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US BANKRUPTCY COURT
DISTRICT OF DELAWARE

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

IN RE:	)	Case No. 01-00056 (PJW)
	)	Chapter 11
TRANS WORLD AIRLINES, INC., ET AL.,	)	
	)	Courtroom No. 2B
	)	824 Market Street
Debtors.	)	Wilmington, Delaware 19801
	)	
	)	
	)	May 1, 2002
	)	10:05 A.M.

TRANSCRIPT OF STATUS OF CONFIRMATION OF
JOINT LIQUIDATING PLAN
BEFORE HONORABLE PETER J. WALSH
UNITED STATES CHIEF BANKRUPTCY JUDGE

APPEARANCES:

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THE COURT: Please be seated.

MR. SELIGMAN: Good morning, Your Honor. David Seligman on behalf of the debtors.

Your Honor, we had one matter up this morning, which was the confirmation of the joint liquidating plan. As we had informed Your Honor's chambers yesterday, we were not going to go forward with that at the present time.

We had had a lot of discussions with the remaining objecting parties and we've made progress. Just to quickly remind Your Honor, there are three remaining unresolved administrator creditor objections, people objecting saying that -- to the fact that they were not getting paid in full, discussions with those are ongoing. And we think that we'll ultimately get there.

There are six, what I call one off issues, objections by pro se creditors. They're one off issues that we would be prepared to go forward on confirmation, notwithstanding those being unresolved. We think that we will be able to have a plan confirmed over those objections.

There is the objection of the United States Trustee still remaining. There is the objection of MB&A, which is an issue that Your Honor has stated that you're conflicted out of adjudicating over.

And then there is the remaining objections which are of the airlines. The airline clearinghouse participants which

are still -- which are parties to the adversary proceeding pending before Your Honor. There is approximately 25 objecting parties there.

Again, we've been in constant communication and contact. We've made a lot of progress in terms of reconciling numbers. We have put out a number of settlement proposals to them. We have had four of those 24 come back and tell us that they are agreed in principle to those settlements. And we hope that very soon we'll decide that we can resolve those or not be able to resolve those.

The way that we would like to proceed at this time is as follows:

First, we'd like to be able to follow-up with your scheduling clerk and request another date of roughly about four weeks out. We would intend to file a motion to approve settlements with those parties that we have reached settlements with out of the clearinghouse group, and the most significant of that is American Airlines. We have an agreement in principle with American and there is still drafting and things of that nature that need to be done. But we would like to notice-up the motion to approve that settlement coterminously with the confirmation hearing.

And then any of the other parties that we have -- that we will be able to reach settlements with, we will also file motions to have those settlement approved at that time.

It would be our intention that this would be the final continuance of the confirmation hearing date to the extent that we have unresolved objections. We think that we would be able to get the plan confirmed over the remaining outstanding clearinghouse objections. We probably don't need to go into detail about how that would occur, but suffice it to say we think that this would be the last continuance because we would be able to confirm over the objections of those remaining clearinghouse parties.

So, that is the -- that's the way that we would like to proceed.

The one other point is the issue of MB&A --

THE COURT: Tell me what the clearinghouse issue is and how you can over -- you're prepared to address the objections of the people you don't settle with.

MR. SELIGMAN: Essentially the clearinghouse issue is that, as Your Honor may be aware, there's several airline clearinghouses out there that every month clear a lot of --

THE COURT: Yes, I'm aware of the --

MR. SELIGMAN: Yes.

THE COURT: -- process. But I'm wondering exactly what the objection is.

MR. SELIGMAN: Well, the objection is is that there are certain amounts remaining outstanding which were amounts allegedly -- that allegedly accrued preclosing prior to the

sale to American. Their basic objection is is those were amounts that arose post petition and they're not being paid in full in violation of 1129(a)(9).

The real issue is is that those are alleged cure claims because those contracts were assumed and assigned. So, those are really a different animal. And we believe that we will have enough excess in the executory contract cure reserve that was established with proceeds from the sale to American which originally was $128 million. There's approximately 65 or so million dollars remaining in that cure reserve. We believe we'll have enough excess there to satisfy the claims of those objecting clearinghouse participants.

THE COURT: So, you're going to say they're not administrative claims --

MR. SELIGMAN: They're really -- yes.

THE COURT: And you have the money?

MR. SELIGMAN: Yes.

THE COURT: Okay.

MR. SELIGMAN: So, with that, Your Honor, the --

THE COURT: And you were just going to talk about MB&A?

MR. SELIGMAN: Yes. Because there's a conflict issue with MB&A and we have been able -- MB&A raised a number of objections. And we've been able to resolve several of those objections, but there are a number of big objections remaining.

Because that would be an issue that would have to go in front of Judge Walrath, what we'd like to do -- what we'd like to request of Your Honor is that when we get a continued confirmation hearing date, we'd like, if Your Honor could, assign to Judge Walrath, put an order in place, so to speak, at least putting the confirmation issues, the confirmation objection of MB&A at issue in front of Judge Walrath just so that we'll be able to follow-up with Judge Walrath's chambers in order to get a hearing date or time that is right after the confirmation hearing in front of Your Honor or a day later or something to that effect so that assuming that we're able to be -- we're successful here, we can then go right over to Judge Walrath's chambers and have her resolve issues. But we'd like to at least get that set a little bit ahead of time because in front of Judge Walrath it may very well be an evidentiary hearing or significant arguments and there's probably some papers that need to be filed in front of her.

THE COURT: Okay.

MR. SELIGMAN: Other than that, Your Honor, that's about -- that's all we have to report.

THE COURT: Okay. I must warn you, you're going to have difficulty scheduling something in four weeks. I just don't have any time. I'm assuming if the matter's contested, we'll need at least a half a day.

MR. SELIGMAN: That's probably correct.

THE COURT: And I don't have a half a day in May nor in June, but I'll let you try to work that out with my scheduling clerk.

MR. SELIGMAN: That's what I was going to suggest, Your Honor, because maybe as -- in the next day or two if things progress, we'll decide that the issues are getting more and more narrowed and we would need more like a two- to three-hour hearing or something like that. It probably doesn't make much difference, but maybe we can work something out with your scheduling clerk.

THE COURT: Okay. Is that it?

MR. SELIGMAN: That's it, Your Honor.

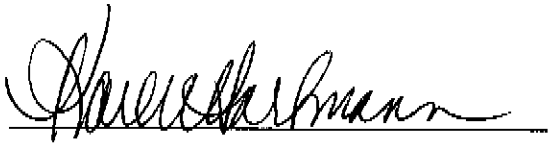
THE COURT: Does anyone else wish to be heard? Okay, stand in recess.

MR. SELIGMAN: Thank you, Your Honor.

(Conclusion)

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

I, Karen Hartmann, certify that the foregoing is a correct transcript to the best of my ability, from the electronic sound recording of the proceedings in the above-entitled matter.



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