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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK
Case No. 11-15463 (SHL)

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In the Matter of:

AMR CORPORATION, et al.,

Debtors.

- - - - -x

United States Bankruptcy Court
One Bowling Green
New York, New York

February 3, 2012
2:21 PM

B E F O R E:
HON. SEAN H. LANE
U.S. BANKRUPTCY JUDGE

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Doc. #589 Motion to Authorize - Motion of Debtors for Entry of
Order Pursuant to 11 U.S.C. 105(a), 327, 328, 330, and 363(c)
for Authorization to Employ Certain Firms and Individuals Used
in the Ordinary Course of Business to Handle Tax and Other
Matters Nunc Pro Tunc to the Commencement Date

Transcribed by: Sharon Meyer

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P R O C E E D I N G S

THE COURT: Good afternoon. Please be seated.

First of all, my apologies for the delay. We had a status conference in a case set for an evidentiary hearing in three days starting Monday and a sealing issue came up and this can often be very difficult, so I didn't think it was going to take as long as it did, but there you have it.

MR. MILLER: Good afternoon, Your Honor. Harvey Miller and Alfredo Perez from Weil, Gotshal & Manges on behalf of the debtors.

I'm pleased to report, Your Honor, that even though the agenda indicates this matter to be contested, it's not contested. With the extreme cooperation of Mr. Masumoto, we've agreed on the form of order, and as Mr. Perez will explain.

As Your Honor may have noted, in the last few days there's been a lot of media attention to American and the Chapter 11 case. And I thought I'd just take this occasion to give you a very, very brief update of where we are.

THE COURT: I actually was going to ask, so I would very much appreciate that.

MR. MILLER: I want to tell Your Honor that on Wednesday, February 1st, the debtors began the commencement of good faith negotiations with their respective labor unions in the attempt to resolve concessions to the collective bargaining agreements. There are seven different unions involved, Your

1 Honor, and there was a mass meeting February 1st in the morning
2 and in the afternoon that broke up into the different unions.
3 And negotiations started actually that afternoon in a limited
4 way, have continued into Thursday, and are going to continue as
5 often as the unions' respective collective bargaining agents
6 want to go down that route.

7 In addition, Your Honor, we have been having extended
8 meetings on various aspects of the economics of the debtors
9 with the representatives of the creditors' committee. There is
10 a labor subcommittee, we have been meeting with a fleet
11 subcommittee, and there is a meeting that's going on in Fort
12 Worth today in which there is what has been described as a
13 "deep dive" into the business plan in which -- I think it was
14 about sixty people showing up at this meeting in which the
15 company is going through the details of the business plan. So
16 we're making a lot of progress, Your Honor -- even with Mr.
17 Masumoto.

18 MR. MASUMOTO: Guilty.

19 THE COURT: Let me ask, and you probably are not in a
20 position to answer this question, but do you have any
21 expectation as to when things would be teed up in the Court,
22 and I ask mainly in terms of sometimes there are motions where
23 you need answers fairly quickly, so I'm just trying to think in
24 the future.

25 MR. MILLER: In terms of the labor stuff, Your Honor?

1 THE COURT: Yes, in terms of those issues.

2 MR. MILLER: It's our hope, Your Honor, that we can
3 reach consensual agreements. The economics are going to be
4 what the economics are going to be. There has been, I would
5 say, a -- I wouldn't say a violent, but a very strong reaction
6 on the part of the unions that "they ask us too much," which is
7 I think fairly normal in labor relations.

8 I believe, Your Honor, these negotiations will go on
9 for a good while.

10 THE COURT: All right.

11 MR. MILLER: And if we're unsuccessful in reaching
12 consensual agreements, as everybody's understood, 1113 and 1114
13 are in the background. In addition, Your Honor, we are in
14 almost a continuous document production with the PBGC. We have
15 differences of opinion with the PBGC as to the need for
16 termination of the pension plans. Those will be negotiations
17 that will go on for a considerable period of time.

18 THE COURT: All right.

19 MR. MILLER: And we will bear in mind, Your Honor, if
20 it looks like we're not coming to a consensual conclusion, to
21 alert the quarters to the possibility of a motion or motions
22 under 1113.

23 THE COURT: All right. That's very helpful to know.
24 The other thing is certainly to the extent the Court can be of
25 any assistance in any way, just let me know.

1 MR. MILLER: We will look forward to that, Your Honor.
2 You've been of great assistance in helping us get to know Mr.
3 Masumoto.

4 I'm not picking on you.

5 THE COURT: I do what I can. If that's the biggest
6 problem you have in your life, your life is very good.

7 MR. MILLER: You're right about that, Your Honor.

8 THE COURT: With that, I guess we'll turn to the
9 matter at hand, and thank you again very much for the update. I
10 was actually at a court strategic planning session, and I try
11 not to follow media events in cases I work on, but I kept
12 having people come up to talk to me, pointing out various news
13 articles which I proceeded not to read. But it was impossible
14 to avoid some of the obvious headlines.

15 MR. PEREZ: Thank you, Your Honor. Alfredo Perez on
16 behalf of the debtors. As Mr. Miller reported, we've spent the
17 better part of the week coming to a form of order with respect
18 to the ordinary Court service providers. I believe it was e-
19 mailed to the Court last night.

20 THE COURT: Yes.

21 MR. PEREZ: It reflects numerous compromises that have
22 been made by both the U.S. Trustee and the debtors with respect
23 to that. I'm hoping that this puts to bed the whole issue.
24 There is a specific reservation of rights that I wanted to
25 highlight to the Court under 363 at the very end, and in

1 particular we're concerned about some of the smaller foreign
2 accountants who are basically sole source suppliers. If we
3 can't get them on board with this program, we may need to think
4 of other alternatives if we can't find an alternative.

5 But as it is now, we're going to make our best faith
6 efforts to go forward, get everybody on board, get the work
7 done, and it won't be an issue.

8 THE COURT: All right.

9 MR. PEREZ: But I just kind of bring that to the
10 Court. And so, Your Honor, I don't believe -- I mean, both the
11 committee and the U.S. Trustee have signed off on it. I don't
12 believe there is any opposition. I did want to give you after
13 this just a brief status report on the other twelve orders.

14 THE COURT: All right. Anyone want to comment on
15 this?

16 MR. LYONS: Your Honor, John Lyons on behalf of the
17 official committee of unsecured creditors. The committee has
18 no objection to the form of order.

19 THE COURT: All right.

20 MR. MASUMOTO: Good afternoon, Your Honor. Brian
21 Masumoto for the Office of the United States Trustee. Your
22 Honor, we did reach a consensual agreement, and as Mr. Perez
23 indicated there is that reservation relating to 363, all rights
24 are reserved on the part of all parties including the U.S.
25 Trustee to raise any objections should that provision have to

1 dealt with.

2 THE COURT: Right. I thought the changes to the order
3 were very helpful and good ones, so I thank you all for working
4 so hard on it.

5 MR. PEREZ: I have a form of --

6 THE COURT: Great.

7 MR. PEREZ: Okay. Then that only really leaves the
8 form of the interim orders, Your Honor. There are twelve of
9 them. I think last night we finally reached agreement with
10 respect to one and then that language is being inserted into
11 the other eleven. I was hoping to have them all for you this
12 afternoon. It's not going to happen. It's probably going to
13 be Monday simply because it's not just a matter of just putting
14 the paragraph, pluck it into the other orders. We've got to
15 rework all the other eleven orders.

16 THE COURT: All right.

17 MR. PEREZ: But we do have the form of agreement that
18 both the U.S. Trustee and the committee have agreed on with
19 respect to the interim language and the reservation of rights
20 and those types of things. It's just a matter of mechanically
21 doing it and so we'll have them, hopefully Monday afternoon.

22 THE COURT: All right. That's fine.

23 MR. PEREZ: Thank you, Your Honor.

24 THE COURT: So today's hearing was of some use in
25 just -- in terms of getting to that point, so that's some value

1 added. All right, I'm going to grant the motion to employ
2 certain firms and individuals in the ordinary course of
3 business to handle tax and other matters nunc pro tunc to the
4 commencement date. I looked at the order that has been reached
5 with the consent of the committee and the U.S. Trustee's
6 Office. Again, I think the changes were very good ones, and I
7 think it provides for appropriate reservation of rights as well
8 as a maximum amount -- or an appropriate amount of disclosure
9 to stakeholders. So I'm happy to sign the proposed order.

10 MR. PEREZ: Thank you, Your Honor. One thing I
11 neglected to mention. Duff & Phelps was originally part of
12 this order, and as a result of the fact that they are in
13 essence the company's outsourced property tax department, we
14 decided that rather than try to fit them into this order, that
15 they would file their own separate order. So --

16 THE COURT: All right.

17 MR. PEREZ: -- it's -- we were trying to do two orders
18 with one motion, but then we decided let's just do a separate
19 motion. So that should be filed this week and heard on the
20 29th as well.

21 THE COURT: All right.

22 MR. PEREZ: I don't think there's any controversy with
23 respect to them, but it just didn't quite fit --

24 THE COURT: No, it just -- sometimes the efficiencies
25 are not as great as one hopes.

1 MR. PEREZ: Exactly.

2 THE COURT: So that's fine. Just one word about
3 orders. I realize that depending on the circumstances, that
4 the use of e-mail to transmit orders can sometimes be helpful,
5 sometimes it can be not as helpful as one would hope. And
6 we've gotten certainly enough so the e-mail traffic back and
7 forth -- and what I always want to make sure is that I'm
8 entering the appropriate order, because these things often
9 change, for very good reasons, up until the absolute last
10 second, and then beyond.

11 MR. PEREZ: Right.

12 THE COURT: So what I'm thinking of doing, and I think
13 chambers communicated this, is for anything that is an
14 emergency, we send those by e-mail. But for everything
15 else -- that is the huge volume of orders in the ordinary
16 course of business -- that we really go back to the Stone Age a
17 little bit, just because it's easier than trying to make sure
18 that that I have the right version among many versions. And
19 people say, well, I only want to send one version, and then it
20 gets changed and there's another e-mail.

21 Certainly if going forward there's an easier way to do
22 it, I'm always happy to enter a better way to make a widget, so
23 to speak. We're here to be of service. So that's based on the
24 snapshot now, that's how I'd like to do it, but certainly going
25 forward if anyone has any bright ideas, I'm happy to entertain

1 them.

2 MR. MILLER: I just note, Your Honor, the Stone Age
3 wasn't so bad.

4 MR. PEREZ: Your Honor, we'll take that into account.
5 We did send the form of order last night, primarily just to
6 inform the Court that it wouldn't be contested.

7 THE COURT: Right. No, and I appreciate that.

8 MR. PEREZ: -- and then we followed up this morning.

9 THE COURT: There's sort of two different things going
10 on. One is to get me a version to look at, but then in terms
11 of actually entering the final order, so that's fine. All
12 right.

13 MR. PEREZ: So this is the disc clean and black which
14 I'll give to --

15 THE COURT: Fantastic. All right. Anything else we
16 need to discuss this afternoon? I see a hand in the gallery.
17 Come on up, sir.

18 MR. TABASHNICK: Thank you.

19 THE COURT: And I apologize. I should know your name
20 by now, and it escapes me as I sit here today.

21 MR. TABASHNICK: No problem. I'll introduce myself.
22 Mark Tabashnick, shareholder of record, American Airlines.

23 THE COURT: All right, sir.

24 MR. TABASHNICK: On the first day that I introduced
25 myself, you did mention that you would take into consideration

1 that I wasn't an attorney.

2 THE COURT: Yes.

3 MR. TABASHNICK: And, of course, I am experienced in
4 reading the law. The law is too important to be left just to
5 attorneys. I have handled cases on my own and have been
6 relatively successful and balanced. Now, the reason I'm
7 standing here before you today is, I would like to say
8 something on behalf of myself as a shareholder in this
9 situation.

10 THE COURT: All right. Let me just give you a little
11 background as to how I would like to handle these hearings,
12 just so you know.

13 MR. TABASHNICK: Yes, sir.

14 THE COURT: This obviously is a case that's a busy
15 case. There are a lot of people who are very interested for
16 lots of good reasons in how the proceedings go, and I am very
17 sensitive to the importance of getting information out to the
18 public as well as the public's right to -- any citizen's right
19 who's an interested party to participate.

20 However, given the volume of things, what we try to do
21 is to sort of handle things in a particular order. So if
22 there's a motion in front of me -- that is, a request that
23 someone has made for me to do something in the case -- I get
24 those on for a particular hearing date, then we talk about them
25 and decide them as need be. So what I try not to do, just

1 because I think it's not fair to parties, is to have things too
2 free form because in a case like this, it's just really
3 impossible given the number of stakeholders as well as the
4 interest.

5 So, what I think is important for you to understand,
6 to take away from this, is if you want me to consider
7 something -- that is you want to make a request for relief --
8 you want me to consider something, you want me to take a
9 certain action, you need to file some sort of motion. There's
10 no magic format, but it has to make clear what it is that you
11 want and then it will find its way onto a hearing and you will
12 get an appropriate amount of notice to come in and make your
13 case for whatever it is that you're looking to do.

14 What I don't want to do, and what I really can't do --
15 it's not really a matter of what I want or don't want -- is I
16 can't essentially open this up as a public forum for people to
17 come in and say, I have some things I want to say, because I
18 can't run my cases that way. Twenty-four hours a day seven
19 days a week, will not be sufficient time to get done what has
20 to get done. So, I believe that you had filed something
21 earlier, and I know you've been at all the hearings and I
22 appreciate your interest, but if you want me to consider
23 something and make some sort of decision, you really have to
24 let me know that and then we'll get you on for a hearing.
25 Because certainly, your concerns as a shareholder are concerns

1 that other shareholders may have, and so to the extent that you
2 as a shareholder want to make a motion, want to speak, want to
3 ask for something -- we'll get it on the docket and we'll tee
4 it up for a hearing and to the extent other shareholders have
5 the same concerns and interests, we'll deal with that issue all
6 at the same time. So that's how I like to run the courtroom
7 consistent with the way we have to get things done.

8 MR. TABASHNICK: That's completely understandable. I
9 just would like to make one point of reference. Last week, I
10 spoke in error when I said that I wanted to represent Mr. Vern
11 Englert, who had put up a motion, as you know, to have the
12 bankruptcy proceedings cancelled. The reason that I misspoke
13 was because he had given me a letter that I have before me, and
14 he asked me to speak on his behalf --

15 THE COURT: His behalf.

16 MR. TABASHNICK: -- and so what I should have said at
17 that time, was that I wanted to support that particular motion
18 rather than be --

19 THE COURT: All right.

20 MR. TABASHNICK: -- his particular attorney. And
21 there are of course other shareholders who have written, and
22 I'm sure you've seen some of these letters, and maybe at this
23 point I completely understand what you're saying about the
24 motion. However, I would like -- as long as I'm here and we
25 have a small courtroom today, I would like to make some

1 statements pertaining to what Mr. Englert and others have said.

2 THE COURT: Well, here's -- but that was my point. I
3 really am not going to do that, because -- and you may have
4 seen at the last hearing -- various people have very strong
5 feelings about a lot of things --

6 MR. TABASHNICK: Right.

7 THE COURT: -- and this is not that kind of forum.
8 And the forum really won't work as intended if we do that. So
9 what I would say is, again, anything that you want me to
10 consider, you get in front of me, you file, I'll consider it,
11 we'll get it teed up for a hearing just like Mr. Englert's
12 motion was teed up.

13 MR. TABASHNICK: Right.

14 THE COURT: And I'll make a decision. I'll try to
15 make it as clear as possible so people understand what I've
16 done and why I've done it, and that's really the only way this
17 system will work.

18 So, again, I appreciate your concerns as a
19 shareholder, but it is not that -- it is a public forum and
20 access to the public, but it's not that kind of public forum.
21 So if you have something that you want me to consider, then
22 I'll be happy to have you come back and chat about it and your
23 feelings about it, but I don't want it -- I'm not going to
24 entertain general statements about American Airlines at a
25 hearing, because I just think there really is not enough hours

1 in the day for parties to do that.

2 MR. TABASHNICK: Okay. Thank you.

3 THE COURT: Thank you. Anything else that we should
4 address this afternoon?

5 MR. MILLER: No, Your Honor. Thank you very much.

6 THE COURT: All right. Thank you very much.

7 MR. PEREZ: Thank you, Your Honor.

8 (Whereupon these proceedings were concluded at 2:38 PM)

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I N D E X

RULINGS

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C E R T I F I C A T I O N

I, Sharon Meyer, certify that the foregoing transcript is a true and accurate record of the proceedings.

SHARON MEYER

AAERT Certified Electronic Transcriber CET**D 638

Veritext

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Date: February 7, 2012