

40-2948

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Hearing Date & Time
Date: April 12, 1995
Time: 10:00 a.m.

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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

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 AND
OF STATUS CONFERENCE ON ENVIRONMENTAL CLAIMS AND ISSUES

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 March 30, 1995 (the "Motion"), the Debtors
will move before the Honorable James L. Garrity on April 12,
1995 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

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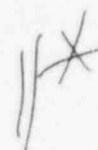
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Debtors have the exclusive rights to file a plan of reorganization and solicit acceptances thereto (the "Exclusive Periods"), to June 2, 1995 and August 3, 1995, respectively, and grant the Debtors such other and further relief as is just; and

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. and Stroock, Stroock & Lavan, attorneys for the statutory unsecured creditors' committee, Seven Hanover Square, New York, New York 10004, Attn: Fred Hodara, Esq., on or before April 7, 1995 at 5:00 p.m.; and

FURTHER NOTICE IS HEREBY GIVEN that a status conference on environmental claims and issues affecting the



Debtors' chapter 11 estates will also be held on April 12,
1995 at 10:00 a.m.

Dated: New York, New York
March 30, 1995


John J. Rapisardi (JR 7781)

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SHIELDALLOY METALLURGICAL : 93 B 44469 (JLG)
CORPORATION, : (Jointly Administered)
Debtors. :
-----X

DEBTORS' MOTION 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
THERE TO AND NOTICE OF STATUS CONFERENCE ON
ENVIRONMENTAL CLAIMS AND ISSUES

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 an extension of the exclusive period in which to file
their plan or plans of reorganization and disclosure statement

and solicit acceptances thereto (the "Exclusive Periods") to June 2, 1995 and August 3, 1995, respectively, and notifying all parties in interest of the status conferences on environmental claims and issues, respectfully represent:

Background

1. On September 2, 1993, 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.

Description Of The Debtors' Businesses

3. Metallurg is a privately owned holding corporation headquartered in New York City, the assets of which are 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.

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.

Relief Requested

5. 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 June 2, 1995, 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 August 3, 1995.

Prior Extensions Of Exclusivity

6. During the course of these chapter 11 cases, and most recently pursuant to an order dated February 8, 1995, the Debtors' Exclusive Periods were extended pursuant to section 1121(d) of the Bankruptcy Code through April 18, 1995 and June 19, 1995, respectively.

Sufficient Cause Exists To Extend
The Debtors' Exclusive Periods

7. 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) (1995).

8. 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).

9. As demonstrated below, the extant facts and circumstances of these chapter 11 cases amply support the further forty-five (45) day extension of the Exclusive Periods. Such an extension is reasonable and realistic based upon the facts described below.

Substantial Progress Has Been Made In The Debtors'
Negotiations With The Creditors' Committee
Regarding A Consensual Plan of Reorganization

10. The Debtors have diligently pursued negotiations with the statutory unsecured creditors' committee

in these chapter 11 cases (the "Committee") regarding the formulation of a consensual plan of reorganization. On August 31, 1994, the Committee submitted to the Debtors a counterproposal (the "Committee's Counterproposal") in response to the Debtors' initial term sheets that outlined management's proposed plans of reorganization for Metallurg and Shieldalloy.

11. The Committee's Counterproposal was predicated upon a series of adjustments and modifications to the Debtors' cash flow projections that were set forth in their business plan, and which necessitated a lengthy and extensive review and analysis of same. Promptly after receiving same, the Debtors, along with their legal counsel, Weil, Gotshal & Manges ("WG&M") and their financial advisors, Zolfo, Cooper & Co. ("ZC&C"), provided the Committee with preliminary comments. In connection therewith, the Debtors analyzed various tax, environmental and bankruptcy law issues raised in the Committee's Counterproposal.

12. On November 7, 1994, the Debtors made a formal response to the Committee's Counterproposal, which included a management incentive plan as requested by the Committee (the "Revised Proposal"). In pursuit of a consensual plan, the Debtors made significant concessions with respect to their

Revised Proposal in order to address many of the concerns raised by the Committee.

13. On February 14, 1995, the Committee presented its formal response to the Debtors' Revised Proposal (the "Committee's Revised Counterproposal"). Promptly thereafter, the Debtors, with the assistance of their advisors, WG&M and ZC&C, analyzed the Committee's Revised Counterproposal. On March 1, 1995, the Debtors' advisors met with the Committee to discuss their preliminary comments. Thereafter, the Debtors engaged in extensive negotiations with the Committee regarding both legal and factual issues pertinent to the plans of reorganization.

14. On March 28, 1995, the Debtors presented to the Committee their newest plan proposal. In that regard, significant progress has been made in furtherance of reaching a consensus.

15. In consideration of the above, and for the further reasons discussed below, additional time is necessary to further develop, propose and finalize a consensual plan or plans of reorganization.

Exclusivity Should Be Extended To Enable
The Debtors To Reconcile Certain Claims

16. Proofs of claims aggregating in excess of \$1 billion have been filed against Metallurg and Shieldalloy by

various state and federal environmental regulatory agencies relating to Shieldalloy's operations of its manufacturing facilities in Newfield, New Jersey and Cambridge, Ohio. These environmental claims must be resolved in order for the Debtors to develop a feasible plan of reorganization. As discussed in prior motions and more fully below, the Debtors have been negotiating and continue to negotiate with the respective federal and state environmental authorities in an attempt to resolve each of these claims.

a. Negotiations With The Ohio EPA

17. Shieldalloy recently reached an agreement with the Ohio Environmental Protection Agency (the "Ohio EPA") whereby Shieldalloy and Cyprus Foote Minerals Company ("Cyprus Foote"), successor in interest to the prior owner of the Cambridge site, will conduct an expedited Remedial Investigation and Feasibility Study ("RI/FS") to evaluate environmental conditions at the Cambridge facility. By order dated February 8, 1995, this Court authorized the Debtors to enter into a consent order setting forth this agreement (the "Consent Order").

18. Under the Consent Order, Shieldalloy and Cyprus Foote have begun efforts in conducting an investigation at the Cambridge facility under the supervision of the Ohio EPA over the next nine months. The Consent Order also obligates the

Ohio EPA to review all submissions by Shieldalloy and Cyprus Foote on an expedited basis in order to facilitate completion of the RI/FS within the nine month period.

19. Upon completion of the RI/FS, the Ohio EPA will select a permanent remedy for the site based on the alternative remedies proposed and analyzed by Shieldalloy in the RI/FS. The Consent Order then requires the parties to meet and confer in good faith in order to negotiate a second consent order for a permanent injunction implementing the selected remedy for the Cambridge facility.

20. Furthermore, Shieldalloy has been negotiating with Cyprus Foote with regard to Cyprus Foote's: (1) participation in the investigation and remediation at Cambridge; (2) liability for off-site slag disposal; and (3) its claim filed in Shieldalloy's chapter 11 case, each of which is an integral element to resolving the Ohio EPA's claim for clean-up costs.

b. Negotiations With The NJDEP

21. Shieldalloy is also participating in ongoing negotiations with the New Jersey Department of Environmental Protection (the "NJDEP"), concerning the resolution and treatment of Shieldalloy's liabilities under the 1988 Administrative Consent Order (the "ACO"). Shieldalloy is attempting to work with the NJDEP in order to reach a

consensual resolution to any issues related to the treatment of Shieldalloy's liabilities and the appropriate sources for funding for the remediation of the Newfield facility.

22. To this end, WG&M, on the Debtors' behalf, drafted and propounded discovery requests upon the NJDEP in order to ascertain the basis of its claims filed against the Debtors. The Debtors received the NJDEP's response to the discovery requests and are reviewing it.

c. Negotiations With The NRC

23. Shieldalloy is seeking approval by the Nuclear Regulatory Commission (the "NRC") of Shieldalloy's proposed method for decommissioning piles of slightly radioactive slag at the Newfield, New Jersey and Cambridge, Ohio facilities. Shieldalloy is proposing to stabilize and cap the slag piles with a multi-media cover and institute controls on access and site use. Approval by the NRC requires their preparation of an environmental impact statement ("EIS") based upon data submitted by the company. Shieldalloy is in the process of collecting and submitting the data requested by the NRC. With respect to the Cambridge site, these efforts are being coordinated with the RI/FS being conducted under the authority of Ohio EPA.

24. Shieldalloy met with the NRC to discuss a timetable for the publication of the EIS for the Cambridge

facility. The NRC has committed to publish a draft EIS by December 1995, assuming requested data is submitted by Shieldalloy within the agreed time schedule.

d. Negotiations With The USEPA

25. Shieldalloy is attempting to resolve the claims asserted and other issues raised by the United States Environmental Protection Agency (the "USEPA").

26. Shieldalloy is continuing to seek an amicable resolution of the USEPA's claims and will continue to work

with the attorneys from the Office of the United States Attorney for the Southern District of New York (the "U.S. Attorney") to help bring about a resolution of all outstanding environmental issues, including claims asserted by the NRC, USEPA, Ohio EPA and NDEP (collectively, the "Environmental Agencies").

Additional Time Is Needed For Metallurg To Continue
To Pursue Financial And Strategic Investors

27. As part of the effort in developing a chapter 11 plan, the Debtors have identified potential alternative sources of cash. In connection therewith, the Debtors have been continuing their efforts commenced prior to and during these chapter 11 cases to identify potential third party investors pursuant to which such investors would acquire some or all of the equity, or assets, of Metallurg.

28. As previously disclosed in prior exclusivity motions the Debtors and Warrior International Ltd. ("Warrior") have completed an Information Memorandum. Warrior has undertaken the process of soliciting strategic investors to acquire some or all of the assets of Metallurg, or in the alternative, provide the Debtors with a much needed equity infusion. In that regard, Warrior has provided certain investors the Information Memorandum and is awaiting an expression of further interest by such investors.

29. In addition to Warrior's attempts to identify strategic investors during this most recent extension of the Exclusive Periods, Metallurg has continued contact with various potential financial investors in order to obtain exit financing, working capital facilities and long term investment opportunities, each of which directly bears upon formulation of a chapter 11 plan.

30. Accordingly, an extension of the Debtors' Exclusive Periods is necessary to allow Warrior and the Debtors to continue their efforts to generate external sources of cash.

The Requested Extensions Of The Exclusive Periods
Will Facilitate The Debtors' Reorganization Efforts

31. For the reasons discussed above, the requested extensions of the Exclusive Periods are essential to enable the Debtors to continue the advances that have been made in

negotiating with the Committee towards the development and formulation of a realistic, viable plan of reorganization, as contemplated by the Bankruptcy Code. Moreover, the consensual resolution of the environmental claims cannot be achieved unless the Debtors are afforded a realistic time period in which to do so.

The Committee Has Consented
To The Relief Requested Herein

32. The Debtors have been informed by the Committee that it does not object to a forty-five (45) day extension of the Exclusive Periods requested by the Debtors.

Notice


33. 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, including the Environmental Agencies. The Debtors submit that such notice is sufficient notice of the relief requested herein and of the environmental status conference.

34. Consistent with this Court's directive at the last exclusivity hearing, the Debtors' attorneys will provide the Court with a status as to the Debtors' efforts in their negotiations and discussions with the respective Environmental Agencies. In that regard, the prefixed notice notifies the Environmental Agencies of the status conference.

35. 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 June 2, 1995, (2) extending the exclusive period during which the Debtors may solicit acceptance to such plan until August 3, 1995, and (3) the granting Debtors such other and further relief as is just.

Dated: New York, New York
March 30, 1995


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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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

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 April 12, 1995 (the "Hearing") to consider the motion, dated March 30, 1995 (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 June 2, 1995 and August 3, 1995, 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 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 June 2, 1995 and August 3, 1995, respectively (the "Exclusive Periods"); and it is further

ORDERED that this order is without prejudice to the right of the Debtors to seek additional extensions of the Exclusive Periods and the time within which they must file their Disclosure Statement and the rights of the

Committee and other parties in interest with respect
thereto.

Dated: New York, New York
April __, 1995

United States Bankruptcy Judge