

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re	:	Chapter 11 Case No.
	:	
AMR CORPORATION, <i>et al.</i> ,	:	11-15463 (SHL)
	:	
Debtors.	:	(Jointly Administered)
	:	
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**ORDER ESTABLISHING MAXIMUM AMOUNT
OF DISPUTED CLAIMS TO BE UTILIZED FOR DETERMINING
DISPUTED CLAIMS RESERVE UNDER DEBTORS' SECOND
AMENDED JOINT CHAPTER 11 PLAN AND APPROVING CERTAIN
PROCEDURES IN CONNECTION WITH DISPUTED CLAIMS RESERVE**

Upon the Motion, dated July 1, 2013 (the “**Motion**”),¹ of AMR Corporation and its related debtors, as debtors and debtors in possession (collectively, the “**Debtors**”), pursuant to sections 105(a) and 502(c) of title 11 of the United States Code (the “**Bankruptcy Code**”), for entry of an order (a) establishing the maximum amount of Disputed Single-Dip General Unsecured Claims to be utilized for determining the Disputed Claims Reserve to be established pursuant to Section 7.3 of the Plan and (b) approving certain procedures (the “**Disputed Claims Reserve Procedures**”) in connection with the Disputed Claims Reserve; all as more fully described in the Motion; and upon the Declaration of D. Douglas Cotton in Support of the Debtors’ Motion for Entry of Order Establishing Maximum Amount of Disputed Claims to be Utilized for Determining Disputed Claims Reserve Under Debtors’ Second Amended Joint Chapter 11 Plan and Approving Certain Procedures in Connection with Disputed Claims

¹ Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to such terms in the Motion or the Debtors’ Second Amended Joint Chapter 11 Plan, dated June 5, 2013 (ECF No. 8590) (as it may be amended from time to time, the “**Plan**”)

Reserve; and a hearing having been held to consider the relief requested in the Motion (the “**Hearing**”); and upon the record of the Hearing and all of the proceedings before the Court;

THE COURT HEREBY MAKES THE FOLLOWING FINDINGS:²

A. **Jurisdiction.** This Court has 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, Acting C.J.). This is a core proceeding under 28 U.S.C. § 157(b).

B. **Statutory Predicates.** The statutory predicates for the relief sought in the Motion are sections 105(a) and 502(c) of the Bankruptcy Code and Bankruptcy Rule 3021.

C. **Notice.** Proper, timely, and sufficient notice of the Motion, including a reasonable opportunity to object to the Motion, the relief requested in the Motion, and the Hearing, has been provided, and no further notice need be provided.

D. **Best Interests.** The relief sought in the Motion is in the best interests of the Debtors, their estates, creditors, and all parties in interest, and the legal and factual bases set forth in the Motion establish just cause for the relief granted herein.

E. **Satisfaction of Plan Condition.** The aggregate amount of estimated Allowed Single-Dip General Unsecured Claims plus the amount of Disputed Single-Dip General Unsecured Claims utilized for determining the Disputed Claims Reserve to be established pursuant to Section 7.3 of the Plan does not exceed \$3.2 billion.

² Findings of fact shall be construed as conclusions of law, and conclusions of law shall be construed as findings of fact to the fullest extent of the law.

NOW, THEREFORE, IT IS:

ORDERED that the Motion is granted as provided herein; and it is further

ORDERED that the Disputed Claims Reserve to be established pursuant to Section 7.3(b) of the Plan shall, as of the Effective Date, be determined based on an aggregate amount of Disputed Single-Dip General Unsecured Claims in an amount not to exceed \$331 million; and it is further

ORDERED that the Disputed Claims Reserve Amount shall serve as the maximum limitation on the ultimate aggregate Allowed amount of the Disputed Single-Dip General Unsecured Claims; and it is further

ORDERED that the Disputed Claims Reserve Procedures as set forth in the Motion are hereby approved in all respects; and it is further

ORDERED that the Debtors and the Disbursing Agent, as applicable, are authorized to take any and all actions that are necessary or appropriate to establish and administer the Disputed Claims Reserve consistent with the terms of the Plan and this Order and to implement the Disputed Claims Reserve Procedures and the terms of this Order; and it is further

ORDERED that, without in any way limiting the foregoing, the following Disputed Claims Reserve Procedures are hereby approved in all respects:

(1) Estimation of Individual Claims

- (a) In the event that the Debtors or the Disbursing Agent, as applicable, determine that it is necessary or appropriate to establish a maximum specific reserve on account of any Disputed Claim (each an “**Individual Disputed Claim Reserve**”), the Debtors may file a Notice of Estimation of Disputed Claim for Disputed Claim Reserve Purposes (an “**Estimation Notice**”) with respect thereto, setting forth the asserted amount to be reserved for such Disputed

Claim(s) and a summary of the grounds supporting the asserted amount. The Debtors or the Disbursing Agent, as applicable, shall serve the Estimation Notice on the holder of the underlying Disputed Claim(s) (and, if prior to the Effective Date, the Creditors' Committee). An Estimation Notice also may be incorporated into an objection to a Disputed Claim.

- (b) The holder of such Disputed Claim(s) shall have fourteen (14) days after service of the Estimation Notice (the “**Estimation Objection Deadline**”) to object to the Estimation Notice by filing an objection, in writing, setting forth with specificity all objections to the proposed Individual Disputed Claim Reserve, together with any documentation supporting such objection (collectively, the “**Estimation Objection**”), and serve such Estimation Objection upon the Debtors or the Disbursing Agent, as applicable (and, if prior to the Effective Date, the Creditors' Committee), so that the Estimation Objection is received no later than 4:00 p.m. (Eastern Time) on the Estimation Objection Deadline.
- (c) If an Estimation Objection is timely filed and served by the Estimation Objection Deadline, the Debtors or the Disbursing Agent, as applicable, shall confer with the objecting party to attempt to resolve the Estimation Objection and determine the appropriate Individual Disputed Claim Reserve for the Disputed Claim, if any. In the absence of such agreement, either party may schedule a hearing on the Estimation Notice and the related Estimation Objection on not less than fourteen (14) days' notice. The Debtors or the Disbursing Agent, as applicable, shall be entitled to file a reply no later than three (3) business days prior to the hearing.
- (d) If no Estimation Objection is timely filed, the holder of the underlying Disputed Claim(s) at issue shall be deemed to have consented to the Individual Disputed Claim Reserve and shall be forever enjoined and barred from objecting to such Individual Disputed Claim Reserve. In such event, the Estimation Notice shall be deemed to constitute a final and nonappealable order of the Bankruptcy Court establishing the Individual Disputed Claim Reserve, and the Debtors or the Disbursing Agent, as applicable, shall not be required to reserve an amount in the Disputed Claims Reserve that is greater than the Individual Disputed Claim Reserve on account of the Disputed Claim(s) at issue.

(2) Disallowed Claims

- (a) *No Reserves for Disallowed Claims.* Other than with respect to the

amounts reserved in the Disputed Claims Reserve for Inadvertently Disallowed Claims as specified in the Motion, neither the Debtors nor the Disbursing Agent shall be required to maintain any reserves in the Disputed Claims Reserve on account of any Claim, or portion thereof, that has been disallowed or denied by an Order of the Bankruptcy Court (each a “**Disallowance Order**”), notwithstanding any appeal, motion for reconsideration, or similar motion or request for relief that may be filed by the holder of the Claim. A party seeking to appeal, obtain reconsideration of, or any similar relief with respect to a Disallowance Order may request (on appropriate notice and subject to the Debtors’ or Reorganized Debtors’ right to object) that the Court establish a reserve pending such appeal or reconsideration or other relief; *provided, however*, that the reserve for such Claim may not exceed any reserve that may be in place for such Claim prior to the entry of the Disallowance Order.

ORDERED that the relief sought in the Motion and granted in this Order, and the actions taken in connection with the creation of and the determination of the Disputed Claims Reserve, are acts to be taken in connection with the consummation of the Plan and as such will be entitled to the protections provided by the Plan and the order confirming the Plan; and it is further

ORDERED that this Order shall have no effect on the allowance or disallowance of any of the Disputed Claims, and all rights to dispute the validity, nature, amount or priority of any Disputed Claims are reserved and preserved; and it is further

ORDERED that the establishment of the Disputed Claims Reserve and the Disputed Claims Reserve Procedures is subject to confirmation of the Plan, and in the event the Plan is not confirmed, any relief granted in this Order shall be deemed void; and it is further

ORDERED that this Court shall retain jurisdiction to hear and determine all
matters arising from or related to this Order.

Dated: New York, New York
_____, 2013

United States Bankruptcy Judge