holders; and after due consideration and sufficient cause appearing therefor, it is

ORDERED that the Motion be, and it hereby is, granted in all respects; and it is further

ORDERED that the time periods within which the Debtors have the exclusive right to file a plan or plans of reorganization and disclosure statement and to solicit acceptances thereto be, and they hereby are, extended to and including April 30, 1994 and June 29, 1994, respectively; and it is further

ORDERED that this order is without prejudice to the right of the Debtors to seek additional extensions of

their Exclusive Periods and the time within which they must
file their Disclosure Statement.

Dated: New York, New York
December __, 1994

United States Bankruptcy Judge

WEIL, GOTSHAL & MANGES
Attorneys for Debtors
in Possession
767 Fifth Avenue
New York, New York 10153
(212) 310-8000
Marcia L. Goldstein (MG-2606)

Hearing Date & Time
Date: December 21, 1993
Time: 10:00 a.m.

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

-----x
In re : Chapter 11 Case Nos.
: 93 B 44468 (JLG)
METALLURG, INC., and : 93 B 44469 (JLG)
SHIELDALLOY METALLURGICAL : (Jointly Administered)
CORPORATION, :
Debtors. :
:
-----x

DEBTORS' MOTION PURSUANT TO
SECTION 1121(d) OF THE BANKRUPTCY CODE TO
EXTEND DEBTORS' EXCLUSIVE PERIODS IN WHICH
TO FILE A PLAN OR PLANS OF REORGANIZATION AND
DISCLOSURE STATEMENT AND SOLICIT ACCEPTANCES THERETO

TO THE HONORABLE JAMES L. GARRITY,
UNITED STATES BANKRUPTCY JUDGE:

Metallurg, Inc. ("Metallurg"), and its wholly owned subsidiary, Shieldalloy Metallurgical Corporation ("Shieldalloy"), as debtors in possession (collectively, the "Debtors"), as and for their motion pursuant to section 1121(d), title 11, United States Code (the "Bankruptcy Code"), seeking extension of the exclusive periods in which to file their plan or plans of reorganization and disclosure

statement and solicit acceptances thereto (the "Exclusive Periods") respectfully represent:

Background

1. On September 2, 1993 (the "Petition Date"), each of the Debtors filed with this Court a voluntary petition for relief under chapter 11, title 11, United States Code (the "Bankruptcy Code"). Pursuant to an order of this Court, the Debtors' chapter 11 cases have been consolidated for procedural purposes only and are being jointly administered.

2. Each of the Debtors continues to operate its business and manage its properties as a debtor in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

3. On September 13, 1993, the United States Trustee appointed the statutory unsecured creditors' committee in the Debtors' chapter 11 cases (the "Committee").

Description of the Debtors' Businesses

4. Metallurg is a privately owned holding corporation headquartered in New York City, the assets of which are (i) its equity interests in a number of operating companies (collectively, the "Metallurg Group") that, taken as a group, are leading global producers of high quality

metals and metal alloys used by manufacturers of steel, aluminum, super alloys, hard metals, hard facing, electronics and fiber optics and other metal consuming industries, and (ii) the accounts receivable and inventory from the trading operations of Metallurg's trading division, Metallurg International Resources (MIR).

5. The largest products of the companies in the Metallurg Group are vanadium-based alloys and chemicals, the production of which is concentrated in two plants located in Nürnberg, Germany and Cambridge, Ohio. The Metallurg Group manufactures three major classes of alloys: specialty ferroalloys, aluminum master alloys, and specialty metals and alloys. The Metallurg Group's two principal ferroalloy products are ferrovanadium and low carbon ferrochrome, which are both specialty ferroalloys.

6. The Metallurg Group employs approximately 2,200 people worldwide and operates smelting and refining facilities located in the United States, the United Kingdom, Germany and Brazil in addition to sales offices in all major worldwide metal markets. The Metallurg Group also owns or operates mines in Turkey, Brazil and Zaire which produce chrome, tin, tantalum, and columbium ores for the Metallurg Group's production facilities. For the fiscal years ending December 31, 1991 and 1992, the Metallurg Group generated

gross revenues of approximately \$658 and \$625 million, respectively.

7. Metallurg, the parent holding company, employs approximately 39 people in its New York office. Through its trading division, MIR, Metallurg is a participant in the trading markets.

8. Shieldalloy is a wholly-owned subsidiary of Metallurg and operates manufacturing facilities in Newfield, New Jersey and Cambridge, Ohio that produce ferroalloys, aluminum master alloys, and other specialty metals. In addition to its manufacturing activities, Shieldalloy acts as the agent or distributor for products produced by other members of the Metallurg Group and for outside suppliers of products not produced by the Group. Shieldalloy's customers include all the major steel, foundry, aluminum, and superalloy producers in the United States. In addition to its plant facilities located in New Jersey and Ohio, Shieldalloy has sales offices in Illinois, Pennsylvania, California and Alabama. Shieldalloy employs approximately 348 people.

Relief Requested

9. By operation of law, the Debtors' initial exclusive periods in which to file a chapter 11 plan and solicit acceptances thereto expire on December 31, 1993, and

March 1, 1994, respectively. The Debtors request that, pursuant to section 1121(d) of the Bankruptcy Code: (a) the exclusive period during which they have the exclusive right to file a plan or plans of reorganization and disclosure statement be extended to and including April 30, 1994, and (b) the exclusive period during which they have the exclusive right to solicit acceptances of a plan or plans of reorganization be extended to and including June 29, 1994.

**Sufficient Cause Exists To Extend
The Debtors' Exclusive Periods**

10. The exclusive periods provided by Congress were incorporated in the Bankruptcy Code in order to afford a debtor a full and fair opportunity to propose a consensual plan of reorganization and solicit acceptances of such plan without the deterioration and disruption of a debtor's business that might be caused by the filing of competing plans of reorganization by nondebtor parties. The objective of a chapter 11 reorganization case is the negotiation, formulation, development, confirmation, and consummation of a consensual plan of reorganization, and it is the intention of the Debtors to achieve this objective. To terminate the Exclusive Periods in these cases before the process of negotiating the chapter 11 plan or plans has begun is to defeat the very purpose of section 1121 of the Bankruptcy Code.

11. Where the initial 120 and 180-day exclusive periods provided for in the Bankruptcy Code prove to be an unrealistic time frame within which the debtor may otherwise be required to file a plan of reorganization, section 1121(d) of the Bankruptcy Code allows the bankruptcy court to extend the debtor's exclusive periods

[O]n request of a party in interest made within the respective periods specified in subsections (b) and (c) of this section and after notice and a hearing, the court may for cause reduce or increase the 120-day period or the 180-day period referred to in this section.

11 U.S.C. § 1121(d) (emphasis added).

12. The most common basis upon which courts grant an extension of the exclusive periods under section 1121(d) of the Bankruptcy Code is the size and complexity of the chapter 11 case. Indeed, Congress recognized expressly that courts would need to extend the exclusive periods when a debtor's case is unusually large or complex. See H.R. No. 595, 95th Cong., 1st Sess. 232 (1977).

13. The Debtors are requesting a 120 day extension of each of the Exclusive Periods. As set forth below, there exists sufficient cause for this Court to grant the Debtors' exclusivity extension request. Namely, these cases contain unique and substantial issues which will significantly impact the future reorganization of the Debtors and the strategy for implementing same.

A. Operations Since the Petition Date

14. The maintenance of the highest value of Debtors' assets and the viability of the operating businesses require the continuation of the stabilization process instituted by the Debtors immediately subsequent to the commencement of their chapter 11 cases. Indeed, during the first 100 days of these cases, the Debtors have attended to the multitude of critical matters regarding the administration of these cases and the reorganization of their corporate structure. Since the Petition Date, the Debtors have taken numerous actions to stabilize their business operations and allay the concerns of their creditors and suppliers.

15. Metallurg's management also has spent a substantial amount of time and energy, coordinating with its foreign subsidiaries to address supplier and customer uncertainties and concerns, as well as intercompany concerns. The Debtors' have labored persistently since the Petition Date to assure the suppliers and customers of their foreign subsidiaries and/or affiliates that the Debtors will be able to meet their post petition business commitments. As a consequence of management's efforts, the Debtors have been able to maintain support from the customers and

suppliers and thus maintain the values of the Debtors' assets.

16. However, the termination of or, for that matter, merely a short extension of the Exclusive Periods would impair the stabilization which has been achieved to date in these chapter 11 cases. Indeed, there is genuine risk that the termination of the Exclusive Periods will signify to foreign and domestic suppliers and customers that there has been a total loss in confidence in the Debtors and their reorganization effort, resulting in a complete deterioration of business operations. This is particularly true among many of the suppliers and customers of the Debtors' foreign subsidiaries. To threaten the successful results the Debtors have made with these constituencies would be severely detrimental to all parties in interest.

17. The Debtors' management and employees have devoted numerous hours to the review of operations and the development of information requested by the Committee. In addition to many inquiries received from suppliers and customers in respect of the status and progress of the chapter 11 cases, the Debtors also have received approximately twenty reclamation demands from various suppliers that the Debtors have expended a significant amount of time and energy reviewing and evaluating.

18. Since the Petition Date, the Debtors' also have exerted significant efforts to bolster employee morale by maintaining constant communication and dialogue and to assure the employees of the Debtors' commitment to achieve a successful reorganization of the operating entities. In connection with these efforts, the Debtors have formulated post-petition executive retention plans to encourage the retention of key executives of the Debtors.¹

19. Moreover, Metallurg has expended a considerable amount of effort stabilizing the operations of its trading division, MIR. These efforts have included, inter alia, negotiating and establishing a post petition LME broker relationship and attempting to cover certain open or unhedged trading relationships.

20. At this point in the chapter 11 cases it should be noted that:

(a) The first meeting of creditors under section 341 of the Bankruptcy Code did not occur until October 19, 1993, approximately only 45 days ago;

(b) The Debtors' respective schedules of assets and liabilities and statements of financial affairs are not due to be filed until January 7, 1993; no bar date has yet been established for the filing of proofs of claims against the Debtors' estates;

1. The hearing on the motion authorizing the Debtors to adopt the executive retention plans is scheduled for December 15, 1993.

(c) The Debtors have been addressing the multitude of inquiries and requests for information made by the Committee and other parties in interest;

(d) The Debtors have been visiting with their key customers and suppliers in order to address concerns that have been raised regarding the chapter 11 filings so as to assure that their supplier and customer base is maintained;

(e) The Debtors are in the process of evaluating the effects of the adverse economic circumstances on their business plan.

21. In view of what the Debtors have managed to achieve to date in terms of their stabilization efforts, failure to extend the Exclusive Periods to April 30, 1994 and June 29, 1994, respectively, would be devastating to all parties in interest.

B. Complexity of these Cases

22. The most common basis for an extension of the exclusive periods under section 1121(d) is the complexity of the chapter 11 case. Here, the complexity of the Debtors' chapter 11 cases alone constitutes more than a sufficient basis for an extension of the Exclusive Periods.

23. Indeed, the Debtors have twenty three foreign subsidiaries and/or affiliates. Consequently, any business plan or plan of reorganization will have to consider, after careful inquiry and review, the various foreign corporate governance laws and accounting rules. Additionally, particular attention will have to be given to the Debtors'

foreign suppliers and customers, many of whom do not understand chapter 11 in the first instance, to explain to them the consequences of a chapter 11 reorganization.

24. Moreover, Shieldalloy, in respect of its manufacturing facilities in New Jersey and Ohio, has significant potential environmental claims that present very complex legal and financial issues. Specifically, Shieldalloy has potential liability, pursuant to the Atomic Energy Act and regulations implemented by the Nuclear Regulatory Commission (the "NRC"), for the decommissioning and decontamination of piles of slightly radioactive slag at the Newfield, New Jersey and Cambridge Ohio facilities. The slag is a byproduct of ferrocolumbium production at these sites.

25. Shieldalloy is seeking approval from the NRC for its proposed decommissioning program, which involves stabilization and capping of the slag piles with a multi-media cover, as well as institutional controls on access and site use. Shieldalloy recently met with the NRC to discuss this proposal and to express the importance to Shieldalloy's reorganization efforts of NRC's prompt approval of this proposal. The alternative to Shieldalloy's proposal, excavation of the slag and transportation to an off-site disposal facility, is prohibitively expensive.

26. The NRC has taken the position that in order to approve Shieldalloy's decommissioning plan, it must comply with the National Environmental Protection Act ("NEPA") by preparing an Environmental Impact Statement ("EIS") which evaluates the proposal in light of the alternatives. In response to Shieldalloy's request for prompt consideration, on November 26, 1993, the NRC published in the Federal Register a notice of its intent to prepare an EIS.

27. According to the NRC Federal Register notice, the NRC will not publish a final EIS, completing its environmental impact analysis, until June 1995. Only after publication of the final EIS, according to the NRC, will the NRC be in a position to approve Shieldalloy's proposed decommissioning plan. In light of this schedule, Shieldalloy will be unable to determine whether the cost of decommissioning will be prohibitively expensive.

28. In addition to these NRC-related liabilities, Shieldalloy faces environmental liabilities at its Newfield and Cambridge facilities that must be addressed in order to develop a feasible plan of reorganization. Shieldalloy is in the process of attempting to resolve each of these liabilities through negotiations with relevant state and federal environmental authorities, in consultation with the

Committee. Shieldalloy is actively pursuing these matters, but expects that these negotiations will not be resolved for several months.

29. The formulation of a chapter 11 plan without an assessment of the magnitude and likely priority of any environmental claims would be a meaningless exercise. Shieldalloy believes that it is in the best interest of Shieldalloy's creditors that Shieldalloy be afforded adequate time to assess Shieldalloy's potential environmental liability and formulate a strategy for dealing with the federal and state environmental authorities without the time pressures associated with the end of the Exclusive Periods.

C. Additional Time Is Needed To Assess The Impact Of The Debtors' Business Plan

30. As was agreed between the Debtors and the Committee, the Debtors' anticipates delivering to the Committee in January 1994, a draft of the Debtors' business plan, of which a crucial section, the analysis and discussion of Shieldalloy's potential environmental liabilities, will not be completed.

31. The Debtors' plan of reorganization will be based, in large part, on the conclusions of a business plan that has been discussed by the Committee and the Debtors. The Debtors, the Committee and their respective attorneys

and financial advisors plan to spend a significant period of time analyzing and discussing the business plan.

32. The formulation and analysis of the business plan will require a considerable amount of time and energy for both the Debtors' and the Committee's advisors. Specifically, the business plan will require an analysis or discussion of the Debtors' twenty-three foreign subsidiaries and/or affiliates, as well as the applicable corporate governance laws. Moreover, in analyzing the business plan, both parties will have to assess the concerns and reactions of the Debtors' foreign customers and suppliers. This assessment will require particular scrutiny and may create more complex issues that need some discussion or resolution.

33. Additionally, given the instability and fluctuations in the prices of metals in the world market, in order to review accurately the projections contained in the Debtors' business plan, the assumptions must be assessed in the context of the real market over a reasonable period of time after the Debtors' operations have stabilized. An extension of the Exclusive Periods, as requested herein, will afford the Debtors, the Committee and all other parties in interest, an adequate opportunity to evaluate economic conditions so that an appropriate and reasonable business plan and plan or plans of reorganization can be formulated.

D. Exclusivity Should Be Extended To Enable
The Debtors To Reconcile Creditors' Claims

34. No bar date has been set in these cases. Indeed, the Debtors' schedules of assets and liabilities and statement of financial affairs are due to be filed on January 7, 1993, one week after the date the Debtors' initial Exclusive Period expires. Consequently, it is inevitable that numerous claims will be filed after the expiration of the Debtors' initial Exclusive Periods.

35. If an extension of the Exclusive Periods is not granted, the Debtors will be unable to identify, analyze and reconcile those claims. Accordingly, based solely on the issues raised by fixing the bar date and its attendant impact on the reconciliation process, an extension of the Exclusive Periods is warranted.

E. The Committee Has Consented
To The Relief Requested Herein

36. The Debtors have been informed by the Committee that it does not object to a four month extension of the Exclusive Periods requested by the Debtors.

37. For the reasons set forth above, the Debtors submit that an extension of the Exclusive Periods is appropriate under the circumstances of these chapter 11 cases.

Notice

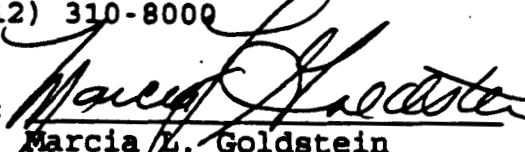
38. The Debtors have provided notice of this motion to the Office of the United States Trustee, the Committee, and to all persons who have filed a request for notice in these chapter 11 cases. The Debtors submit that such notice is sufficient notice of the relief requested herein.

39. No previous request for the relief sought herein has been made to this or any other court.

WHEREFORE the Debtors respectfully request the entry of an order (1) extending the exclusive period for the Debtors' filing of a plan of reorganization and disclosure statement until April 30, 1994, (2) extending the exclusive period during which the Debtors may solicit acceptance to such plan until June 29, 1994, and (3) granting Debtors such other and further relief as is just.

Dated: New York, New York
December 2, 1993

WEIL, GOTSHAL & MANGES
Attorneys for Debtors
in Possession
767 Fifth Avenue
New York, New York 10153
(212) 310-8000

By: 
Marcia L. Goldstein
(MG 2606)
A Member of the Firm

In re

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Chapter 11 Case Nos.
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WEIL, GOTSHAL & MANGES

Attorneys for Debtors.

767 FIFTH AVENUE
BOROUGH OF MANHATTAN, NEW YORK, N.Y. 10153
(212) 310-8000

To:

Attorney(s) for

Service of a copy of the within

is hereby admitted.

Dated:

.....
Attorney(s) for

PLEASE TAKE NOTICE

Check Applicable Box

NOTICE OF
ENTRY

*that the within is a true copy of a
entered in the office of the clerk of the within named court on*

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NOTICE OF
SETTLEMENT

*that an Order of which the within is a true copy will be presented for settlement to the Hon.
one of the judges of the within named Court,*

*at
on*

19

, at

M.

Dated:

WEIL, GOTSHAL & MANGES

Attorneys for

767 FIFTH AVENUE
BOROUGH OF MANHATTAN, NEW YORK, N.Y. 10153

To:

Attorney(s) for