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Attorneys for the Debtors-
in-Possession
767 Fifth Avenue
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(212) 310-8000
John J. Rapisardi (JR 7781)

HEARING DATE: November 16, 1993
TIME: 10:00 a.m.

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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

NOTICE OF MOTION FOR ENTRY OF AN
ORDER PURSUANT TO BANKRUPTCY CODE SECTIONS
105 and 363 AUTHORIZING PAYMENT OF CERTAIN
PREPETITION WAGE OBLIGATIONS IN EXCESS OF \$2,000

NOTICE IS HEREBY GIVEN that, upon the annexed motion dated November 1, 1993 (the "Motion"), Metallurg, Inc. and Shieldalloy Metallurgical Corporation (collectively, the "Debtors") will request the Honorable James L. Garrity, United States Bankruptcy Judge, on November 16, 1993 at 10:00 a.m. or soon thereafter as counsel can be heard, in Room 610-2 of the United States Bankruptcy Court, Alexander Hamilton Customs House, One Bowling Green, New York, New York 10004, to enter an order pursuant to Bankruptcy Code sections 105(a) and 363(b) authorizing the Debtors to pay certain employees prepetition wages due and owing in excess of \$2,000.

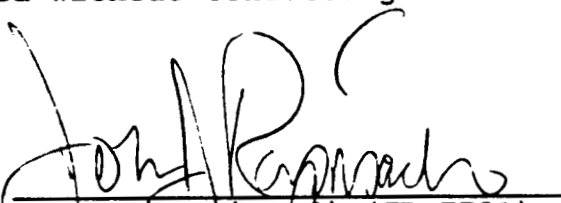
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NOTICE IS FURTHER GIVEN that objections, if any, to the relief requested in the Motion shall be in writing, shall state the name of the objecting party and the nature of the claim or interest of such party, shall state with particularity the reasons for the objection to the relief requested, and shall be served upon and received by Weil, Gotshal & Manges, Attorneys for the Debtors, 767 Fifth Avenue, New York, New York 10153, Attn: John J. Rapisardi, Esq.; and Stroock & Stroock & Lavan, Counsel for the Statutory Committee of Unsecured Creditors, 7 Hanover Square, New York, NY 10004-2696, Attn: Fred Hodara, Esq.; and filed, together with proof of service, with the Court (with 2 copies to chambers) no later than three days prior to the hearing date.

NOTICE IS FURTHER GIVEN that if no objections to the Motion are filed, the Court may enter an order granting or denying the relief requested without conducting a hearing.

Dated: New York, New York
November 1, 1993



John J. Rapisardi (JR 7781)
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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re
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METALLURG, INC., and : Chapter 11 Case Nos.:
SHIELDALLOY METALLURGICAL : 93 B 44468 (JLG)
CORPORATION, : 93 B 44469 (JLG)
Debtors. : (Jointly Administered)
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ORDER PURSUANT TO BANKRUPTCY CODE
SECTIONS 105 AND 363 AUTHORIZING PAYMENT OF CERTAIN
PREPETITION WAGE OBLIGATIONS IN EXCESS OF \$2,000

A hearing having been held before this court on
November 16, 1993 (the "Hearing") to consider the motion
(the "Motion") of Metallurg, Inc. and Shieldalloy
Metallurgical Corporation (collectively, the "Debtors")
dated November 1, 1993, for an order pursuant to Bankruptcy
Code sections 105(a) and 363(b) authorizing the payment of
certain prepetition wage obligations in excess of \$2,000
(the "Excess Wages"); and due notice of the Hearing having
been given to the Statutory Committee of Unsecured Creditors
and all parties in interest as evidenced by the affidavits
of service heretofore filed with the court, the appearances

of all parties in interest and all objections and responses, if any, to the Motion having been noted in the record of the Hearing; upon the Motion, said objections and responses, if any, and the record of the Hearing (in the event one has been held); and all of the proceedings held before the court; and after due deliberation and sufficient cause appearing therefor, it is

ORDERED that the Motion be, and the same hereby is granted, and all objections thereto, if any, be, and the same hereby are denied; and it is further

ORDERED that the Debtors are authorized to pay the Excess Wages to those employees to whom such monies are owed, however, payments shall not exceed \$1,500.00 in the aggregate.

Dated: New York, New York
November __, 1993

UNITED STATES BANKRUPTCY JUDGE

WEIL GOTSHAL & MANGES
Attorneys for the
Debtors-in-Possession
767 Fifth Avenue
New York, New York 10153
John J. Rapisardi (JR 7781)

Hearing Date: November 16, 1993
Time: 10:00 a.m.

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK
-----x

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

-----x

MOTION FOR ENTRY OF AN ORDER PURSUANT TO BANKRUPTCY
CODE SECTIONS 105 and 363 AUTHORIZING PAYMENT OF
CERTAIN PREPETITION WAGE OBLIGATIONS IN EXCESS OF \$2,000

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

Metallurg, Inc. ("Metallurg") and Shieldalloy
Metallurgical Corporation ("Shieldalloy," collectively, the
"Debtors"), as debtors in possession respectfully represent:

Background

1. On September 2, 1993, (the "Petition Date")
the Debtors each commenced a case under chapter 11 of title
11, United States Code (the "Bankruptcy Code"). Pursuant to
an order of the Court dated September 3, 1993, the Debtors'

chapter 11 cases have been consolidated for procedural purposes only and are being jointly administered.

2. The Debtors continue to operate their respective businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

3. 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, that taken as a group, are leading global producers of high quality metals and metal alloys used by manufacturers of steel, aluminum, superalloys, hard metals, hard facing, electronics, and fiber optics and other metal consuming industries (collectively, the "Metallurg Group") and (ii) the accounts receivable and inventory from trading operations of Metallurg's trading division -- Metallurg International Resources (MIR).

4. 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, California, Pennsylvania and Alabama. Shieldalloy employs approximately 348 people.

Relief Requested

5. The Debtors seek authorization to pay to certain Shieldalloy hourly wage earners (the "Employees") approximately \$1,500 in the aggregate for wages which accrued during the prepetition period in excess of the dollar limitation imposed in section 507(a)(3) of the Bankruptcy Code.

6. The Debtors filed a motion dated September 2, 1993 wherein they sought this Court's authorization to pay certain accrued prepetition wages which would be considered priority claims under section 507(a)(3) of the Bankruptcy Code. The motion was presented to the Court for consideration on September 3, 1993, and on that date the Court entered an order which authorized the Debtors to "pay all wages, salaries, commissions and other compensation. . . with respect to or relating to the period prior to the

commencement of the Debtors chapter 11 case but in no event to exceed \$2,000 per employee."

7. As of the petition date the Employees as set forth on the list annexed hereto as Exhibit A were owed in the aggregate amount of \$1,500 (the "Excess Wages"). However, by virtue of the limitation imposed by section 507(a)(3) of the Bankruptcy Code and entry of the Court's September 3, 1993 order, the Employees were not entitled to payment of the Excess Wages.

8. The Debtors request authorization to pay the Excess Wages for several reasons. Each of the Employees is employed at Shieldalloy's Newfield, New Jersey plant and is a member of Local 2327 of the United Auto Workers Union (the "Union"). Shieldalloy and the Union have recently begun negotiating the terms of a new collective bargaining agreement. The Debtors' failure to pay the Excess Wages, which are de minimis in nature, no more than \$1,500 in amount -- has caused the Employees and the Union to become concerned as to the overall job security for those approximately 120 Shieldalloy employees who are Union members. By paying the Excess Wages, Shieldalloy wishes to demonstrate to the Employees and the Union its commitment to meet all of its obligations to its workers and to negotiate, in good faith, a new collective bargaining agreement -- in

replacement of the current collective bargaining agreement set to expire on October 31, 1993 -- which is mutually acceptable to both parties.

9. In addition, payment of Excess Wages to the Employees is warranted in view of their skill and their value to the company. Indeed, the Employees perform highly specialized functions and are qualified to operate and/or maintain sophisticated machinery. If these Employees become discouraged and decide to seek employment elsewhere, it will be difficult for the Debtors to hire replacement workers with the skill and experience of the Employees.

10. Moreover, special note should be taken that most of the Excess Wages arise on account of overtime work performed by the Employees during the period immediately preceding Shieldalloy's chapter 11 filing. Such overtime work was necessary for the efficient operation of the Newfield, New Jersey plant. In view of the fact that such wages were earned on account of overtime work and are de minimis in nature, the Debtors believe that if they are authorized by the Court to pay the Excess Wages the Employees current state of employee morale will be enhanced.

11. Accordingly, the Debtors believe that the payment of the full amount of Excess Wages is warranted. The Debtors submit that the total amount to be paid if the

authorization sought herein is granted is de minimis compared with the size of the Debtors' estates and the importance of the Employees to the rehabilitation effort.

Payment of the Excess Wages is
Permissible Pursuant to Sections 105(a) and 363(b)

12. Payment of the Excess Wages should be authorized because it will help to demonstrate to the Employees and the Union the Debtors' commitment to meeting their obligations under a collective bargaining agreement and retaining experienced workers.

13. Bankruptcy Code section 105(a) provides:

The court may issue any order, process or judgment that is necessary or appropriate to carry out the provisions of this title. No provision of this providing for the raising of an issue by a party in interest shall be construed to preclude the court from, sua sponte, taking any action or making any determination necessary or appropriate to enforce or implement court order or rules, or to prevent abuse of process.

11 U.S.C. 105(a). The court has broad equitable powers to fashion the relief necessary. See In re Carl Neuman, 71 B.R. 567, 571 (Bankr. S.D.N.Y. 1987) (the Court "may use its equitable powers to assume the orderly conduct of the reorganization process"), citing, In re Baldwin United Corp. Litigation, 765 F.2d 343, 348 (2d Cir. 1985). This court has recognized the applicability of the necessity of payment

doctrine with respect to the payment of prepetition claims.

In re Ionosphere, 98 B.R. 174 (Bankr. S.D.N.Y. 1989).

14. Bankruptcy Code section 363(b)(1) provides:

The trustee, after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate.

11 U.S.C. 363(b)(1). A judge determining an application pursuant to section 363(b) must find "from the evidence presented before him at the hearing a good business reason to grant such an application." The Committee of Equity Security Holders v. The Lionel Corp. (In re Lionel Corp.), 722 F.2d 1063, 1071 (2d Cir. 1983).

15. The Debtors have a sound business reason for paying the Excess Wages - demonstrating a commitment to meet their obligations to their employees and stabilizing morale among their work forces. Payment of the Excess Wages should be authorized because the benefits to the estates outweigh the de minimis costs to the estates.

Jurisdiction

16. This Court has jurisdiction over this motion pursuant to 28 U.S.C. §§ 157 and 1334 and the Standing Order of Referral of Cases to Bankruptcy Court Judges of the District Court of New York (Ward, Acting C.J.), dated July 10, 1984. Consideration of this motion is a core proceeding pursuant to 28 U.S.C. § 157(b).

Notice

17. A copy of this motion have been presented to the Statutory Committee of Unsecured Creditors which has stated that it has no objection to the relief requested herein. Notice of this motion has been given to the United States Trustee, the Statutory Committee of Unsecured Creditors and all parties in interest who have requested notice. The Debtors submit that no further notice is required.

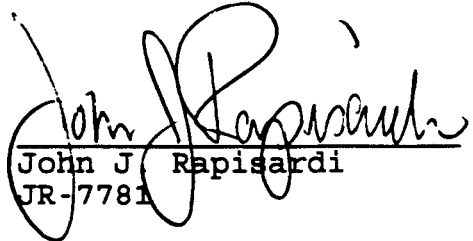
Waiver of Memorandum of Law

18. The Debtors submit that the motion does not present a novel issue of law, and accordingly, request that the Court waive and dispense with the requirement set forth in Rule 13(b) of the Local Bankruptcy Rules that any motion have an accompanying memorandum of law. The Debtors submit that waiver of the Rule 13(b) requirement is appropriate in these circumstances.

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

WHEREFORE the Debtors respectfully request entry
of an order granting relief requested herein and such other
and further relief as is just.

Dated: New York, New York
November 1, 1993


John J. Rapisardi
JR-7781

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Attorneys for the
Debtors-in-Possession
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Sheildalloy Metallurgical Corporation - Newfield
Hourly Employees

<u>Name</u>	<u>Wages In</u> <u>Excess Of</u> <u>\$2000.00</u>
Brown, Leroy	363.22
Caine, William	71.02
Hardrick, Clyde	77.57
Hart, Roosevelt, Jr.	49.17
Polhamus, Earl	44.39
Rodriguez, Florentino	210.49
Williams, Charlie	408.94
Willis, Ralph	<u>114.42</u>
	<u>\$1,339.22</u>

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re

METALLURG, INC., and
SHIELDALLOY METALLURGICAL
CORPORATION,

Debtors.

MOTION FOR ENTRY OF AN ORDER PURSUANT TO BANKRUPTCY CODE SECTIONS 105 AND 363
AUTHORIZING PAYMENT OF CERTAIN PREPETITION WAGE OBLIGATIONS IN EXCESS OF \$2000

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*

19

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