HEARING DATE AND TIME: September 20, 2012 at 10:00 a m. (Eastern Time)
OBJECTION DEADLINE: September 13, 2012 at 4:00 p m. (Eastern Time)

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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re	:	**Chapter 11 Case No.**
	:	
AMR CORPORATION, *et al.*,	:	**11-15463 (SHL)**
	:	
Debtors.	:	**(Jointly Administered)**
	:	

NOTICE OF HEARING ON 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

PLEASE TAKE NOTICE that a hearing on the annexed motion, dated August 31, 2012 (the "Motion") of Manufacturers and Traders Trust Company, as indenture trustee, ("**M&T**" or the "**Indenture Trustee**") and Marathon Asset Management, LP ("**Marathon**"), on behalf of one or

more managed funds and/or accounts, will be held before the Honorable Sean H. Lane, United States Bankruptcy Judge, in Room 701 of the United States Bankruptcy Court for the Southern District of New York (the "**Bankruptcy Court**"), One Bowling Green, New York, New York 10004, on **September 20, 2012 at 10:00 a.m. (Eastern Time)**, or as soon thereafter as counsel may be heard.

PLEASE TAKE FURTHER NOTICE that any responses or objections to the Motion (the "**Objections**") must be in writing, shall conform to the Federal Rules of Bankruptcy Procedure and the Local Bankruptcy Rules for the Southern District of New York, and shall be filed with the Bankruptcy Court (a) by registered users of the Bankruptcy Court's case filing system, electronically in accordance with General Order M-399 (which can be found at http://nysb.uscourts.gov) and (b) by all other parties in interest, on a 3.5 inch disk, in text-searchable portable document format (PDF) (with a hard copy delivered directly to Chambers), in accordance with the customary practices of the Bankruptcy Court and General Order M-399, to the extent applicable, and served in accordance with General Order M-399 and on (i) the attorneys for the Debtors, Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, New York 10153 (Attn: Stephen Karotkin, Esq.), (ii) the Debtors, c/o AMR Corporation, 4333 Amon Carter Boulevard, MD 5675, Fort Worth, Texas 76155 (Attn: Kathryn Koorenny, Esq.), (iii) the Office of the United States Trustee for the Southern District of New York, 33 Whitehall Street, 21st Floor, New York, New York 10004 (Attn: Brian Masumoto, Esq.), (iv) the attorneys for the Official Committee of Unsecured Creditors, Skadden, Arps, Slate, Meagher & Flom LLP, 155 North Wacker Drive, Chicago, Illinois 60606 (Attn: John Wm. Butler, Jr., Esq.) and Four Times Square, New York, New York 10036 (Attn: Jay M. Goffman, Esq.), (v) the attorneys for the Section 1114 Committee of Retired Employees, Jenner & Block LLP, 353 North Clark Street, Chicago, Illinois 60654 (Attn: Catherine L. Steege, Esq. and Charles B. Sklarsky, Esq.) and 919 Third Avenue, 37th Floor, New

York, New York 10022 (Attn: Marc B. Hankin, Esq.), (vi) the attorneys for M&T, Drinker Biddle & Reath LLP, 1177 Avenue of the Americas, 41st Floor, New York, New York 10036 (Attn: Kristin K. Going, Esq.), (vii) the attorneys for Marathon, Wilmer Cutler Pickering Hale and Dorr LLP, 7 World Trade Center, New York, New York 10007 (Attn: Philip D. Anker, Esq. and George W. Shuster, Jr., Esq.), and (viii) all entities that requested notice in these chapter 11 cases under Fed. R. Bankr. P. 2002 so as to be received no later than **September 13, 2012 at 4:00 p.m. (Eastern Time)** (the "**Objection Deadline**").

PLEASE TAKE FURTHER NOTICE that if no Objections are timely filed and served, the Indenture Trustee and Marathon may, on or after the Objection Deadline, submit to the Bankruptcy Court an order substantially in the form of the proposed order annexed to the Motion, which order may be entered with no further notice or opportunity to be heard.

Dated: New York, New York
August 31, 2012

DRINKER BIDDLE & REATH LLP

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HEARING DATE AND TIME: September 20, 2012 at 10:00 a m. (Eastern Time)
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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re	:	**Chapter 11 Case No.**
	:	
AMR CORPORATION, *et al.*,	:	**11-15463 (SHL)**
	:	
Debtors.	:	**(Jointly Administered)**
	:	

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

Manufacturers and Traders Trust Company, as indenture trustee, ("M&T" or the "Indenture Trustee") and (Marathon Asset Management, LP ("Marathon"), on behalf of one or more managed funds and/or accounts, by and through their undersigned counsel, submit this joint motion (the

"Motion") for an order, pursuant to Section 105(a) of title 11 of the United States Code (the "Bankruptcy Code") and Rules 3007, 7016, and 9014 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), approving and implementing preliminary procedures for the adjudication of certain guaranty-related claims filed in connection with special facilities revenue bond transactions involving the above-captioned debtors and debtors-in-possession (the "Debtors").

PRELIMINARY STATEMENT

1. M&T is the indenture trustee for nine series of special facilities revenue bonds that were issued to finance the Debtors' acquisition, construction, and improvement of airport facilities located in Dallas/Fort Worth, Texas.[1] One or more funds and/or accounts managed by Marathon hold three series of these bonds.[2] Claims in respect of facilities agreements and guaranties related to these nine series of bonds have been asserted by the Indenture Trustee, for the benefit of Marathon and other holders of these bonds.[3]

2. Based on informal discussions with the Debtors and the Official Committee of Unsecured Creditors in the above-captioned cases (the "Committee"), Marathon and the Indenture Trustee understand that the Debtors, and possibly the Committee, plan to object to at least some of the guaranty-related claims that have been asserted by the Indenture Trustee on the basis that they are "duplicative" of the facilities agreement-related claims that have also been asserted by the Indenture Trustee. The Indenture Trustee and Marathon believe that other indenture trustees and/or bondholders (together with the Indenture Trustee and Marathon, the "Affected Claimants") have also asserted, or have filed claims that would form a basis for, facilities agreement claims and guaranty claims in respect of other bonds issued in connection with airport facilities used by the

[1] These nine series of bonds are identified on Schedule 1 to this Motion.

[2] These three series of bonds are identified as Nos. 2, 3, and 8 on Schedule 1.

[3] The proofs of claim filed by the Indenture Trustee related to the nine series of bonds are identified on Schedule 2 to this Motion.

Debtors in cities other than those in Dallas/Fort Worth. The Indenture Trustee and Marathon believe that the Debtors, and possibly the Committee, are likely to object to at least some of those other guaranty claims on the same "duplicative claims" basis as they are expected to object to the guaranty-related claims asserted by the Indenture Trustee.

3. In the aggregate, the guaranty claims asserted by the Indenture Trustee and other Affected Claimants could increase or decrease the face amount of unsecured claims against the Debtors by hundreds of millions of dollars. Accordingly, the adjudication of these claims is a necessary, substantial step in resolving these chapter 11 proceedings and, therefore, the Indenture Trustee and Marathon believe that these claims should be addressed in a timely and efficient manner.

4. To be more specific, because of the structure of the transactions giving rise to the bond-related claims in respect of airport facilities in Dallas/Fort Worth and elsewhere, the Affected Claimants assert that they have both (a) primary claims against American Airlines, Inc. for amounts due under the applicable facilities agreements or similar documents, and (b) guaranty claims against AMR Corporation and/or American Airlines, Inc. for amounts due under the bonds issued in connection with the applicable airport facilities. The Affected Claimants assert that they are entitled to payment of whatever general unsecured claim distributions are made by the Debtors in respect of both sets of claims, subject only to the limitation that the Affected Claimants are entitled to just a single satisfaction of such amount. To the contrary, the Debtors are expected to argue, at least in the instance where the primary claim and the guaranty claim are both asserted against American Airlines, Inc., that the Affected Claimants are limited to one set of claims or the other, and may not collect on both sets of claims—even if the underlying contracts clearly establish a basis for each set of claims and even if collection on both sets of claims will result in less than a single satisfaction of the aggregate amount owed to the Affected Claimants in connection with the related bonds.

5. This issue, of whether claimants can enforce against a debtor a bond-related structure from which multiple claims arise (the "Guaranty Claims Issue"), was the subject of lengthy litigation in the *Delta Air Lines* case, including an appeal to the U.S. Court of Appeals for the Second Circuit on which the claimants prevailed and were able to recover on both sets of asserted claims.[4] The Indenture Trustee and Marathon anticipate that the Guaranty Claims Issue could also result in lengthy litigation in this case, which is why Indenture Trustee and Marathon are proactively seeking to establish a coordinated and efficient approach to address the Guaranty Claims Issue.

6. Marathon first raised the Guaranty Claims Issue with the Debtors on May 3, 2012, through its *Objection to Sixth Omnibus Motion of Debtors' for Entry of Order Pursuant to 11 U.S.C. § 365(a) Authorizing Rejection of Certain Executory Contracts* [Docket No. 2583] (the "Marathon Objection").[5] The Debtors did not provide any reply to the Guaranty Claims Issue in their response to the Marathon Objection. Marathon provided additional detail on this issue to the Debtors through a letter dated May 18, 2012.[6] Other than a general statement through counsel that the Debtors disagreed with Marathon, the Debtors provided no substantive reply. Then, in response to Your Honor's suggestion at the hearing held on May 24, 2012 that the parties coordinate to establish procedures to resolve the Guaranty Claims Issue in a coordinated and efficient manner, the Indenture Trustee and Marathon approached the Debtors and the Committee by email on June 15, 2012, with a suggestion for initial procedures to adjudicate the Guaranty Claims Issue.[7] On June 25, 2012, the Debtors replied that they felt that establishing a process for the Guaranty Claims Issue was premature. The Debtors offered no specific counterproposal for any other claims process.

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4 *In re Delta Air Lines, Inc.*, 608 F.3d 139 (2d Cir. 2010).

5 Marathon Objection ¶¶ 3, 6.

6 A copy of the May 18, 2012 letter sent to the Debtors is attached to this Motion as Exhibit A.

7 A copy of the June 15, 2012 email sent to the Debtors and the Committee is attached to this Motion as Exhibit B.

Marathon initially delayed the filing of this Motion to determine whether the Debtors' position would change with the passage of time. However, Marathon's counsel has confirmed within the past several days that the Debtors' position on this issue has not changed.

7. Therefore, despite the attempts of the Indenture Trustee and Marathon to join the substance and process of this issue with the Debtors and the Committee, the Debtors and the Committee have declined to engage with the Indenture Trustee or Marathon on either the substance or the process.

8. Now, the July 16, 2012 bar date in these cases has passed over a month ago, the potential claims raising the Guaranty Claims Issue have been asserted, and the time is ripe for starting to address that issue. Accordingly, the Indenture Trustee and Marathon have now filed this Motion, requesting that the Court implement initial procedures to begin a coordinated and efficient process for adjudicating the Guaranty Claims Issue.

9. To be clear, the Indenture Trustee and Marathon do not seek through this Motion any relief that would itself resolve any merits of the Guaranty Claims Issue or any other issue that may arise in connection with any claims filed against the Debtors. Instead, the purpose of this Motion is simply to establish initial procedures that will permit a coordinated and efficient resolution of the complicated Guaranty Claims Issue. The Indenture Trustee and Marathon, recognizing that certain aspects of the process for adjudicating these claims are difficult to anticipate in advance, do not even seek to establish the entire process for adjudicating the Guaranty Claims Issue—they seek only initial procedures that will start the adjudication moving ahead in an organized way.

BACKGROUND

10. On November 29, 2011, AMR Corporation ("AMR"), American Airlines, Inc. ("American Airlines"), AMR Eagle Holding Corporation, and certain of their subsidiaries, each filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code in this Court.

11. The Debtors continue to operate their respective businesses and manage their properties as debtors in possession pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code. On December 5, 2011, the United States Trustee for the Southern District of New York appointed the Committee pursuant to Section 1102 of the Bankruptcy Code.

12. By order, dated May 4, 2012 [Docket No. 2609] (the "Bar Date Order"), the Court established July 16, 2012 (the "General Bar Date") as the deadline to file most proofs of claim.[8]

JURISDICTION

13. This Court has subject matter jurisdiction to consider this matter pursuant to 28 U.S.C. § 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).

SPECIAL FACILITIES REVENUE BOND CLAIMS

14. Over a period of years, in order to fund the costs of the acquisition, construction, equipment, and improvement by American Airlines of certain airport facilities located at the Dallas/Fort Worth International Airport and the Alliance Airport, the Dallas/Fort Worth International Airport Facility Improvement Corporation ("DFWFIC") and the Alliance Airport Authority ("AAA"), respectively, issued certain special facilities revenue bonds (the "Bonds"). Each series of Bonds was issued pursuant to an indenture (the "Trust Indentures") under which M&T is the Indenture Trustee or successor Indenture Trustee.

15. In conjunction with the execution of each Trust Indenture, the issuer of the bonds—either DFWFIC or AAA—entered into separate facilities agreements with American Airlines

[8] Pursuant to the Bar Date Order, the deadline for filing claims arising out of the Debtors' rejection of executory contracts is the later of (i) the General Bar Date and (ii) such date as the Court may fix.

relating to each series of Bonds issued by DFWFIC or AAA, respectively (the "Facilities Agreements"). Pursuant to each Facilities Agreement, American Airlines agreed to make payments sufficient to provide for the payment of the principal of, redemption premium, if any, and interest on the Bonds when due. Each Trust Indenture assigned to the Indenture Trustee, for the benefit of bondholders including Marathon, the issuer's right to receive amounts due under each of the Facilities Agreement, providing the Indenture Trustee with a primary claim for such amounts.

16. AMR, and, in some cases, American Airlines, entered into guaranties (each, a "Guaranty," and collectively, "Guaranties") in connection with each series of Bonds. Pursuant to each Guaranty, AMR and/or American Airlines unconditionally guaranteed directly to the Indenture Trustee, for the benefit of bondholders including Marathon, the payment of the obligations on the Bonds to the Indenture Trustee. The Indenture Trustee and Marathon assert that the Guaranties constitute independent obligations of AMR and/or American Airlines to the Indenture Trustee, separate from and in addition to American Airlines' primary obligations under the Facilities Agreements.

17. On February 23, 2012, the Debtors filed the *Sixth Omnibus Motion of the Debtors for Entry of an Order Pursuant to 11 U.S.C. § 365(a) Authorizing Rejection of Certain Executory Contracts* [Docket No. 1338] (the "Rejection Motion"). Pursuant to the Rejection Motion, the Debtors sought to reject Facilities Agreements relating to the Bonds, to the extent such agreements were executory.

18. The Indenture Trustee and Marathon each filed objections to the Rejection Motion on May 3, 2012. On or about May 21, 2012, the Debtors and the Indenture Trustee agreed to resolve the Indenture Trustee's objection by entering into a *Stipulation and Order Concerning Sixth Omnibus Motion of Debtors for Entry of an Order Pursuant to 11 U.S.C. § 365(a) Authorizing*

Rejection of Certain Executory Contracts (the "Stipulation and Order"), which Stipulation and Order was approved and entered by the Court on May 31, 2012 [Docket No. 3038].

19. Pursuant to the Stipulation and Order, the Debtors agreed with the Indenture Trustee to withdraw the Rejection Motion and treat the Facilities Agreements as non-executory contracts.[9] The Debtors also agreed that the Indenture Trustee shall have allowed, general unsecured claims, under Section 502 of the Bankruptcy Code, against American Airlines in respect of each Facilities Agreement in the respective amounts set forth in the Stipulation and Order (the "DFW/Alliance Allowed Bond Claim Amounts"). The Guaranty Claims Issue was expressly carved out of the Stipulation and Order, with the parties reserving their rights on that issue.[10]

20. On or before the General Bar Date, the Indenture Trustee (on behalf of bondholders including Marathon) filed two types of claims related to each series of relevant Bonds: (1) claims for the DFW/Alliance Allowed Bond Claim Amounts (each, a "DFW/Alliance Facilities Agreement Claim"), and (2) claims for the amount due by AMR and/or American Airlines under each Guaranty (each, a "DFW/Alliance Guaranty Claim"). The amount of the first set of DFW/Alliance Facilities Agreement Claims has already been allowed pursuant to the Stipulation and Order, and issues with respect to the second set of DFW/Alliance Guaranty Claims—essentially, the Guaranty Claims Issue—were expressly reserved in the Stipulation. Therefore, the remaining impediment to resolving all of the Indenture Trustee's claims will be the resolution of the Guaranty Claims Issue. As noted above, the Indenture Trustee and Marathon believe that other claimants, beyond the Indenture Trustee and Marathon (and any other holder of bonds related to the Dallas/Fort Worth airports) have asserted claims that also implicate the Guaranty Claims Issue, and the Debtors and

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[9] The Marathon Objection was rendered moot by the Debtors' withdrawal of the Rejection Motion.

[10] Stipulation and Order ¶ 6 ("Nothing in this Stipulation and Order shall be deemed to allow or disallow any claims made by M&T in respect of any . . . guaranty relating to the Bonds (the "Guaranty Claims"). The Parties hereby expressly agree that all rights are reserved with respect to any . . . Guaranty Claims that have been or hereafter may be asserted against any Debtor.").

the Affected Claimants will benefit from, and the resources of the Court and any other court reviewing this Court's decision, will be best employed through, a coordinated and efficient process for resolving that common issue for all such claims.

21. Accordingly, by this Motion, the Indenture Trustee and Marathon propose initial procedures to bring onto a single track all claims that implicate the Guaranty Claims Issue, so that this issue may be adjudicated and resolved in a coordinated and efficient manner. The Indenture Trustee and Marathon are asking the Court to establish these procedures now, as the General Bar Date has passed, so that the preliminary step of bringing these claims onto a single track can occur before any scattered or duplicative efforts to resolve the Guaranty Claims Issue may take place. Even under the proposed procedures, it will be months, and perhaps longer, before a final adjudication of the Guaranty Claims Issue will take place. But, by starting now, the process for getting to that final adjudication will be as orderly as possible.

PROPOSED INITIAL PROCEDURES

22. The Indenture Trustee and Marathon have developed the proposed initial procedures below as a means of governing the objection and reconciliation process with respect to the DFW/Alliance Guaranty Claims and other, similar claims. The Indenture Trustee and Marathon believe that the establishment of such uniform procedures will greatly expedite and enhance the claims objections and reconciliation process, thereby benefitting the Debtors, their estates, and their creditors. Accordingly, the Indenture Trustee and Marathon request approval of the following procedures (the "Procedures") governing the DFW/Alliance Guaranty Claims:

(a) ***First***, by October 19, 2012, the Debtors and the Committee shall file any objections to the DFW/Alliance Guaranty Claims and to any other claims based on guaranties that the Debtors and/or the Committee believe raise similar legal or factual issues as the DFW/Alliance Guaranty Claims, and that the Debtors and/or the Committee

propose should be adjudicated in tandem with the DFW/Alliance Guaranty claims.[11, 12]

(b) ***Second***, by October 26, 2012, any other claimant who believes its claim(s) raise similar legal or factual issues to those raised in the objections of the Debtors and/or the Committee, but whose claim(s) have not been identified by the Debtors or the Committee as part of the objection process, shall file a statement explaining why its claims should be considered in tandem with the objections to the DFW/Alliance Guaranty claims. Likewise, any claimant whose claim(s) have been identified by the Debtors and/or the Committee as raising similar legal or factual issues to those raised in the objection of the Debtors/and or the Committee to the DFW/Alliance Guaranty Claims, but who does not believe its claim(s) raise similar legal or factual issues, may file a statement explaining why its claim(s) should not be considered in tandem with the objections to the DFW/Alliance Guaranty Claims.

(c) ***Third***, by November 2, 2012 the Debtors, the Committee, and all claimants who have been identified or have self-identified to participate in the process shall agree on what claims will be considered and shall propose a scheduling order to the Court addressing: (1) the extent to which discovery (if any) is required; (2) the extent to which joint briefs can or should be submitted; (3) a briefing schedule; and (4) any other matter that will contribute to the fair and efficient resolution of the issues raised in the objections filed by the Debtors and/or the Committee.

(d) ***Fourth***, by November 2, 2012, if the parties identified in paragraph 22(c) of these Procedures above have not been able to agree on what claims are included in the objection process or on a proposed scheduling order, then the Court will hold a scheduling conference on or about November 12-16, 2012, or as soon thereafter as the Court's schedule permits, to determine the claims to be included and/or the schedule.

GROUNDS FOR APPROVAL

23. The Procedures provide a framework for the organized presentation of the issues to the Court in a manner that permits issues common to the DFW/Alliance Guaranty Claims and other guaranty claims, with an aggregate value potentially in the hundreds of millions of dollars, to be adjudicated efficiently. They also provide a mechanism through which parties who are interested in similar issues may participate in the adjudication of those issues in a coordinated fashion. The

[11] No objection may be asserted to the DFW/Alliance Allowed Bond Claim Amounts, which have been allowed pursuant to the Stipulation and Order.

[12] To the extent that the Procedures result in the Debtors filing omnibus objections outside the bounds of Bankruptcy Rule 3007, this Motion requests that the Court approve the Debtors' ability to do so.

Procedures will streamline the claims-resolution process, preventing unnecessary duplication of efforts by the claimants, the Debtors, and their estates and preserving judicial resources.

24. Rule 3007, 7016 and 9014 of the Bankruptcy Rules and Section 105(a) of the Bankruptcy Code authorize the procedures. Rule 3007 permits a party in interest to object to a claim. Such objection creates a contested matter under Rule 9014. Rule 9014 gives the Court the discretion to apply certain rules that ordinarily apply to adversary proceedings, including Rule 7016. Rule 7016, in turn, gives this Court very broad authority to specify mechanisms for the litigation of disputed issues, including those set forth in these Procedures.

25. Section 105(a) of the Bankruptcy Code permits the Court to "issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of [the Bankruptcy Code.]" 11 U.S.C. § 105(a). Under Section 105(a) of the Bankruptcy Code, the Court has expansive equitable powers to fashion an order or decree to further the purposes of the Bankruptcy Code. *See, e.g., Chinichian v. Compolongo (In re Chinichian),* 784 F.2d 1440, 1443 (9th Cir. 1986) ("Section 105 sets out the power of the bankruptcy court to fashion orders as necessary pursuant to the purposes of the Bankruptcy Code.") (citations omitted); *Comm. of Equity Sec. Holders v. Lionel Corp. (In re Lionel Corp.),* 722 F.2d 1063, 1069 (2d Cir. 1983) ("[A] bankruptcy judge must have substantial freedom to tailor his orders to meet differing circumstances.")

26. The Procedures are consistent with other provisions of the Bankruptcy Code governing claimants' rights, and are designed to protect the due-process rights of creditors while at the same time allowing for the efficient administration of the DFW/Alliance Guaranty Claims.

27. Procedures 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.[13] Indeed, these types of procedures have been established in other airline cases presenting similar challenges to those present in this case. In *Delta*, claims procedures were established to deal with leveraged lease claims raising issues similar to those raised by the special revenue finance bond claims at issue here. *See* Order Establishing Procedures for Certain Objections to Leveraged Lease Claims, *In re Delta Air Lines, Inc., et al.*, Case No. 05-17923 (ASH) (Bankr. S.D.N.Y. Oct. 12, 2006). The debtors in *Delta* highlighted the importance of establishing claims procedures by pointing to the disjointed nature of the claims objection process in the *United Airlines* case, where no coordinated process was initially put in place. Here, given that the General Bar Date has recently occurred, these chapter 11 proceedings are at the threshold of creating the same disorganization as was created in *United Airlines*. The Indenture Trustee and Marathon are attempting to proactively prevent that type of disorganization from occurring.

MEMORANDUM OF LAW

28. The Indenture Trustee and Marathon respectfully submit that the discussion of the relevant issues of law set forth above satisfies the requirements of Local Rule 9013-1(b) and that no separate memorandum of law in support of the Motion is required.

NOTICE AND NO PRIOR REQUEST

29. Notice of this Motion has been provided to parties in interest in accordance with the Amended Order Pursuant to 11 U.S.C. §§ 105(a) and (d) and Bankruptcy Rules 1015(c), 2002(m), and 9007 Implementing Certain Notice and Case Management Procedures, dated August 8, 2012 [Docket No. 3952]. In view of the facts and circumstances, such notice is sufficient and no other or further notice need be provided.

[13] *See, e.g., In re Mesa Air Group, Inc., et al.*, Case No. 10-10018 (MG) (Bankr. S.D.N.Y. Jul. 7, 2010); *In re Lehman Brothers Holdings, Inc., et al.*, Case No. 08-13555 (JMP) (Bankr. S.D.N.Y. Mar. 31, 2010); *In re Motors Liquidation Company, et al.*, (*f/k/a General Motors Corp., et al.)*, Case No. 09-50026 (REG) (Bankr. S.D.N.Y. Oct. 6, 2009).

30. No previous motion for the relief requested herein has been made to this or any other court.

WHEREFORE, M&T and Marathon respectfully request that the Court enter an order granting the relief requested herein and such other and further relief as may be just and proper.

Dated: New York, New York
August 31, 2012

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SCHEDULE 1

1. Alliance Airport Authority, Inc., Special Facilities Revenue Bonds, Series 1991 (American Airlines, Inc. Project), issued in an original principal amount of $125,745,000 (the "AAA Series 1991 Bonds").

2. Dallas-Fort Worth International Airport Facility Improvement Corporation American Airlines, Inc. Revenue Bonds, Series 1995, issued in an original principal amount of $126,240,000 (the "Series 1995 Bonds").

3. Dallas-Fort Worth International Airport Facility Improvement Corporation American Airlines, Inc. Revenue Bonds, Series 1999, issued in an original principal amount of $209,090,000 (the "Series 1999 Bonds").

4. Dallas-Fort Worth International Airport Facility Improvement Corporation American Airlines, Inc. Revenue Refunding Bonds, Series 2000A, issued in an original principal amount of $200,000,000 (the "Series 2000A Bonds")[14].

5. Dallas-Fort Worth International Airport Facility Improvement Corporation American Airlines, Inc. Revenue Refunding Bonds, Series 2000B, issued in an original principal amount of $104,715,000 (the "Series 2000B Bonds")[15].

6. Dallas-Fort Worth International Airport Facility Improvement Corporation American Airlines, Inc. Revenue Refunding Bonds, Series 2000C were issued in an original principal amount of $100,000,000 (the "Series 2000C Bonds," and together with the Series 2000A and 2000B Bonds, the "Series 2000 Bonds")[16].

7. Dallas-Fort Worth International Airport Facility Improvement Corporation American Airlines, Inc. Revenue Bonds, Series 2002, issued in an original principal amount of $15,110,000 (the "Series 2002 Bonds")[17].

8. Dallas-Fort Worth International Airport Facility Improvement Corporation American Airlines, Inc. Revenue Refunding Bonds, Series 2007, issued in an original principal amount of $131,735,000 (the "Series 2007 Bonds").

9. Alliance Airport Authority, Inc., Special Facilities Revenue Refunding Bonds, Series 2007 (American Airlines, Inc. Project), issued in an original principal amount of $357,130,000 (the "AAA Series 2007 Bonds").

[14] The Debtors are the holder of approximately $30 million (approximately 15%) of the Series 2000A Bonds.
[15] The Debtors are the holder of the full amount (100%) of the Series 2000B Bonds.
[16] The Debtors are the holder of the full amount (100%) of the Series 2000C Bonds.
[17] The Debtors are the holder of approximately $8 million (approximately 55%) of the Series 2002 Bonds.

SCHEDULE 2

	Bonds	Facilities Agreement Claim No.	Facilities Agreement Claim Amount	Guaranty Claim No.	Guaranty Claim Amount
	AAA Series 1991 Bonds	8161	$51,249,115.00	8363	$51,239,115.00
	Series 1995 Bonds	8160	$126,839,120.00	8364	$126,829,120.00
	Series 1999 Bonds	7671	$200,158,276.00	7295	$200,148,276.00
	Series 2000A Bonds	8207	$199,199,866.00	8122	$199,189,866.00
	Series 2000B Bonds	8329	$103,736,934.00	10924	$103,726,934.00
	Series 2000C Bonds	8136	$100,021,507.00	8545	$100,011,507.00
	Series 2002 Bonds	8208	$15,177,712.00	8312 (AMR) 8381 (AA)	$15,177,712.00 $15,177,712.00
	Series 2007 Bonds	8138	$132,298,533.00	8306 (AA) 8137 (AMR)	$132,298,533.00 $132,298,533.00
	AAA Series 2007 Bonds	8457	$366,771,333.00	8159 (AA) 8532 (AMR)	$366,771,333.00 $366,771,333.00
Totals:			$1,295,452,396.00		$1,809,639,974.00

EXHIBIT A

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May 18, 2012

VIA EMAIL

Alfredo R. Perez, Esq.
Weil, Gotshal & Manges LLP
700 Louisiana, Suite 1600
Houston, TX 77002-2755
Alfredo.Perez@weil.com

Re: ***In re AMR Corp, et al.*****, Case No. 11-15643 (SHL)**
Dallas-Fort Worth International Airport Facilities Agreements & Guaranty Agreements

Dear Alfredo:

We represent Marathon Asset Management, LP ("Marathon") in connection with its role as manager of one or more managed funds and/or accounts that hold special facilities revenue bonds (the "Bonds") issued by Dallas-Fort Worth International Airport Facility Improvement Corporation (the "DFWFIC")[1] and related to American Airlines, Inc. ("American Airlines"), one of the debtors in the above-captioned chapter 11 cases (the "Debtors"). We write in respect of issues arising out of the Sixth Omnibus Motion of Debtors for Entry of an Order Pursuant to 11 U.S.C. § 365(a) Authorizing Rejection of Certain Executory Contracts (the "Rejection Motion") and the objections thereto that have been filed by Marathon (the "Marathon Objection") and Manufacturers and Traders Trust Company ("M&T"), as indenture trustee (the "Indenture Trustee") for holders of the Bonds (the "M&T Objection," and together with the Marathon Objection, the "Objections").[2]

Pursuant to the Rejection Motion, the Debtors seek authorization to reject certain Facilities Agreements (the "Facilities Agreements") relating to the Bonds to the extent those agreements are executory, which the Debtors assert they are not. Through a draft Stipulation and Order concerning the Rejection Motion sent to us on May 16, 2012 (the "Draft Stipulation"), you have proposed a possible resolution to the Rejection Motion and the Objections. The Draft Stipulation suggests, among other things, that the Debtors, the Indenture Trustee, DFWIC, and Marathon might agree as follows:

---

[1] One or more funds and/or accounts managed by Marathon holds Bonds issued under three of the relevant Indentures: (1) DFWFIC American Airlines, Inc. Revenue Bonds, Series 1995, (2) DFWFIC American Airlines, Inc. Revenue Bonds, Series 1999, and (3) DFWFIC American Airlines, Inc. Revenue Bonds, Series 2007.

[2] Information contained in this letter is confidential and provided for settlement purposes only, is the subject of settlement discussions with respect to disputed issues, and is therefore protected by Federal Rule of Evidence 408. Nothing in this letter constitutes any admission or waiver by Marathon or by any other person or entity. This letter does not purport to address all of the claims, arguments, or defenses Marathon may raise in the Debtors' chapter 11 cases or in any other proceeding with respect to the Bonds, and nothing in this letter shall limit the ability of Marathon or any other person or entity to raise any such additional claims, arguments, or defenses in the future.

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- that the Facilities Agreements are not executory contracts and that none of the Facilities Agreements is integrated with any other agreement to which a Debtor is a party relating to the Dallas-Fort Worth International Airport ("DFW"),

- that the Indenture Trustee will have allowed, general unsecured claims in respect of the Bonds,

- that such allowed general unsecured claims will not be construed as a rejection or termination of, or a modification to, any agreement pursuant to which the Debtors use, lease or possess premises or equipment at DFW,

- that nothing in the Draft Stipulation will be deemed to allow or disallow any claims with respect certain guaranties of obligations in respect of the Bonds (the "Guaranty Agreements"), and

- that the Indenture Trustee, Marathon, and the Debtors do not have any recourse to the City of Dallas, the City of Fort Worth, the DFW Board, or DFWIC, their property or revenues for repayment of the Bonds, and that such property or revenues do not serve as security for the Bonds.

We continue to hope that we will be able to resolve the Objections consensually. However, Marathon has two major oppositions to the Draft Stipulation. First, Marathon cannot agree to a mischaracterization of the Facilities Agreements as failing to establish the Debtors' rights to use the facilities at DFW, which facilities were the basis for, and serve as security for, the Bonds. Second, even if Marathon were inclined, as a matter of compromise, to reach a settlement on this first point, Marathon would require, as part of such settlement, express allowance of all of the independent claims of Marathon and other holders of the Bonds (through the Indenture Trustee) for the full amounts owing in respect of (a) each Facilities Agreement that is the subject of the Rejection Motion, and (b) each Guaranty Agreement related to a series of Bonds for which the Debtors have sought to reject a Facilities Agreement under the Rejection Motion. It is this second point on which we focus in this letter.

In the transactions at issue, AMR Corporation ("AMR") and American Airlines entered into Guaranty Agreements with respect to the obligations on the Bonds. It is Marathon's position—and indeed, it is the clearly correct legal conclusion—that each such Guaranty Agreement, whether entered into by American Airlines or AMR, gives rise to a claim that is separate and independent from, and in addition to, the claims against American Airlines under the Facilities Agreements.

Marathon believes that these multiple claims, subject only to a single satisfaction of all aggregate amounts due in relation to the Bonds, will be the correct and inevitable result of the claims allowance process in the Debtors' bankruptcy proceedings, based on the terms of the transaction documents and

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applicable law. In fact, Marathon believes this will be the case whether or not the Rejection Motion is approved. However, Marathon also believes that a consensual resolution of the Rejection Motion and these multiple claims will avoid a protracted and costly claims allowance process. To that end, we are writing to substantiate Marathon's position on this issue and to propose that the Draft Stipulation be revised to accomplish this goal.

Because we know that you are familiar with the terms of the documents that comprise the transactions at issue here, we will not recite all the details of those documents. Suffice it to say that the basic structure of these transactions consists of, among other things, the following: (1) an Indenture between DFWIC and the Indenture Trustee, under which DFWFIC issues the Bonds; (2) one or more Guaranty Agreements under which American Airlines or AMR guarantees payment of the obligations on the Bonds to the Indenture Trustee for the benefit of the holders of the Bonds; and (3) a Facilities Agreement between American Airlines and DFWFIC, the payment rights under which are assigned to the Indenture Trustee.

Where the relevant Guaranty Agreement is issued by AMR, we would expect the Debtors not to dispute that this structure gives rise to two claims of the Indenture Trustee on behalf of Marathon and other holders of the relevant Bonds: one claim against American Airlines under the Facilities Agreement, and a second claim against AMR under the Guaranty Agreement. While Marathon would agree that these claims may not result in more than a 100% payment of all obligations in respect of the relevant Bonds, the two claims can most certainly result in a greater distribution to the Indenture Trustee than if the Indenture Trustee had only one claim under either the Facilities Agreement or the Guaranty Agreement.

There can be no different result when the relevant Guaranty Agreement is issued by American Airlines—again, the Indenture Trustee will have two claims, one against American Airlines under the Facilities Agreement, and the other against American Airlines under the Guaranty Agreement. Again, Marathon would agree that there may be only a single 100% satisfaction of all obligations in respect of the relevant Bonds, but the Indenture Trustee will have two claims to work towards that single satisfaction.[3]

This result is not one that is novel or contrived—it is clearly what was intended in structuring the transactions related to the Bonds. And it is ratified by the recent decision of the U.S. Court of Appeals for the Second Circuit in *In re Delta Air Lines, Inc.*, 608 F.3d 139 (2d Cir. 2010) ("*Delta*"). In *Delta*, the Second Circuit allowed two claims brought on account of a single loss by the indenture trustee and owner participants in a leveraged lease transaction with Delta. The court emphasized that the multiple claims were inherent in the transaction structure agreed to by Delta and from which Delta derived a tax benefit. *Delta* confirms that multiple claims arising out of the same airline industry tax-incentivized

[3] This same logic extends to instances in which both AMR and American Airlines issued Guaranty Agreements in respect of the same Facilities Agreement. There, three claims would be available to work towards a single satisfaction.

structure must be allowed under circumstances like those present here. Indeed, we are aware of no case that holds otherwise.

A closer analysis of the *Delta* decision underlines why this must be the case:

1. The structure of the transactions related to the Bonds reflects the expectations and intentions of the parties that Marathon have multiple claims against the Debtors.

In reaching its decision to allow multiple claims in *Delta*, the Second Circuit focused on the expectations and intentions of the parties in drafting and negotiating the contracts giving rise to the claims. The court emphasized that the "overlap" in claims to which Delta objected had been agreed to by Delta and relied upon by the claimants in negotiating the agreements. *Delta*, 608 F.3d at 149 ("If Delta has contracted to pay duplicative claims, then it must pay both-it cannot repudiate its duty to party A under contract A by asserting that it contracted to pay the same amount to party B under contract B.").

Like the structure of the leveraged lease transaction at issue in *Delta*, the documents giving rise to the multiple claims in respect of each series of Bonds—claims under both the Facilities Agreements and the Guaranty Agreements—were freely negotiated among American Airlines (and in some cases AMR), DFWFIC, and the Indenture Trustee. American Airlines intentionally undertook separate obligations under each of the agreements, and DFWFIC, Indenture Trustee, and purchasers of the Bonds relied upon the Debtors' obligations under these agreements in making their decisions to issue, or to invest in, the Bonds. Indeed, American Airlines intended that they do so. The Guaranty Agreement in respect of the DFW 1999 Bonds (defined below) expressly provides that it was entered into "in order to provide an inducement to the purchase of the Bonds by all who shall at any time become the registered owner of the Bonds." Accordingly, American Airlines and AMR may not now be permitted, through the Rejection Motion or otherwise, to avoid their multiple, independent obligations under the Facilities Agreements and Guaranty Agreements.

2. Marathon's multiple claims arise under different agreements between different parties.

In determining that multiple claims would be allowed against Delta, the Second Circuit concluded that the claims were independent of each other. Specifically, the multiple claims arose "under agreements (1) between different parties, (2) addressing different events, and (3) providing for different remedies." *Delta*, 608 F.3d at 149.

The same is true with respect to the claims against the Debtors here. First, the transaction documents giving rise to these claims were entered into between different parties. The Facilities Agreements were entered into between DFWFIC and American Airlines. The Guaranty Agreements were entered into between the Indenture Trustee, on the one hand, and American Airlines or AMR, on the other hand.

The fact that the payment rights under the Facilities Agreements were assigned by DFWFIC to the Indenture Trustee is of no moment in this analysis—the claims originated with separate and distinct claimants.

Second, the claims under the Facilities Agreements and the Guaranty Agreements address different events. While the failure of American Airlines to pay under a Facilities Agreement is likely to have the indirect effect of causing the relevant Bonds to go unpaid, which in turn is likely to result in enforcement of the corresponding Guaranty Agreement against American Airlines or AMR, the claim under the Guaranty Agreement is triggered by nonpayment of the Bonds issued by DFWFIC, not directly by a default under the Facilities Agreement.

Third, the claims under the Facilities Agreements and the Guaranty Agreements provide for different remedies. This is quite clear from the language of the agreements themselves—the remedies under each agreement are expressly nonexclusive of the remedies under any other agreement. *See, e.g.*, Section 5.3 of the Facilities Agreement for the DFW 1999 Bonds (defined below), Section 4.2 of the corresponding Guaranty Agreement, and Section V.F. of the corresponding Indenture. This is common sense—in any transaction with a primary obligation and a guaranty obligation, the separate claims may be subject to distinct remedies and, for that matter, distinct potential defenses.

All of this is borne out by the details of the documents evidencing the transactions related to the Bonds. For example, the transaction documents for the DFWIC/American Airlines, Inc., Series 1999 Bonds (the "DFW 1999 Bonds")[4] clearly establish the separateness and independence of American Airlines' obligations under each agreement. Section 2.1 of the DFW 1999 Guaranty Agreement provides that American Airlines has an unconditional obligation to pay the full amount due on the DFW 1999 Bonds when that amount becomes due and payable. American Airlines' obligation in this regard is independent of, and not contingent upon its failure to perform, its obligations under any other agreement, including the DFW 1999 Facilities Agreement. Similarly, Section 2.2 of the DFW 1999 Guaranty Agreement makes clear the absolute and unconditional nature of American Airlines' obligations. Section 2.2 provides that American Airlines' obligations under the DFW 1999 Guaranty Agreement to pay the full amount due under the DFW 1999 Bonds when due shall only terminate upon full payment of all amounts due under the DFW 1999 Bonds and shall not be affected by the occurrence of any other events, including the termination of any agreement, the assignment of the DFW 1999 Guaranty Agreement, or the taking of any actions referred to in any of the other agreements that comprise the DFW 1999 Bonds structure (*e.g.*, the DFW 1999 Facilities Agreement or the DFW 1999 Indenture). Likewise, Section 2.6 of the DFW 1999 Facilities Agreement provides that American Airlines' obligations under that agreement are absolute and unconditional. While this language

[4] Marathon focuses in this letter on the DFW 1999 Bonds because the DFW 1999 Bonds give rise to substantial claims of Marathon. However, Marathon has other claims as well, and these arguments apply similarly to those claims. Moreover, the transaction documents relating to the DFW 1999 Bonds are representative of the transaction documents relating to the Debtors' other Bond transactions.

emphasizes that the claims in respect of the Bonds may be subject to a single-satisfaction limitation, it also emphasizes that a bondholder will have multiple claims toward that single satisfaction.

3. The structure of the transactions related to the Bonds benefitted the Debtor.

In evaluating the transaction at issue in the *Delta* case, the court focused on the fact that the structure was created to benefit Delta by allowing it to monetize certain tax benefits. Specifically, the structure allowed Delta to reduce the interest cost of acquiring airplanes and the cost to Delta of using those airplanes. *Delta*, 608 F.3d at 142.

Like the transaction at issue in *Delta*, the structure of these transactions was designed to confer benefits on American Airlines. Specifically, the structure was designed to provide the funds required to finance the cost of the acquisition, construction, equipping, and improving of certain airline facilities at Dallas/Fort Worth International Airport at a reduced cost to American Airlines, by providing tax-exempt interest to the holders of the Bonds and thereby reducing the gross interest rate expected by those holders and payable by American Airlines. The Guaranty Agreements expressly provide that the purpose of the transaction structure, including the issuance of the Guaranty Agreements, was to benefit American Airlines by achieving interest cost and other savings. *See, e.g.,* DFW 1999 Guaranty at 2, Recitals ("[T]he Company . . . is willing to enter into this Guaranty in order to enhance the marketability of the Bonds and thereby achieve interest cost and other savings for the Company . . ."). The Indentures also reference the Guaranty Agreements and state that they were entered into by American Airlines to "induce the Authority to issue the Bonds." *See, e.g.,* DFW 1999 Indenture, Recitals ¶ 7. This supports the contractual expectations that American Airlines have independent obligations under both the Facilities Agreements and the Guaranty Agreements.

4. The bar against double recovery does not prevent Marathon's assertion of multiple claims.

To be clear, Marathon is not expecting anything more than its rightful claims under the documents related to the Bonds and under applicable law, and Marathon would agree not to seek more than a single satisfaction of its claims. Therefore, no bar against a "double recovery" applies.

But even if there were the prospect of a double recovery as a result of Marathon's assertion of multiple claims against the Debtors, the court in *Delta* noted that the general prohibition on double recovery for one loss is limited to tort and does not apply to contract claims. *Delta*, 608 F.3d at 150 ("The general legal principle that precludes double liability for a single injury or loss has never been applied by any court to void separate *contract* obligations owed to different parties under different contracts.") (emphasis in original). Marathon's claims against the Debtors in respect of the Bonds sound in contract (the Facilities Agreements and the Guaranty Agreements), not in tort. Accordingly, applying the court's holding in *Delta*, any general prohibition on double recovery would not bar any claims in respect of the Bonds.

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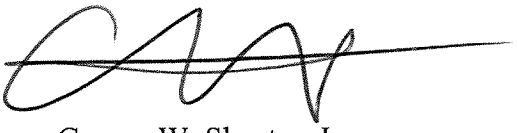
In any event, the Second Circuit in *Delta* held that although it was theoretically possible that double recovery could occur, it was as a practical matter highly improbable. *Delta*, 608 F.3d at 146. Accordingly, the court concluded that the purpose of the bar on double recovery was satisfied because allowing multiple claims would not, as a practical matter, result in more than a 100% recovery for the claimants' losses. The same is true here. While Marathon would be thrilled if the distribution on general unsecured claims by American Airlines were to reach a 100% threshold, we would expect the Debtors to agree that this seems unlikely. Accordingly, double recovery is neither a legal bar on the multiple claims that exist in respect of each series of Bonds, nor a practical hurdle that must be overcome.

Conclusion

We hope that this explanation is helpful to the Debtors in understanding Marathon's perspective on the claims related to the Bonds. We would be happy to discuss these matters with you further, and welcome the possibility that those discussions would lead to revisions to the Draft Stipulation that would make the document acceptable to Marathon. Please let us know if there is a good time for us to commence that discussion in earnest.

Sincerely,



George W. Shuster, Jr.

cc: Kristin K. Going, Esq. (counsel to the Indenture Trustee)
Selinda A. Melnik, Esq. (counsel to DFWFIC)

EXHIBIT B

From: Shuster, George
Sent: Friday, June 15, 2012 12:06 PM
To: 'alfredo.perez@weil.com'; elisa.lemmer@weil.com; felicia.perlman@skadden.com
Cc: Anker, Phil; Loveland, Benjamin; Going, Kristin K.; Erbeck, Marita
Subject: American Airlines DFW & Alliance Guarantee Claims

Alfredo, Elisa, and Felicia:

As you know, M&T Bank, as Indenture Trustee for nine series of bonds related to American Airlines' facilities at the DFW and Alliance airports, and Marathon Asset Management, as a significant holder of certain of those bonds, anticipate filing claims against American Airlines and its parent both in respect of the "facilities agreements" entered into by American Airlines in connection with those bonds, and in respect of the guarantees executed by American Airlines and AMR in connection with those bonds. M&T and Marathon also anticipate that the Debtors and the Committee may object to certain aspects of some of the guarantee claims, and that certain of the grounds for those objections will share common elements of fact and law both across the various series of bonds for DFW and Alliance, and across other series of bonds related to other airports where American Airlines operates.

M&T and Marathon believe that these common elements of fact and law, combined with the substantial amounts at stake to the claimholders and the Debtors' estates in resolving these claims, strongly encourage an efficient and coordinated process for reaching that resolution. Indeed, at the May 24 ominbus hearing, Judge Lane indicated this same desire for an efficient and coordinated process for resolving these claims. To that end, M&T and Marathon are proposing that the parties agree to a process for resolving these claims along the following lines:

--claims are filed by the July 16 bar date

--the Debtors and the Committee have until August 13 to file their objections to the relevant guarantee claims on the DFW/Alliance bonds and to any other guarantee claims that the Debtors/the Committee want to be considered in tandem with the DFW/Alliance bond claims

--other bond claimants who believe their claims raise similar legal or factual issues to those in the objections of the Debtors/the Committee, but not identified by the Debtors or the Committee as part of the objection process, have until August 20 to file a statement of why their claims should be considered in tandem with the DFW/Alliance bond claims

--the Debtors, the Committee, and all claimants who have been identified or have self-identified for the process have until August 27 to agree on what claims will be considered in the process and to propose a scheduling order to Judge Lane for any discovery, consolidated briefing, etc.

--if the parties cannot agree on what claims are included or on a proposed scheduling order by August 27, the court will hold a scheduling conference on or about September 4-7 to determine the claims to be included and/or the schedule

M&T and Marathon believe it would be far preferable to reach agreement with the Debtors and the Committee on a procedure along these lines, or with any modifications that make sense to the parties. However, because this issue is of high importance to M&T and Marathon, and because the claims bar date is approaching soon, M&T and Marathon reserve the right to move the court to establish a procedure if one cannot be reached consensually in the short term.

If it makes the most sense to have a call or meeting to discuss this as a group, we are happy to arrange that. We look forward to hearing from you.

Thank you,

Kristin Going, counsel to M&T Bank
George Shuster, counsel to Marathon Asset Management

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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re	:	**Chapter 11 Case No.**
AMR CORPORATION, *et al.*,	:	**11-15463 (SHL)**
Debtors.	:	**(Jointly Administered)**

[PROPOSED] ORDER PURSUANT TO 11 U.S.C. § 105(a) AND RULES 3007, 7016, AND 9014 OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE ESTABLISHING PRELIMINARY ADJUDICATION PROCEDURES FOR SPECIAL FACILITIES REVENUE BOND GUARANTY CLAIMS

Upon the motion, dated August 31, 2012 (the "Motion"),[1] of Manufacturers and Traders Trust Company, as indenture trustee, and Marathon Asset Management, LP, on behalf of one or more managed funds and/or accounts, pursuant to Section 105(a) of the Bankruptcy Code and Bankruptcy Rules 3007, 7016, and 9014, for entry of an order establishing preliminary procedures for the adjudication of certain guaranty-related claims filed in connection with special facilities revenue bond transactions involving the Debtors, all as more fully described in the Motion; and the Court having jurisdiction to consider the Motion and the relief requested therein in accordance with 28 U.S.C. § 157 and 1334 and the Amended Standing Order of Reference M-431, dated January 31, 2012 (Preska, C.J.); and consideration of the Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1408; and due and proper notice of the Motion having been provided, and it appearing that no other or further notice need be provided; and a hearing having been held to consider the relief requested in the Motion; and the Court having found and determined that the relief sought in the Motion is in the best interests of

[1] Unless otherwise defined herein, capitalized terms used herein shall have the meanings ascribed thereto in the Motion.

the Debtors, their estates and creditors, and all parties in interest and that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefore, it is

ORDERED that the Motion is granted in all respects; and it is further

ORDERED that the following Procedures are established with respect to the DFW/Alliance Guaranty Claims and other claims that may be included by operation of the Procedures:

- ***First***, by October 19, 2012, the Debtors and the Committee shall file any objections to the DFW/Alliance Guaranty Claims and to any other claims based on guaranty agreements that the Debtors and/or the Committee believe raise similar legal or factual issues as the DFW/Alliance Guaranty Claims, and that the Debtors and/or the Committee propose should be adjudicated in tandem with the DFW/Alliance Guaranty claims.

- ***Second***, by October 26, 2012, any other claimant who believes its claim(s) raise similar legal or factual issues to those raised in the objections of the Debtors and/or the Committee, but whose claim(s) have not been identified by the Debtors or the Committee as part of the objection process, shall file a statement explaining why their claims should be considered in tandem with the objections to the DFW/Alliance Guaranty claims**.** Likewise, any claimant whose claim(s) have been identified by the Debtors and/or the Committee as raising similar legal or factual issues to those raised in the objection of the Debtors/and or the Committee to the DFW/Alliance Guaranty Claims, but who does not believe its claim(s) raise similar legal or factual issues, may file a statement explaining why its claim(s) should not be considered in tandem with the objections to the DFW/Alliance Guaranty Claims.

- ***Third***, by November 2, 2012 the Debtors, the Committee, and all claimants who have been identified or have self-identified to participate in the process shall agree on what claims will be considered and shall propose a scheduling order to the Court addressing: (1) the extent to which discovery (if any) is required; (2) the extent to which joint briefs can or should be submitted; (3) a briefing schedule; and (4) any other matter that will contribute to the fair and efficient resolution of the issues raised in the objections filed by the Debtors and/or the Committee.

- ***Fourth***, by November 2, 2012, if the parties identified in the immediately preceding paragraph of these Procedures above have not been able to agree on what claims are included in the objection process or on a proposed scheduling order, then the Court will hold a scheduling conference on or about November 12-

16, 2012, or as soon thereafter as the Court's schedule permits, to determine the claims to be included and/or the schedule.

ORDERED, that notwithstanding anything in this Order, the Debtors, the Committee, Marathon, or any of them, shall have the right to seek to modify the Procedures where appropriate; and it is further

ORDERED, that the procedures governing the allowance and disallowance of claims that are set forth in the Bankruptcy Code, the Bankruptcy Rules, and the Local Bankruptcy Rules for the Southern District of New York shall apply in these cases, except as modified by the Procedures or a subsequent order of the Court.

Dated: New York, New York
September , 2012

_____
United States Bankruptcy Judge