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in Possession
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(212) 310-8000
John J Rapisardi, Esq. (JR-7781)
Gary T. Holtzer, Esq. (GH-7732)

HEARING DATE:
October 11, 1996
10:00 a.m.

stet
9/20/96
⑤ Pocket

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

NOTICE OF MOTION OF DEBTORS FOR ORDER PURSUANT TO
SECTION 1121(d) OF THE BANKRUPTCY CODE FURTHER EXTENDING
DEBTORS' EXCLUSIVE PERIOD IN WHICH TO SOLICIT
ACCEPTANCES OF A PLAN OF REORGANIZATION

PLEASE TAKE NOTICE that upon the annexed motion,
dated September 27, 1996 (the "Motion"), of Metallurg, Inc.
and Shieldalloy Metallurgical Corporation, as debtors and
debtors in possession in the above-captioned cases
(collectively, the "Debtors"), the Debtors will move before
the Honorable James L. Garrity, Jr. on October 11, 1996 at
10:00 a.m., in Room 610-2 of the United States Bankruptcy
Court, Alexander Hamilton Custom House, One Bowling Green,
New York, New York 10004, for an order, pursuant to section

NL10/1

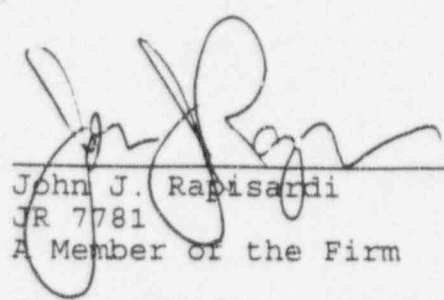
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PDR ADOCK 04008948
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1121(d) of title 11, United States Code extending the period during which the Debtors shall have the exclusive right to solicit acceptances of their plan of reorganization to sixty days after entry of an order approving a joint disclosure statement; and

PLEASE TAKE FURTHER NOTICE 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 LLP, attorneys for the Debtors, 767 Fifth Avenue, New York, New York 10153, Attn: Gary T. Holtzer, Esq. and Strock & Strock & Lavan, attorneys for the statutory

unsecured creditors' committee, Seven Hanover Square, New
York, New York 10004, Attn: Lawrence Handelsman, Esq., on or
before October 8, at 5:00 p.m.

Dated: New York, New York
September 27, 1996



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TO: THE PARTIES ON THE
ANNEXED SERVICE LIST

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Last Updated On: 9/26/96

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Primary Service List for METALLURG INC./SHIELDALLOY

Last Updated On: 9/26/96

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Last Updated On: 9/26/96

Page 3 of 5

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Primary Service List for METALLURG INC./SHIELDALLOY

Last Updated On: 9/26/96

Page 4 of 5

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Primary Service List for METALLURG INC./SHIELDALLOY

Last Updated On: 9/26/96

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HEARING DATE:
October 11, 1996
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.	:	
	:	

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MOTION OF DEBTORS FOR ORDER PURSUANT TO SECTION
1121(d) OF THE BANKRUPTCY CODE FURTHER EXTENDING
DEBTORS' EXCLUSIVE PERIOD IN WHICH TO SOLICIT
ACCEPTANCES OF A PLAN OF REORGANIZATION

TO THE HONORABLE JAMES L. GARRITY, Jr.,
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) of title 11, United States Code (the "Bankruptcy Code"), seeking an extension of the exclusive period in which

to solicit acceptances of a plan of reorganization to sixty days after entry of an order approving a joint disclosure statement, respectfully represent:

Background

1. On September 2, 1993, each of the Debtors filed with this Court a voluntary petition for relief under chapter 11 of 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. On September 13, 1993, the United States Trustee appointed the statutory unsecured creditors' committee (the "Committee") in the Debtors' chapter 11 cases.

3. 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

4. Metallurg is a privately owned holding corporation headquartered in New York City, the assets of which primarily are 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, super alloys, hard metals,

hard facing, electronics and fiber optics and other metal consuming industries.

5. 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 Metallurg Group.

The Plan and Disclosure Statement

6. On January 16, 1996, the Debtors filed their Joint Plan of Reorganization Pursuant To Chapter 11 Of The Bankruptcy Code. Thereafter, on May 15, 1996, the Debtors filed Debtors' First Amended and Restated Joint Plan of Reorganization Pursuant To Chapter 11 Of The Bankruptcy Code and their Joint Disclosure Statement Pursuant To Section 1125 Of The Bankruptcy Code (the "Disclosure Statement"). On May 24, 1996, the Debtors filed their Second Amended And Restated Joint Plan of Reorganization Pursuant To Chapter 11 of the Bankruptcy Code (the "Second Amended Plan").

7. By order dated March 11, 1996, pursuant to section 1121(d) of the Bankruptcy Code, the Debtors obtained an extension of the period during which they have the

exclusive right to solicit acceptances to the Second Amended Plan to and including July 15, 1996.

Relief Requested

8. The Debtors request an order pursuant to section 1121(d) of the Bankruptcy Code, further extending the period during which they have the exclusive right to solicit acceptances to the Second Amended Plan to sixty days after entry of an order approving a joint disclosure statement.

Ample Cause Exists To Extend the Debtors' Exclusive Period to Solicit Acceptances of a Plan of Reorganization

9. Section 1121(d) of the Bankruptcy Code provides that where the initial 120- and 180-day exclusive periods provided by the Bankruptcy Code prove to be an unrealistic time frame, they may be extended by the Court "for cause":

[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).

10. 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).

11. As evidenced by the filing of their Second Amended Plan and Disclosure Statement, the Debtors have made substantial progress toward the confirmation and consummation of a consensual plan of reorganization in these chapter 11 cases. Moreover, as discussed below, the extant facts and circumstances of these chapter 11 cases amply support a further extension of the Debtors' exclusive period to solicit acceptances to the Second Amended Plan.

Progress Toward Resolution of Environmental Claims

12. The New Jersey Department of Environmental Protection and Energy, the Nuclear Regulatory Commission, the Ohio Environmental Protection Agency and the United States Environmental Protection Agency (the "Environmental Authorities") have asserted over \$1 billion in claims against the Debtors. Due to the magnitude of these claims, any resolution of same will bear on the ultimate distributions to creditors of both Metallurg and Shieldalloy. Accordingly, the Debtors have held status conferences before the Court with representatives of the Environmental Authorities on April 29, 1996, May 22, 1996, June 7, 1996, June 27, 1996 and July 26, 1996 to discuss all outstanding issues regarding the environmental claims. In connection therewith, on April 24,

1996, June 3, 1996, and June 26, 1996, the Debtors filed with the Court status reports on their progress. Another status conference has been scheduled for October 1, 1996.

13. The Debtors have made substantial progress with the Environmental Authorities in reaching a consensus as to the settlement of most environmental prepetition claims. However, on June 25, 1996, the Debtors received a financial assurance proposal from the Environmental Agencies, which in the Debtors' view is extremely problematical. The Debtors, together with the Committee, continue to negotiate with Environmental Agencies in an effort to resolve the financial assurance issues. The Debtors anticipate that negotiations with the Environmental Agencies will extend over the next two- to three-week period.

The Solicitation of Votes

14. Pursuant to section 1125(b) of the Bankruptcy Code, an acceptance or rejection of a plan of reorganization cannot be solicited from the holder of a claim or interest:

[u]nless, at the time of or before such solicitation, there is transmitted to such holder the plan or a summary of the plan, and a written disclosure statement approved, after notice and a hearing, by the court as containing adequate information.

11 U.S.C. § 1125(b) (emphasis added). Thus, the Debtors cannot solicit acceptances to the Second Amended Plan until a hearing on the Disclosure Statement is scheduled and the

Disclosure Statement is approved by this Court. Moreover, the Debtors intend to amend the Disclosure Statement to include an ultimate resolution of the environmental claims. Since the Debtors have not yet resolved these claims, a fortiori, they cannot amend the Disclosure Statement, seek Court approval of such Disclosure Statement and solicit acceptances to their Second Amended Plan by the current deadline of October 14, 1996.

15. The Debtors are committed to proceeding with the plan solicitation process as soon as circumstances permit. Accordingly, in order to afford sufficient time to resolve the environmental claims, to provide notice and to have a hearing on the approval of an amended Disclosure Statement which will ultimately be filed with this Court, the Debtors submit that a limited extension of their exclusive period to solicit acceptances to the Second Amended Plan to sixty days after the entry of an order approving a disclosure statement is warranted.

16. In light of the foregoing, and given the substantial progress the Debtors have made toward the confirmation of their Second Amended Plan and the ongoing negotiations with the Environmental Authorities to reach a resolution regarding their claims, the Debtors submit that the

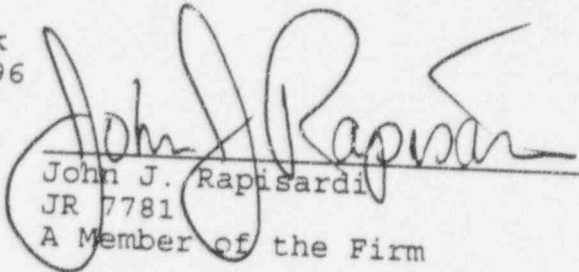
relief requested herein is in the best interests of their estates and creditors.

Notice

17. 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 Authorities. The Debtors submit that such notice is sufficient notice of the relief requested herein.

WHEREFORE the Debtors respectfully request the entry of an order extending the exclusive period during which the Debtors may solicit acceptances to their Second Amended Plan to sixty days after entry of an order approving a disclosure statement, without prejudice to the Debtors to seek further extensions, and granting the Debtors such other and further relief as is just.

Dated: New York, New York
September 27, 1996


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A Member of the Firm

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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

ORDER PURSUANT TO SECTION 1121(d) OF
THE BANKRUPTCY CODE FURTHER EXTENDING DEBTORS'
EXCLUSIVE PERIOD IN WHICH TO SOLICIT
ACCEPTANCES TO A PLAN OF REORGANIZATION

Upon the motion, dated September 27, 1996 (the "Motion"), of Metallurg, Inc. and its wholly-owned subsidiary, Shieldalloy Metallurgical Corporation, as debtors and debtors in possession (collectively, the "Debtors"), for an order pursuant to section 1121(d) of title 11, United States Code (the "Bankruptcy Code"), extending the period within which the Debtors have the exclusive right to solicit acceptances of their plan of reorganization, to sixty days after entry of an order approving a disclosure statement; and due notice of the Motion having been given, and it appearing that no further notice need be given; 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 period within which the Debtors have the exclusive right to solicit acceptances of a plan or plans of reorganization be and it hereby is, extended to sixty days after entry of an order approving a disclosure statement; and it is further

ORDERED that the extension granted herein is without prejudice to such further requests that may be made pursuant to section 1121(d) of the Bankruptcy Code by the Debtors or any party in interest, for cause shown, upon notice.

Dated: New York, New York
October __, 1996

United States Bankruptcy Judge