

**Hearing Date and Time: September 20, 2012 at 10:00 a.m. (prevailing Eastern time)**

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UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

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In re	:
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AMR CORPORATION, <u>et al.</u> ,	:
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Debtors.	:
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**OBJECTION OF THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS TO THE JOINT MOTION OF MANUFACTURERS AND TRADERS TRUST COMPANY, AS INDENTURE TRUSTEE, AND MARATHON ASSET MANAGEMENT, LP, PURSUANT TO 11 U.S.C. § 105(A) AND RULES 3007, 7016 AND 9014 OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE, FOR ENTRY OF AN ORDER ESTABLISHING PRELIMINARY ADJUDICATION PROCEDURES FOR SPECIAL FACILITIES REVENUE BOND GUARANTY CLAIMS**

**("UCC'S OBJECTION TO M&T AND MARATHON'S BOND GUARANTY PROCEDURES MOTION")**

The Official Committee of Unsecured Creditors (the "Committee") hereby submits this objection (the "Objection") to the Joint Motion of Manufacturers and Traders Trust Company ("M&T"), as Indenture Trustee, and Marathon Asset Management, LP ("Marathon," and together with M&T, the "Movants"), Pursuant to 11 U.S.C. § 105(a) and Rules 3007, 7016 and 9014 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), for Entry of an Order Establishing Preliminary Adjudication Procedures for Special Facilities Revenue Bond Guaranty Claims (Docket No. 4275) (the "Motion"). In support of its Objection, the Committee respectfully represents as follows:

### Objection

1. M&T and Marathon seek to unilaterally impose upon the Debtors and the Committee an extra-statutory process (the "Proposed Procedures") to govern aspects of the claims administration process as it relates to the guaranty claims asserted by the Movants (the "Guaranty Claims"). The legal basis cited by the Movants for the imposition of the Proposed Procedures is inapposite. There is also no practical reason or legal requirement dictating that the Guaranty Claims be resolved before other claims filed against the Debtors. The Motion should be denied.

#### I. No Legal Basis Exists for Imposing the Proposed Procedures

2. The Bankruptcy Code reserves for each debtor in possession the right to administer its bankruptcy estate. 11 U.S.C. § 1107. A statutory creditors' committee may consult with the debtor concerning the administration of the case. Id. § 1103(c)(1). In furtherance of its authority to administer its bankruptcy estate, a debtor may, "if a purpose would be served" by doing so, "examine proofs of claims and object to the allowance of any claim that is improper." 11 U.S.C. § 704(a)(5) (made applicable by 11 U.S.C. § 1106(a)(1)). See also In re Rothstein

Rosenfeldt Adler, P.A., 464 B.R. 465, 469 (Bankr. S.D. Fla. 2012) (debtors have "broad discretion in determining . . . how best to administer the estates to which they owe a fiduciary duty [and] such broad grant of discretion is applicable to the decision of whether and when to pursue litigation on behalf of an estate").

3. The claims administration process is subject to certain limitations. For example, Bankruptcy Rule 3007 provides certain procedural requirements for the filing of a claims objection. See Fed. R. Bankr. P. 3007(a) (objections must be in "writing and filed"); see also Fed. R. Bankr. P. 3007(c) and (d) (omnibus objections permitted, subject to specified requirements). Conspicuously absent from the Bankruptcy Code and the Bankruptcy Rules, however, is any provision specifying the period within which a debtor or a committee must object to claims. In re McLean Indus., Inc., 196 B.R. 670, 676 (S.D.N.Y. 1996); see also In re Mid Atl. Fund, Inc., 60 B.R. 604, 610 (Bankr. S.D.N.Y. 1986) ("There is no stated time limit on when the trustee may object to a claim."); In re Kolstad, 928 F.2d 171, 174 (5th Cir. 1991) ("There is no bar date or deadline for filing objections.").

4. Nonetheless, the Movants seek to impose upon the Debtors and the Committee a deadline for the filing of claims objections with respect to the Guaranty Claims. The Movants point to section 105(a) of the Bankruptcy Code and Bankruptcy Rules 3007, 7016 and 9014 to justify this unprecedented relief.<sup>1</sup> Section 105(a) provides equitable powers that can

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<sup>1</sup> The Movants state that "[p]rocedures similarly designed for coordinated and efficient adjudication of claims have been ordered in other cases in this District where they have been warranted by the size and complexity of a particular case." (Motion ¶ 27.) While it is true that courts in this District have approved procedures designed to assist with the efficient administration of claims, the Movants fail to note that each example they cite involved claims adjudication procedures *proposed by the debtor*. See, e.g., In re Mesa Air Group, Inc., No. 10-10018 (MG) (Bankr. S.D.N.Y. July 7, 2010); In re Motors Liquidation Corp., No. 09-50026 (REG) (Bankr. S.D.N.Y. Oct. 6, 2009); In re Lehman Bros. Holdings, Inc., No. 08-13555 (JMP) (Bankr. S.D.N.Y. Mar. 31, 2010); In re Delta Air Lines, Inc., et al., No. 05-17923 (ASH) (Bankr. S.D.N.Y. Oct. 12, 2006) (joint motion of debtors and official committee of unsecured creditors). The Movants cite no precedent for imposing a claims objection deadline upon the Debtors and the Committee without their consent.

only be exercised in carrying out the other provisions of the Bankruptcy Code. New England Dairies, Inc. v. Dairy Mart Convenience Stores, Inc. (In re Dairy Mart Convenience Stores, Inc.), 351 F.3d 86, 92 (2d Cir. 2003). Section 105(a) does not, standing alone, afford any substantive rights and cannot form the statutory basis for imposing the Proposed Procedures. Id. ("Section 105(a) does not operate on a stand-alone basis.").

5. Nor do Bankruptcy Rules 3007, 7016 and 9014 justify imposition of the Proposed Procedures. The Court has broad authority to direct the application of additional rules within Part VII of the Bankruptcy Rules, including Bankruptcy Rule 7016, to contested matters. Fed. R. Bankr. P. 9014(c). But neither the Debtors nor the Committee has yet objected to the Guaranty Claims. Accordingly, no contested matter currently exists and the Movants cannot rely on the cited Bankruptcy Rules to support the relief requested. The Movants desire for early certainty regarding the Guaranty Claims—for claims trading and other purposes—is simply not a central concern when establishing thoughtful claims administration procedures. There is no legal basis for the relief requested in the Motion.

II. The Proposed Procedures Would Impose an Unwarranted Distraction for the Debtors and the Committee

6. Even if there were no fatal legal flaw in the Movants' request, requiring the Debtors and the Committee to attend to the parochial concerns of a small subset of creditors at this time is inappropriate. As the Committee and its advisors have stated to the Court on previous occasions, one of the Committee's principal objectives is to work with the Debtors to achieve a feasible and expeditious transformation of American Airlines, Inc. and its related businesses that preserves, and hopefully enhances, business enterprise value.

7. To this end, in addition to its numerous other duties, the Committee has been focused on matters of central relevance to the Debtors' long-term viability and creditor

recoveries, including resolution of the Debtors' defined benefit pension plans, negotiations with the Debtors' labor organizations, the refinement of the Debtors' business plan, and the evaluation of potential strategic alternatives. The successful resolution of these issues is both essential to maximizing the value of the Debtors' estates and a prerequisite for developing any viable plan of reorganization which will allow the Debtors to emerge from bankruptcy. The Committee and the Debtors should not be forced to turn their attention from this critical work.

8. While the Committee recognizes the need for the efficient administration of claims and remains mindful of the Court's request to consider, at the proper time, how best to present common issues to the Court to enable their coordinated and efficient administration, for the reasons stated above, the Motion should be denied.

WHEREFORE, the Committee respectfully requests that the Court enter  
an order denying the Motion and such other and further relief as may be just and proper.

Dated: New York, New York  
September 13, 2012

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