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Chapter 11 Debtor and Debtor-in-Possession*

**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF NEW JERSEY**

<p>In re:</p> <p>THE DIOCESE OF CAMDEN, NEW JERSEY,</p> <p>Debtor.</p>	<p>Chapter 11</p> <p>Case No. 20-21257 (JNP)</p>
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**SECOND AMENDED DISCLOSURE STATEMENT PURSUANT TO
SECTION 1125 OF THE BANKRUPTCY CODE DESCRIBING SECOND AMENDED
CHAPTER 11 PLAN PROPOSED BY THE DEBTOR-IN-POSSESSION**

PLEASE READ THIS SECOND AMENDED DISCLOSURE STATEMENT (THIS “DISCLOSURE STATEMENT”) CAREFULLY. THIS DISCLOSURE STATEMENT CONTAINS INFORMATION THAT MAY BEAR ON YOUR DECISION TO ACCEPT OR REJECT THE SECOND AMENDED PLAN OF REORGANIZATION (THE “PLAN”), WHICH IS ANNEXED HERETO AS EXHIBIT A, BEING PROPOSED BY THE DIOCESE OF CAMDEN, NEW JERSEY (THE “DIOCESE” OR THE “DEBTOR”).

THE DIOCESE BELIEVES THAT THIS PLAN IS IN THE BEST INTERESTS OF ALL CREDITORS AND THAT THE PLAN IS FAIR AND EQUITABLE. THE DIOCESE URGES THAT THE CREDITORS ENTITLED TO VOTE ACCEPT THE PLAN.

FOR REASONS MORE FULLY SET FORTH HEREIN AND IN THE TORT COMMITTEE STATEMENT (DEFINED BELOW), THE TORT COMMITTEE URGES CLASS 5 AND CLASS 6 CREDITORS TO REJECT THE PLAN BECAUSE THE TORT COMMITTEE ASSERTS THAT THE PLAN IS NOT IN THE BEST INTERESTS OF CLASS 5 AND CLASS 6 CREDITORS.

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DISCLAIMER

THIS DISCLOSURE STATEMENT FOR THE PLAN OF THE DIOCESE AND RELATED MATERIALS DELIVERED HERewith ARE BEING PROVIDED BY THE DEBTOR TO KNOWN HOLDERS OF CLAIMS PURSUANT TO SECTIONS 1125 AND 1126 OF THE CODE.¹

THERE HAS BEEN NO INDEPENDENT AUDIT OF THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT EXCEPT AS EXPRESSLY INDICATED HEREIN. THIS DISCLOSURE STATEMENT WAS COMPILED FROM INFORMATION OBTAINED FROM NUMEROUS SOURCES BELIEVED TO BE ACCURATE TO THE BEST OF THE DEBTOR'S KNOWLEDGE, INFORMATION AND BELIEF. NO GOVERNMENTAL AUTHORITY HAS PASSED ON, CONFIRMED OR DETERMINED THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT.

FOR THE CONVENIENCE OF HOLDERS OF CLAIMS, THIS DISCLOSURE STATEMENT SUMMARIZES THE TERMS OF THE PLAN. IF ANY INCONSISTENCY EXISTS BETWEEN THE PLAN AND THIS DISCLOSURE STATEMENT, THE TERMS OF THE PLAN ARE CONTROLLING. NOTHING STATED HEREIN SHALL BE DEEMED OR CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY BY ANY PARTY, NOR BE ADMISSIBLE IN ANY PROCEEDING INVOLVING THE DEBTOR OR ANY OTHER PARTY, OR BE DEEMED CONCLUSIVE EVIDENCE OF THE TAX OR OTHER LEGAL EFFECTS OF THE PLAN ON THE DEBTOR OR HOLDERS OF CLAIMS. CERTAIN STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT, BY NATURE, ARE FORWARD-LOOKING AND CONTAIN ESTIMATES AND ASSUMPTIONS. THERE CAN BE NO ASSURANCE THAT SUCH STATEMENTS WILL REFLECT ACTUAL OUTCOMES.

THE STATEMENTS CONTAINED HEREIN ARE MADE AS OF THE DATE HEREOF, UNLESS ANOTHER TIME IS SPECIFIED. THE DELIVERY OF THIS DISCLOSURE STATEMENT SHALL NOT BE DEEMED OR CONSTRUED TO CREATE ANY IMPLICATION THAT THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS CORRECT AT ANY TIME AFTER THE DATE HEREOF.

¹ Capitalized terms used but not defined herein shall have the same meaning ascribed to such term in the Plan.

**ARTICLE I.
INTRODUCTION**

On October 1, 2020 (the “Petition Date”), the Diocese commenced its bankruptcy case by filing a voluntary petition pursuant to Chapter 11 of Title 11 of the United States Code (the “Code”), 11 U.S.C. § 301, et seq. in the United States Bankruptcy Court for the District of New Jersey (the “Court”). Chapter 11 of the Code allows the Debtor to propose a plan of reorganization. Since the Petition Date, the Diocese has remained in possession of its assets and management of its mission as debtor-in-possession pursuant to Sections 1107 and 1108 of the Code.

The document you are reading is the Disclosure Statement for the Plan which is annexed hereto as **Exhibit A**. The Plan constitutes a Chapter 11 plan of reorganization. Except as set forth in the Plan or otherwise provided by order of the Court, Distributions will occur on the Effective Date or as soon thereafter as is practicable and at various intervals thereafter. In the Diocese’s opinion, the treatment of Claims under the Plan provides a greater recovery for Creditors than that which is likely to be achieved under other alternatives.

Accordingly, the Diocese believes that Confirmation of the Plan is in the best interests of all Creditors and, therefore, urges all Creditors to vote to accept the Plan.

The Tort Committee (defined herein) recommends that Class 5 and Class 6 Claimants, vote to reject the Plan, as set forth in the statement of the Tort Committee you have received simultaneously with this package (the “Tort Committee Statement”).

**ARTICLE II.
PURPOSE OF THIS DISCLOSURE STATEMENT**

This Disclosure Statement summarizes what is in the Plan and tells you certain information relating to the Plan and the process the Court follows in determining whether or not to confirm the Plan. This Disclosure Statement contains the following exhibits: (i) the Plan (**Exhibit A**); (ii) Financial Projections (**Exhibit B**); (iii) Order Approving the Disclosure Statement (**Exhibit C**); (iv) proposed Trust Agreement (**Exhibit D**); (v) the Debtor’s liquidation analysis (**Exhibit E**); the Trust Distribution Plan (**Exhibit F**); (vi) the list of Covered Parties (**Exhibit G**); (vii) the list of Released Parties (**Exhibit H**); (viii) the analysis performed by the Debtor’s financial advisers of the value of IVCP claims (**Exhibit I**); (ix) the Debtor’s analysis of the valuation of Tort Claims (**Exhibit J**); (x) the Insurance Settlement Agreement (**Exhibit K**); and (xi) a listing of the Settling Insurers (**Exhibit L**).

READ THIS DISCLOSURE STATEMENT CAREFULLY IF YOU WANT TO KNOW ABOUT:

- (1) WHO CAN VOTE OR OBJECT,
- (2) THE PROPOSED TREATMENT OF YOUR CLAIM (I.E., WHAT YOUR CLAIM WILL RECEIVE IF THE PLAN IS CONFIRMED), AND HOW THIS TREATMENT COMPARES TO WHAT YOU WOULD RECEIVE IN A CHAPTER 7 LIQUIDATION,

- (3) THE HISTORY OF THE DEBTOR AND SIGNIFICANT EVENTS DURING THE BANKRUPTCY,
- (4) WHAT THE COURT WILL CONSIDER WHEN DECIDING WHETHER TO CONFIRM THE PLAN,
- (5) THE EFFECT OF CONFIRMATION, AND
- (6) THE FEASIBILITY OF THE PLAN.

This Disclosure Statement cannot tell you everything about your rights. You should consider consulting your own lawyer to obtain more specific advice on how the Plan will affect you and what is the best course of action for you.

Be sure to read the Plan as well as the Disclosure Statement. If there are any inconsistencies between the Plan and the Disclosure Statement, the Plan provisions will govern.

Code Section 1125 requires a Disclosure Statement to contain “adequate information” concerning the Plan. The term “adequate information” is defined in Code Section 1125(a) as “information of a kind, and in sufficient detail,” about the Debtor and its operations “that would enable a hypothetical reasonable investor typical of holders of claims or interests” of the Debtor to make an informed judgment about accepting or rejecting the Plan. The Court determined that the information contained in this Disclosure Statement is adequate, and it has approved this document in accordance with Code Section 1125.

This Disclosure Statement is provided to each Creditor whose claim has been scheduled by the Debtor or who has filed a proof of claim against the Debtor as of the date of approval of this Disclosure Statement. Under the Code, your acceptance of the Plan may not be solicited unless you receive a copy of this Disclosure Statement prior to or concurrently with such solicitation.

ARTICLE III.

OVERVIEW OF PROPOSED TREATMENT OF ABUSE CLAIMS

The Plan classifies claims in various classes, and proposes specific treatment to be provided to all holders of claims in that class. This Section is meant only to provide a summary overview of the treatment of Tort Claims for purposes of convenience. Claimants should read the entirety of this Disclosure Statement, the Plan, and the Tort Committee Statement before making a determination on how to vote on the Plan.

The Plan classifies Tort Claims into two classes: Class 5 Tort Claims Other Than Unknown Tort Claims, and Class 6 Unknown Tort Claims. All Tort Claims are classified into Class 5 unless the claim was not filed by the Bar Date (defined herein) and is held by an individual meeting certain criteria such that the individual was not required to file a claim prior to the Bar Date.

The Plan proposes to create a Trust to fund payments for Class 5 and Class 6 Claims pursuant to the guidelines in the Plan and Trust Agreement annexed hereto as **Exhibit D**. The Trust will be funded by \$50,000,000 in cash from the Debtor and \$10,000,000 in cash from the

Parishes, Missions, and Schools. As of the date of this Disclosure Statement, 324 non-duplicative Class 5 Claims have been filed, which will share collectively in the funds contributed to the Trust.

The Debtor has reached a proposed settlement with its insurers whereby the insurers will contribute \$30,000,000 to the Trust for the benefit of holders of Class 5 and Class 6 Claims in exchange for a release of all liability under the Debtor's insurance policies. This settlement has not yet been approved by the Court, and the Tort Committee intends to object to the proposed settlement on the basis that this contribution is inadequate in light of, among other things, the claims held by the Debtor against its insurers and the value of claims in Class 5 and Class 6.

The Plan proposes that the Diocese, and all of its affiliated entities and persons including the Parishes, Missions, Schools, DOC Trust, and other foundations and entities, including employees and agents of each, other than accused perpetrators of abuse, and all insurers will be released, and all currently pending and future causes of action against these parties will be forever barred.

The Tort Committee asserts that treatment of Tort Claims under the Plan is inadequate, and that the Plan should not be approved. As set forth in the Tort Committee Statement, the Tort Committee recommends that Tort Claimants vote to reject the Plan.

ARTICLE IV. **CONFIRMATION PROCEDURES**

THE COURT HAS NOT YET CONFIRMED THE PLAN DESCRIBED IN THIS DISCLOSURE STATEMENT. IN OTHER WORDS, THE TERMS OF THE PLAN ARE NOT YET BINDING ON ANYONE. IF THE COURT LATER CONFIRMS THE PLAN, THEN THE PLAN WILL BE BINDING ON THE DEBTOR AND ON ALL HOLDERS OF CLAIMS IN THE CHAPTER 11 CASE.

If the Plan is confirmed, the Distributions provided for in the Plan will be in exchange for, and in complete satisfaction, discharge and release of, all Claims against the Debtor or any of its assets or properties, including any Claim accruing after the Petition Date and before the Effective Date, and of currently unknown Tort Claims. As of the Effective Date of the Plan, all Holders of Claims will be precluded from asserting any Claim against the Debtor, the Reorganized Debtor or their assets, or other interests in the Debtor or the Reorganized Debtor based on any transaction or other activity of any kind that occurred before the Effective Date except as otherwise provided in the Plan. In addition, the Plan provides for a release and channeling injunction based on a contribution to the Plan by the Covered Parties and the Settling Insurers.

A. Requirements for Confirmation

PERSONS OR ENTITIES CONCERNED WITH CONFIRMATION OF THIS PLAN SHOULD CONSULT WITH THEIR OWN ATTORNEYS BECAUSE THE LAW ON CONFIRMING A PLAN OF REORGANIZATION IS VERY COMPLEX. The following discussion is intended solely for the purpose of alerting readers about basic confirmation issues, which they may wish to consider, as well as certain deadlines for filing claims. The Debtor

CANNOT and DOES NOT represent that the discussion contained below is a complete summary of the law on this topic.

The Court will confirm the Plan only if it meets all the applicable requirements of section 1129 of the Code. Among the requirements for confirmation in this Chapter 11 Case are that the Plan (a) is accepted by Impaired Classes that have the right to vote; and (b) the Plan is feasible. The Court must also find that:

1. the Plan has classified Claims in a permissible manner;
2. the Plan complies with the technical requirements of Chapter 11 of the Code; and
3. the Plan has been proposed in good faith. See 11 U.S.C. §§ 1123, 1129.

B. Persons Potentially Eligible to Vote on the Plan

In determining acceptance of the Plan, votes will only be counted if submitted by a creditor whose claim is duly scheduled by the Debtor as undisputed, non-contingent and unliquidated, or who, prior to the hearing on confirmation of the Plan, has filed with the Court a proof of claim which has not been disallowed or suspended prior to computation of the votes on the Plan. The Ballot Form that you received does not constitute a proof of claim. If you are uncertain whether your claim has been correctly scheduled, you should check the Debtor's Schedules, which are on file at the office of the Clerk of the Court located at: United States Bankruptcy Court, Mitchell H. Cohen U.S. Courthouse, 400 Cooper Street, Fourth Floor, Camden, New Jersey 08101. The Clerk of the Court will not provide this information by telephone. The Debtor's Schedules are also available at <https://cases.primeclerk.com/camdendiocese>.

The following are the unclassified Claims: Fee Claims, Administrative Expense Claims, U.S. Trustee Fees, and Priority Tax Claims. Unclassified Claims are not Impaired by the Plan. Each Holder of an unclassified Claim is conclusively presumed to have accepted the Plan and, therefore, is not entitled to vote to accept or reject the Plan.

Classes 7A and 7B are fully Impaired and are not receiving any Distributions under the Plan and, pursuant to Section 1126(g) of the Code, are conclusively presumed to have rejected the Plan. Classes 2, 3, 4, 5, 6, and 8 are Impaired under the Plan and are entitled to vote on the Plan.

C. Solicitation and Confirmation Hearing Notice

All Holders of Claims in Classes 2, 3, 4, 5, 6, and 8 will receive (i) notice of the Confirmation Hearing (defined below) (the "Confirmation Hearing Notice") and (ii) a Ballot. All other creditors and parties in interest not entitled to vote on the Plan will receive a copy of the Confirmation Hearing Notice and a Notice of Non-Voting Status (as defined in the Disclosure Statement Order). Because of the significant cost of printing and mailing the Disclosure Statement and Plan, copies of the Disclosure Statement and Plan will be available in electronic format online at <https://cases.primeclerk.com/camdendiocese>.

The Debtor's counsel will provide a hard copy of the Disclosure Statement and Plan at the request of any party in interest. Parties may request a hard copy of the Disclosure Statement and Plan by contacting the Debtor's counsel, Richard D. Trenk or Robert S. Roglieri at 973-533-1000 or by emailing them at rroglieri@trenkisabel.law.

D. Plan Voting Procedures

The Ballots received by Holders of Impaired Claims do not constitute a proof of claim. If a creditor is uncertain whether its claim has been correctly scheduled, the creditor should check the Debtor's Schedules, which are on file at the Office of the Clerk of the Court located at: United States Bankruptcy Court for the District of New Jersey, U.S. Post Office and Courthouse, 401 Market Street, Camden, New Jersey 08101. The Clerk of the Court will not provide this information by telephone.

Alternatively, a creditor may obtain copies of the Debtor's schedules on the website of Prime Clerk, LLC, the Debtor's Claims and Noticing Agent (the "Claims and Noticing Agent"), at <https://cases.primeclerk.com/camdendiocese>.

a. Deadline For Voting For or Against the Plan

In order for a Ballot to count, the creditor must (1) complete, date and properly execute the Ballot and (2) properly deliver the Ballot to the Claims and Noticing Agent by either mail or overnight courier to the Claims and Noticing Agent at the following address:

The Diocese of Camden, New Jersey Ballot Processing Center
c/o Prime Clerk LLC
830 3rd Avenue, 9th Floor
New York, New York 10022

The Claims and Noticing Agent must **ACTUALLY RECEIVE** original ballots by mail or overnight delivery on or before _____, 2022 at 5:00 p.m. (prevailing Eastern Time) (the "Voting Deadline"). Except as otherwise provided, you may not change your vote once the Claims and Noticing Agent receives your ballot.

Any ballot that is timely received, that contains sufficient information to permit the identification of the claimant and that is cast as an acceptance or rejection of the Plan will be counted and will be deemed to be cast as an acceptance or rejection, as the case may be, of the Plan.

The following ballots will not be counted or considered for any purpose in determining whether the Plan has been accepted or rejected:

1. any ballot received after the Voting Deadline, unless the Debtor, with the consent of the Tort Committee, grants an extension of the Voting Deadline with respect to such ballot or the Court grants such an extension;

2. any ballot that is illegible or contains insufficient information to permit the identification of the claimant after the Debtor reaches out to the person or entity that submitted such Ballot for clarification;
3. any ballot cast by a person or entity that does not hold a Claim in a class that is entitled to vote to accept or reject the Plan;
4. any ballot cast for a Claim designated as unliquidated, contingent or disputed or as zero or unknown in amount and for which no Rule 3018(a) motion has been filed by the Rule 3018(a) motion deadline;
5. any ballot timely received that is cast in a manner that indicates neither acceptance nor rejection of the Plan or that indicates both acceptance and rejection of the Plan;
6. any unsigned ballot; or
7. any ballot that is electronically submitted.

Voting Questions. If there are any questions regarding the provisions or requirements for voting to accept the Plan or require assistance in completing a Ballot, creditors may contact counsel to the Debtor, Richard D. Trenk or Robert S. Roglieri at 973-533-1000 or by emailing them at rtrenk@trenkisabel.law or rroglieri@trenkisabel.law. Tort Claimants holding Claims classified in Class 5 or Class 6 may contact counsel for the Tort Committee, Jeffrey D. Prol or Brent Weisenberg at 973-597-2500 or by emailing them at jprol@lowenstein.com or bweisenberg@lowenstein.com.

b. Acceptance of Plan

The acceptance of the Plan by impaired creditors is important. In order for the Plan to be accepted by impaired creditors, a majority in number (*i.e.*, more than half) and two-thirds in dollar amount of the impaired classes that vote must vote to accept the Plan. The Debtor urges that creditors vote to accept the Plan. **CREDITORS ARE URGED TO COMPLETE, DATE, SIGN AND PROMPTLY RETURN THEIR BALLOT. PLEASE BE SURE TO COMPLETE THE BALLOT PROPERLY AND LEGIBLY IDENTIFY THE EXACT AMOUNT OF THE CREDITOR'S CLAIM AND THE NAME OF THE CREDITOR.**

E. Time and Place of the Confirmation Hearing

The hearing at which the Court will determine whether to confirm the Plan (the “Confirmation Hearing”) will take place on _____, 2022 at __:00 __.m. (prevailing Eastern Time) in Courtroom 4C of the United States Bankruptcy Court for the District of New Jersey, Mitchell H. Cohen U.S. Courthouse, 400 Cooper Street, 4th Floor, Camden, New Jersey, 08101. The Confirmation Hearing may be adjourned from time to time by the Court without further notice, except for an announcement of the adjourned date made at the hearing.

F. Procedure for Objections to Confirmation of the Plan

Any objection to confirmation of the Plan must (a) be in writing; (b) state the name and address of the objecting party and the amount of the claim of such party; and (c) state with particularity the grounds for the objection. Any objection must be filed with the Court and served so as to be actually received on or before _____, **2022 at 4:00 p.m. (prevailing Eastern Time)** (the “Objection Deadline”) by:

The Debtor and Reorganized Debtor

Richard D. Trenk, Esq.
Robert S. Roglieri, Esq.
Trenk Isabel P.C.
290 W. Mt. Pleasant Ave., Suite 2350
Livingston, New Jersey 07039
rtrenk@trenkisabel.law
rroglieri@trenkisabel.law

The Official Committee of Tort Claimant Creditors (the “Tort Committee”)

Jeffrey Prol, Esq.
Brent Weisenberg, Esq.
Lowenstein Sandler LLP
One Lowenstein Drive
Roseland, New Jersey 07068
JProl@lowenstein.com
BWeisenberg@lowenstein.com

The Official Committee of Trade Creditors (the “Trade Committee”)

Warren J. Martin Jr., Esq.
John S. Mairo, Esq.
Rachel A. Parisi, Esq.
Porzio, Bromberg & Newman, P.C.
100 Southgate Parkway, P.O. Box 1997
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The Office of the United States Trustee

Jeffrey M. Sponder, Esq.
Lauren Bielskie, Esq.
Office of the United States Trustee
for the District of New Jersey
One Newark Center
1085 Raymond Boulevard, Suite 2100
Newark, New Jersey 07102
Jeffrey.M.Sponder@usdoj.gov
Lauren.Bielskie@usdoj.gov

Unless an objection is timely filed and served, it may not be considered by the Court.

G. Identity of Person to Contact for More Information Regarding the Plan

Any interested party desiring further information about the Plan should contact Debtor's counsel, Richard D. Trenk, Esq. or Robert S. Roglieri, Esq. at Trenk Isabel P.C., 290 W. Mt. Pleasant Ave., Suite 2350, Livingston, New Jersey 07039, telephone (973) 533-1000 or by emailing rroglieri@trenkisabel.law. Class 5 or 6 Claimants may contact counsel to the Tort Committee, Jeffrey D. Prol, Esq. or Brent Weisenberg, Esq., at Lowenstein Sandler LLP, One Lowenstein Drive, Roseland, New Jersey 07068, telephone (973) 597-2500 or by emailing them at jprol@lowenstein.com or bweisenberg@lowenstein.com.

ARTICLE V.
BACKGROUND AND SUMMARY OF CHAPTER 11 CASE

A. Background of Debtor

a. The Roman Catholic Church

It is a matter of faith that the Catholic Church (the "Church")² was founded by Jesus Christ to carry out the mission to teach, sanctify and serve the needs of others. The Church is a worldwide community with over 1.2 billion members who adhere to a common creed. The *Code of Canon Law*³ establishes the internal organizational structure and procedures to be followed within the Church. Canon Law also identifies property rights and agency relationships among the various structures within the community of the Church.

While the Church is organized in a hierarchical structure, it is not a monolithic corporate entity. A variety of organizations operate in ecclesiastical harmony to carry out the mission of the Church. The Church is organized by territorial districts, the most common of which is a diocese.⁴ A diocese usually is defined by a geographic area and is created to serve the community of Latin Rite Catholics present in that area. The bishop of a diocese is appointed by the Pope.⁵

Within the territory of a diocese are separately constituted parishes.⁶ Like a diocese, a parish usually is defined territorially.⁷

² As used herein, "Church" means the universal Catholic Church (*i.e.*, the "one, holy, catholic and apostolic church" of Catholic belief, seated in the Vatican and headed by Pope Francis). For the avoidance of doubt, particular places of worship are referred to herein as "churches" without capitalization.

³ Canon Law comes from several sources of Church law that together establish the internal organizational structure and relationships among the entities and organizations that comprise the Church. Canon Law was originally codified in 1917, and revised by Pope John Paul II on January 25, 1983. See 1983 Code of Canon Law c. 1-1752 (1983) ("Canon Law").

⁴ Canon Law, c. 369.

⁵ Id. at c. 377 § 1.

⁶ Id. at c. 374.

⁷ Id. at c. 515.

“Juridic persons” are constituted pursuant to Canon Law or by a special grant of competent authority given through a decree, and they have perpetual existence unless extinguished in accordance with Canon Law. Juridic persons within the Church are either aggregates of persons or things, ordered for a purpose which is in keeping with the mission of the Church. Similar to the civil law concept of a corporation, a juridic person is distinct and separate from any natural person, and from other juridic persons. A public juridic person is a type of juridic person that fulfills its purposes in the name of the Church. Dioceses and parishes are separate public juridic persons in Canon Law.⁸

Each public juridic person owns all the property it has acquired. A juridic person possesses property in order to carry out its mission to teach, sanctify and serve. These purposes are broadly defined as the conduct of worship, the support of employees and ministers, and the works of the apostolate.⁹ Canon Law requires the ownership of property to be protected by valid means under secular civil law, and permits the formation of secular legal entities, like the Diocese and parishes located within its ecclesiastical boundaries to hold property and conduct the business of a public juridic person.

The administration of property is the responsibility of a public juridic person’s administrator,¹⁰ such as a diocesan bishop over the property of a diocese or a pastor over the property of a parish. The administrator of the property of a public juridic person must exercise this responsibility in concert with a Finance Council.¹¹ It is a fundamental canonical understanding that property owned by one public juridic person cannot be simultaneously owned or controlled by another.

The persons who populate a diocese or a parish are first of all those who are baptized and live in communion with the successor of St. Peter (the Pope, otherwise known as the Supreme Pontiff of the Roman Catholic Church) and those in communion with him.¹² Among the baptized are laypersons and clerics.¹³ Clerics are also called sacred ministers and perform many of the liturgical services within the worship of the Church. Clerics are deacons, priests or bishops. There are other individuals, called “Religious,” who contribute to the mission of the Church by joining together through common life and the profession of the evangelical counsels of poverty, chastity,

⁸ Juridic personality is articulated in 1983 Code in canons 113-123.

⁹ 1983 Code c. 1254. The works of the apostolate include activities associated with easing human suffering, promoting the general welfare, and advancing the social mission of the Church: feeding the hungry, clothing the poor, welcoming the stranger, caring for the sick and offering education - and any other activity that can promote the good of an individual and society.

¹⁰ *Id.* at c. 1279 § 1.

¹¹ *Id.* at c. 1280.

¹² *Id.* at c. 204.

¹³ *Id.* at c. 207 § 1.

and obedience.¹⁴ Religious may be either laypersons or clerics. If a Religious is not a cleric, that person is referred to as a sister or brother.

In the Diocese, there are 4 communities of Religious men, and 15 communities of Religious women.

b. The Diocese of Camden

Catholics who lived in New Jersey were initially the responsibility of the Diocese of Baltimore until 1808, when South New Jersey passed under the authority of the Diocese of Philadelphia. On August 15, 1830, Bishop Francis Kenrick dedicated the St. Mary's Church in Pleasant Mills, New Jersey. St. Mary's Church was the fourth Catholic church in New Jersey and the first in the area that makes up present-day Diocese of Camden. The first parish and school were established at St. Mary's, Gloucester in 1849 and 1859, respectively.

In 1853, the Diocese of Newark was created and South New Jersey passed under the authority of the Diocese of Newark. Catholics in the area remained under the care of the Diocese of Newark until 1881 when the Diocese of Trenton was established.

With continued growth in the Catholic population during the first decades of the twentieth century, Pope Pius XI on December 9, 1937 established the Diocese of Camden. This also marked the time that New Jersey, previously part of the ecclesiastical province of New York, became a separate province, with the metropolitan see at Newark, which established it as an archdiocese.

Under New Jersey Law, the Diocese is an incorporated legal entity formed pursuant to New Jersey's Religious Corporations Law, Title 16 of the *Revised Statutes of New Jersey*, with its own corporate structure and governance, separate from the Parishes, Missions and Schools, which are other Catholic entities within its territory (collectively, the "Other Catholic Entities"). The Other Catholic Entities are separate civil corporations, several of which predate the establishment of the Diocese, with their own employees and which maintain their own books, records, bank accounts and employee payrolls. These Other Catholic Entities are not debtors in this chapter 11 proceeding and have not otherwise sought relief under the Code. The Other Catholic Entities are seeking releases under the Plan and for claims against them to be channeled pursuant to the Channeling Injunction.

The juridic person of the Diocese of Camden was canonically established on December 9, 1937. Thereafter, on June 17, 1938, a corporation was formed to constitute the Diocese of Camden under N.J.S.A. 16:15-9 to 16:15-17. By statute, N.J.S.A. 16:15-10, the five trustees of the Diocese are the Bishop, the Vicar General and the Chancellor and two priests of the Diocese whom they elect.

The Diocese serves a 6-county region in Southern New Jersey and serves 486,368 Catholic individuals within its territory.

¹⁴ Id. at c. 207 § 2.

B. Other Catholic Entities Located Within the Territory of the Diocese

a. The Parishes

The secular legal embodiments of the Parishes extant within the Diocese are incorporated, and function pursuant to, separate provisions of the Religious Corporation Law that provide for the incorporation and operations of Dioceses. There are currently 62 parishes (each, a “Parish,” and collectively, the “Parishes”). The Parishes are incorporated under N.J.S.A. 16:15-1 to 16:15-8. Pursuant to N.J.S.A. 16:15-1 and 15-3, each of the Parish Corporations is governed by a Board of Trustees comprised of the Bishop, the Vicar General of the Diocese, the Pastor of the Parish and two lay members of the Parish.

Each Parish corporation owns the real and personal property that is used in its ministry. Each Parish pays its own employees, has its own taxpayer/employer identification number, holds its own meetings, and appoints its own councils and committees.

These Parishes are served by 124 active Diocesan priests, 88 retired Diocesan priests, 31 Religious priests that reside in the Diocese, 15 extern priests¹⁵, 66 active permanent deacons serving in the Diocese, 38 retired permanent deacons living in the Diocese, and 15 permanent deacons serving outside the Diocese.¹⁶ Deacons are men ordained for the ministry of the word (catechetics and preaching), service to the poor, and liturgical assistance. Deacons may preside at baptisms, officiate at marriages, and provide for the funeral rites apart from the celebration of the Eucharist.

b. The Missions

In addition, there are four “missions” within the Diocese (collectively, the “Missions”). Three of them, Mater Ecclesiae Chapel, Inc., Saint Yi Yun Il John Cherry Hill Korean Catholic Mission, Inc., and Saint Andrew Kim Korean Catholic Mission, Inc. are organized and operated as nonprofit corporations in accordance with Title 15A of New Jersey Law. These missions are not considered to be “parishes” under Canon Law since they serve specific communities that cross Parish boundaries. They cannot be incorporated under N.J.S.A. 16:15-1, *et seq.*, which only provides for the incorporation of Catholic parishes, although their respective corporate governance structures mirror that of a Title 16 parish. The fourth mission is Padre Pio Shrine in Buena Borough, N.J., Inc., which is a non-profit membership corporation of which the Diocese is the member.

¹⁵ An extern priest is a priest incardinated in another diocese or institute of consecrated life who comes with the permission of the diocesan bishop to exercise ministry in the territory of the Diocese. Incardination is the bond that exists between a cleric and a diocese or institute of consecrated life.

¹⁶ The statistics cited in this paragraph are as of December 31, 2019.

c. Independent Catholic Schools (Elementary and Secondary) (collectively, the “Schools”)

There are twenty-two (22) elementary schools operated in conjunction with the Diocese. With the exception of the Bishop McHugh Regional School in Dennis Township in Cape May County, each elementary school is owned by the respective parish where it is located, although most are regional schools that serve multiple parishes. The Bishop James T. McHugh Regional School, Inc. (Pre-K through 8th Grade), located in Cape May County, is a separate nonprofit corporation whose trustees are *ex officio* the pastors of parishes in that County. Additionally, the junior high school (7th and 8th grades) affiliated with Gloucester Catholic High School in Gloucester City in Camden County is owned by St. Mary’s Church, Gloucester, and the pre-K-12th grade Wildwood Catholic Academy in Wildwood, in Cape May County, is owned by Notre Dame de la Mer Parish, Wildwood, N.J. Additionally, there are four elementary schools (three of which are in Camden, and one of which is in Pennsauken), which are owned by Parishes but operated by Catholic Partnership Schools, Camden, N.J., Inc.

St. Joseph Child Development Center, Inc., which was incorporated in 2003, operates a pre-school daycare program and facilitates early childhood education in Camden, New Jersey for approximately 120 children ages 2½ through 6. The pastor of St. Joseph’s Pro-Cathedral is an *ex officio* trustee, and the other trustees are appointed by the Bishop. The current trustees are the pastor, Reverend Jaime Hostios, and the lay trustees: Mr. James Catrambone and Ms. Frances Montgomery.

There are five high schools affiliated with the Diocese. Three of these high schools are Title 15A nonprofit corporations: (i) Camden Catholic High School located in Cherry Hill, New Jersey (incorporated as Camden Catholic High School, Cherry Hill, N.J.); (ii) Holy Spirit High School located in Absecon, New Jersey (incorporated as Holy Spirit High School, Absecon, N.J.); and (iii) Pope Paul VI High School located in Haddon Township, New Jersey (incorporated as Pope Paul VI High School, Haddon Township, N.J.). The Bishop of the Diocese is the member of the corporation, and he appoints the trustees and certain corporate officers and has certain reserved powers. Gloucester Catholic High School is located in Gloucester City, New Jersey; it is part of St. Mary’s Church, Gloucester and is not separately incorporated. Wildwood Catholic Academy (pre-kindergarten through 12th grade) is located in Wildwood, New Jersey; it is part of Notre Dame de la Mer Parish in Wildwood and is not separately incorporated.

While each of the schools set forth herein are independently owned by the Parishes, except as otherwise noted herein, these schools are subject to the general supervision of the Diocese’s Superintendent of Schools, their budgets must be approved by the Diocese or the Bishop, and they must comply with the Diocese’s child protection policies.

Based on a projected census of 5,016 grammar school students for 2020-2021 and the sending municipality’s per pupil expenditure to educate these students, a financial burden of over \$108 million would be incurred if these students were educated in public schools. These figures do not include the students in the three grammar schools in Camden City and the one grammar school in Pennsauken Township, which are administered by Catholic Partnership Schools.

With respect to the high schools, based on a projected census of 2,446 high school students for 2020-2021, and the sending municipality's per pupil expenditure to educate these students, a financial burden of \$51.2 million would be incurred if these students were educated in public schools. These figures do not include the students enrolled in the three private Catholic high schools (Bishop Eustace Preparatory School in Pennsauken, Our Lady of Mercy Academy in Newfield, and St. Augustine's Preparatory School in Richland).

d. Catholic Ministry Entities

There are several nonprofit corporations that work to carry out various ministries of the Church within the territory of the Diocese (collectively, the "Catholic Ministry Entities"). All the Catholic Ministry Entities were created under the New Jersey Nonprofit Corporation law or other New Jersey organizational statutes to carry out a variety of works of the apostolate.

The Catholic Ministry Entities include the following:

i. Catholic Charities, Diocese of Camden, Inc.

Catholic Charities, Diocese of Camden, Inc. ("Catholic Charities") was incorporated in 2000 and assumed the operations of Catholic Social Services, Diocese of Camden. Catholic Social Services, Diocese of Camden had been established in 1971 through the merger of Catholic Charities of the Diocese of Camden, N.J. and Catholic Aid Society of the Diocese of Camden, New Jersey.

Catholic Charities is a nonprofit New Jersey corporation governed by its trustees. The trustees include (all serving *ex officio*): the Bishop of the Diocese, the Vicar General of the Diocese, and the Chancellor of the Diocese. In addition, these three trustees elect an additional two trustees for Catholic Charities. The current *ex officio* trustees are Bishop Dennis Sullivan, Reverend Robert Hughes and Reverend Jason Rocks, and the elected trustees are Sister Helen Cole and Mr. Robert DiStanislao. The affairs, property, business, and policies of Catholic Charities are under the charge, control and direction of the trustees.

Catholic Charities participates in the Church's social mission by recognizing the inherent dignity and worth of all people and responding with sincere Christian compassion to the corporeal needs of the poor and marginalized. The purpose of Catholic Charities is to aid, support, advise, and conduct, by itself or in cooperation with any religious, charitable, benevolent or education corporation, a wide variety of human services for the benefit of all people in need within the Diocese without regard to religious, racial, ethnic or economic background. In accordance with Catholic Social Teaching, Catholic Charities creates programs designed to serve the most vulnerable populations, while also guiding them towards a life of self-sufficiency. These populations include: (i) those affected by housing and financial crises or disasters; (ii) refugees, immigrants, and asylees; (iii) veterans and their families; (iv) those struggling with mental health or addiction who are in need of counseling; (v) individuals looking for employment; (vi) the incarcerated; and (vii) families considering adoption.

Catholic Charities' headquarters is located at 1845 Haddon Avenue, Camden, New Jersey. In addition to its headquarters, Catholic Charities has a Family and Community Services Center in each of the New Jersey counties within the territory of the Diocese. These are located in Westville

(Gloucester County), Atlantic City (Atlantic County), Rio Grande (Cape May County), Vineland (Cumberland County), Bridgeton (Cumberland County), Salem City (Salem County), and Penns Grove (Salem County). The headquarters is the Family and Community Services Center in Camden County. Through the Family and Community Services Centers, those in need have access to a wide array of services including food pantries, housing counseling, rental assistance, nutrition education, thrift stores, utilities assistance, SNAP (food stamps) enrollment, and a community resource warehouse.

Catholic Charities employs approximately eighty (80) people and has a budget of approximately \$8 million per year. Over half of Catholic Charities' budget is obtained from grants from government entities. In addition, the Diocese provides approximately \$3 million per year, mainly through an annual fund-raising appeal.

Specifically, with respect to veterans, the Catholic Charities' Veteran Services Program is designed to assist homeless veterans in leaving homelessness through meaningful, competitive employment and permanent housing. The Veteran Services Program focuses a significant portion of its time on preventing homelessness within the veteran community. Through a \$1.6 million grant from the United States Department of Veterans Affairs, Catholic Charities provides various assistance to veterans. Catholic Charities assists homeless veterans in finding and procuring safe and secure places to live. Approximately \$500,000 of the grant from Veterans Affairs is specifically designated for rental assistance. Catholic Charities provides up to four months of rental assistance to qualifying veterans. These services can be provided to veterans and their families who live at 35% of the area median income.

Catholic Charities also receives approximately \$1 million in grants from the New Jersey Department of Community Affairs. These grants support the following homeless programs:

- a. Homeless Prevention and Rapid Rehousing Program, which provides up to six months of rental assistance;
- b. Supportive Services for Homeless People, which provides up to one month of rental assistance; and
- c. The Homeless Prevention Program, which also provides rental assistance to struggling families.

In 2019, Catholic Charities served 17,143 people within the Diocese's territory. The 2019 Annual Report is annexed to the Reverend Hughes' Declaration at Exhibit I. [ECF 3].

The following entities also fall under the responsibility of Catholic Charities.

ii. The Diocesan Housing Services Corporation of the Diocese of Camden, Incorporated

The Diocesan Housing Services Corporation of the Diocese of Camden, Incorporated ("Diocesan Housing Services") is a nonprofit membership corporation, which was incorporated in 2000. Diocesan Housing Services provides housing services to persons in need, including low- and moderate-income families, the disabled, and senior citizens.

Catholic Charities is the member of Diocesan Housing Services. The trustees of Diocesan Housing Services are Peter O'Connor, Esq. (President), Ms. Alma Johnson (Vice President), Mrs. Laura J. Montgomery (Secretary/Treasurer), Monsignor John Burton, Reverend Thomas Newton, Mr. Joseph Fahy, Mr. William Murray and Reverend Walter Norris, Esq.

In total, Diocesan Housing Services serves approximately 1,100 residents in 847 units across 9 locations in Southern New Jersey.

1. Senior Housing Services

The Diocese is the sponsor of Shepherd's Farm, a senior housing development located in West Deptford in Gloucester County. The development is owned by Shepherd's Farm Senior Housing at West Deptford, Inc., a nonprofit corporation, a majority of whose trustees are appointed by the Diocese.

Diocesan Housing Services is a sponsor or developer and the manager of the following affordable senior housing developments:

a. **Stonegate at St. Stephen** is located in Pennsauken in Camden County. Stonegate at St. Stephen, Inc., a nonprofit corporation, owns the development. Diocesan Housing Services appoints a majority of the trustees.

b. **Haven House** is located in North Cape May in Cape May County. Haven House at St. John of God, Inc., a nonprofit corporation, owns the development. Diocesan Housing Services appoints a majority of the trustees.

c. **Village at St. Peter's** is located in Pleasantville in Atlantic County. Village at St. Peter's, Inc., a nonprofit corporation, is the General Partner in the partnership which owns the development. Diocesan Housing Services appoints a majority of the trustees.

d. **Benedict's Place** is located in Cherry Hill in Camden County. Benedict's Place, Inc., a nonprofit corporation, is the General Partner in the partnership which owns the development. Diocesan Housing Services appoints the trustees.

e. **Stonegate II** is located in Pennsauken in Camden County. Diocesan Housing Services is the sole member of SG II MM, LLC, which is the Managing Member of the limited liability company which owns the development.

f. **Victorian Towers** is located in Cape May in Cape May County. Diocesan Housing Services is the sole member of DHSC Cape May LLC, which has a 50% interest in the Managing Member of the limited liability company that owns the development.

2. Other Housing Services

Village Apartments of Cherry Hill, N.J., Inc. is a nonprofit corporation, which was incorporated in 1981, and owns an affordable housing development for seniors and disabled individuals located in Cherry Hill in Camden County. The trustees are the trustees of the Diocese or individuals approved by the Diocese. The current trustees are Bishop Dennis Sullivan,

Reverend Jason Rocks, Monsignor John Burton and Reverend Joseph Szolack and Reverend Robert E. Hughes. Diocesan Housing Services manages the property.

Diocesan Housing Services manages **Davenport Village**, an affordable family housing development located in Hainesport in Burlington County, and controls the partnership which owns the development. The General Partner of the partnership is Domicilium Corporation, a nonprofit corporation, which was incorporated in 2000 and whose trustees are elected by Diocesan Housing Services. The current trustees are Reverend Walter Norris, Esq., Mr. Felix Torres-Colon, and Mr. George Tutwiler.

Bishop Guilfoyle Housing Fund, Inc. is a nonprofit membership corporation, which was incorporated in 2017 and supports the work of Diocesan Housing Services. Diocesan Housing Services is its sole member and appoints its trustees. The current trustees are Monsignor John Burton, Monsignor Thomas Morgan, and Reverend Joseph Perreault.

DHS Communities, Inc. is a nonprofit membership corporation, which was incorporated in 2019 and provides housing to people with autism spectrum disorder and similar disabilities. Diocesan Housing Services is the sole member and appoints the trustees. The current trustees are Mr. James Reynolds, Mr. Robert Waite, and Mr. Stephen Schoch.

The **Mews at St. Mary's LLC** is currently a single-member LLC formed to develop an affordable housing development for seniors in Monroe Township in Gloucester County. Diocesan Housing Services is the member.

iii. St. Mary's Catholic Home, Delaware Township, NJ

St. Mary's Catholic Home, Delaware Township, NJ is a nonprofit membership corporation that formerly operated a nursing home and residential health care facility in Cherry Hill, New Jersey (formerly known as "Delaware Township"). The nursing home and care facility was sold in 2015.¹⁷ Catholic Charities is the member.

The entity continues to own land in Cherry Hill, portions of which were conveyed for Village Apartments in 1981 and for Benedicts Place in 2012. In addition, other facilities have been constructed on this property (Sacred Heart Residence for Priests, its ancillary residences, and a convent).¹⁸

¹⁷ On December 14, 2015, the Healthcare Foundation entered into a Guaranty and Suretyship Agreement (the "Agreement") with Center Management Group, LLC and its affiliates (collectively, "CMG"), as the buyers of (i) St. Mary's Catholic Home, (ii) Bishop McCarthy Residence, and (iii) Our Lady's Residence (collectively, the "Nursing Homes"). Pursuant to the Agreement, the Healthcare Foundation unconditionally guaranteed and became the surety for certain claims that may arise between CMG and the former owners of the Nursing Homes. In connection with the Agreement, the Healthcare Foundation pledged an investment account it owns that is held at PNC Bank. The maximum amount of the guaranty under the Agreement is \$8,000,000 for years 2-8 of the Agreement. On December 14, 2023, the Agreement will expire by its own terms.

¹⁸ The net proceeds from this sale were used to fund The Diocese of Camden Healthcare Foundation, Inc.

iv. Bishop McCarthy Residence, Vineland, NJ

Bishop McCarthy Residence, Vineland, NJ is a nonprofit membership corporation that formerly operated a nursing home and residential health care facility in Vineland, New Jersey.¹⁹ Bishop McCarthy Residence was sold in 2015. The member is Catholic Charities.

v. Our Lady's Residence, Pleasantville, NJ

Our Lady's Residence, Pleasantville, NJ is a nonprofit membership corporation that formerly operated a nursing home and residential health care facility in Pleasantville, New Jersey, which was sold in 2015.²⁰ The member is Catholic Charities.

vi. VITALity Catholic Healthcare Services

VITALity Catholic Healthcare Services (“VITALity”) is a department of the Diocese and provides various healthcare services within the Diocese. VITALity began in 2015 with funding from the Healthcare Foundation. VITALity employs approximately 30 people, including registered nurses, social workers, chaplains and associate chaplains. VITALity is funded through the Diocese and grants from the Healthcare Foundation. In 2019, VITALITY had annual funding of \$2,383,964, which came from the House of Charity/Bishop's Annual Appeal (\$916,105), the Healthcare Foundation (\$1,347,856), and a grant through Diocesan Housing Services (\$120,000). A copy of the 2019 Annual Report is annexed to the Reverend Hughes' Declaration at Exhibit J. [ECF 3]. VITALity is a department of the Diocese and is funded by the Diocese. It has no assets other than its yearly funding by the Diocese and other grants set forth herein.

VITALity provides the following programs and missions, amongst others:

a. Staffed by registered nurses and social workers, VITALity Care Coordination provides assistance to individuals and families to navigate healthcare options and support services available. VITALity gives guidance and assistance to help access medical services that are needed, as well as monitor and oversee those services to evaluate their quality and effectiveness. The most used services through VITALity's Care Coordination Programs are home health aides, insurance assistance, housing/assisted living, nutritional services/Meals on Wheels, utility assistance, Catholic Charities referrals, prescription assistance, mental health counseling, transportation and in-home medical care. VITALity provides assistance to individuals in completing Medicaid applications for expanded Medicaid in New Jersey. This is a long, complicated, and detailed process.

b. Through the Hospital Chaplaincy Program, VITALity ensures that all parishioners have timely access to Catholic Chaplains when hospitalized. Priest chaplains are partnered with deacons, religious sisters or lay ministers, as associate chaplains to administer pastoral care to patients, families and hospital staff. The chaplaincy team helps in coordinating the visits of parish Extraordinary Ministers of the Eucharist; maintaining

¹⁹ The net proceeds from this sale were used to fund The Diocese of Camden Healthcare Foundation, Inc.

²⁰ The net proceeds from this sale were used to fund The Diocese of Camden Healthcare Foundation, Inc.

communication with the local parishes and pastors to inform them of parishioners that are hospitalized; and assisting patients being discharged to access other health-related services. Through the Hospital Chaplaincy Program, VITALity gave the following care in 2019:

1. Pastoral care visits with patients: 128,863
2. Pastoral care visits with staff and families: 14,276
3. Holy Communion distributed: 68,625
4. Sacrament of the Sick administered: 4,563
5. Pastoral care hours by chaplains and associate chaplains: 25,116

c. Ministry to Persons with Disabilities, which facilitates access to spiritual development for persons with disabilities. The Ministry works to evangelize and serve persons with disabilities in the Diocese, so that they may be affirmed in all aspects of their faith life and reach their full potential as baptized members of the Church. In this regard, VITALity assists families in finding transitional care after persons with disabilities age out of the education system and assist families in applying for state aid and grants.

d. Ministry of the Deaf, which facilitates access to spiritual development for the deaf. The Ministry works to evangelize and serve the deaf in the Diocese of Camden, so that they may be affirmed in all aspects of their faith life and reach their full potential as baptized members of the Church. VITALity provides for a special mass each Sunday for deaf individuals. In addition, VITALity establishes programs in the Parishes to provide opportunity for deaf individuals to gather in social environments.

e. Parish Nurses Program, which provides parishioners ongoing access to trained registered nurses at their parish. These nurses can screen, educate, and coordinate care needs, all with an added spiritual dimension, allowing seniors and those dealing with health challenges, to stay healthy and more effectively deal with chronic medical conditions in order to remain safe and independent at home, while continuing to be a vital part of their community. The parish nurse ministries sponsor programs such as “Opioid Prevention and Awareness”, “Alzheimer’s Awareness”, and “The Dangers of Vaping”. In addition, VITALity works to ensure that each Parish has an AED in all facilities for emergencies.

f. The Resource and Referral Help Line (1-888-26VITAL) is available 24/7 and provides information on programs and services within the parish or community to address pertinent issues related to aging and disability. Callers are connected to the resource they need to provide appropriate care and support. Live email chats also provide additional access and a means to connect with VITALity staff.

g. With the support of VITALity, three Parishes provide daily programs for physical activity, nutritious meals, social interaction and recreation, spiritual exercises along with health screening and monitoring for the elderly. VITALity currently supports the three Senior Social Day Centers: (i) “The Renaissance Center Senior Ministry” at St.

Andrew the Apostle in Gibbsboro, New Jersey; (ii) “Prime Timers” at Church of the Incarnation in Mantua, New Jersey; and (iii) “Golden Slippers Senior Ministry at St. Simon Stock in Berlin, New Jersey. VITALity assists the Parishes in organizing senior day centers, including providing grants for renovations to Senior Day Centers areas of the Parish and ensuring there is appropriate programming and activities. VITALity also provides a grant for 50% of the salary of the director for each Senior Day Centers up to \$16,000 per year. While the Senior Day Centers were closed due to COVID-19, isolation for seniors was even more pronounced, with individuals confined to their own homes and separated from their loved ones. As a result, VITALity continued to ensure that seniors were provided with social activities and, in this regard, supported the Renaissance Center in having weekly Zoom meetings for its seniors. The weekly sessions lasted approximately two hours, with the first hour devoted to Bible study or a fun activity like trivia, while the second half of the meetings are time to chat amongst themselves. Prior to COVID-19, the Senior Day Centers served approximately 60-100 seniors each.

h. The Stephen Ministry is a program through which selected parishioners of a parish are trained and organized to help provide one on one confidential Christian care to parishioners of parishes and communities. Trained Stephen Ministers are paired with individuals in order to help them through any crisis, including the loss of a loved one, divorce, grief, terminal illness, loss of job, hospitalization, loneliness, being a caregiver to a loved one, and other stresses and challenges. Stephen Ministers receive at least 50 hours or training through the Stephen Ministry International Christian program or from “Stephen Leaders” within the Parish. Currently, there are 15 Stephen Ministry Parishes with 36 trained “Stephen Leaders” and 295 trained “Stephen Ministers,” all of whom are volunteers.

Even during COVID-19 and the subsequent lockdown orders, VITALity has continued to provide assistance to the community. From January 1 through July 31, 2020, VITALity provided for: (i) 613 intakes, compared to 585 during the same time period in 2019; (ii) 486 in person visits by a nurse or social worker, compared to 705 during the same time period in 2019; and (iii) 1,124 phone consultations by a nurse or social worker, compared to 425 during the same time period in 2019. In total, VITALity has served approximately 4,000 persons from January 1, 2020 through July 31, 2020.

In addition, VITALity has approximately 2,000 participants in its “Life to the Fullest” program, which is a health and well-being membership program. “Life to the Fullest” is a free program available to all residents 65 and older. As a member, participants receive quarterly newsletters with upcoming events, health topics and information about VITALity programs.

vii. Other Ministry Entities

The Diocese is also affiliated with the following entities, which the Diocese does not believe have any significant assets. To the extent assets exist, the Diocese asserts that the assets are of a separately incorporated entity of which the Diocese has no legal interest, are not assets of the estate, and are not available for distribution under a plan or reorganization.

a. Sacred Heart Residence for Priests, Inc.: Sacred Heart Residence for Priests, Inc. is a nonprofit corporation that was incorporated in 1996 to provide accommodations for retired priests. The three trustees are, *ex officio*, the Bishop for the Diocese, the Vicar General of the Diocese, and the Vicar for Priests. The current trustees are Bishop Dennis Sullivan, Reverend Robert Hughes, and Reverend Nicholas Dudo.

b. Catholic Business Network of South Jersey, Inc.: Catholic Business Network of South Jersey Inc. is a nonprofit membership corporation that was incorporated in 2016 and is intended to strengthen and support the application of faith and charity in the marketplace. The Bishop of the Diocese is the member.

c. The Catholic-Jewish Commission of Southern N.J., Incorporated: The Catholic Jewish Commission of Southern N.J., Incorporated is a nonprofit membership corporation that was incorporated in 2002 and is intended to promote communication between the Jewish and the Catholic communities. The members are the Jewish Federation of Southern New Jersey and the Diocese.

d. The Catholic Star Herald: The *Catholic Star Herald* is a nonprofit corporation that was incorporated in 1951 to publish newspapers, journals, magazines and books. It publishes thirty-six issues per year. The Bishop, the Vicar General, and the Chancellor are *ex officio* trustees and they elect two priests as the other trustees. The *ex officio* trustees are Bishop Dennis Sullivan, Reverend Robert Hughes, and Reverend Jason Rocks. The elected trustees are Reverend Monsignor John Burton and Reverend Joseph Szolack.

e. The Collegium Center for Faith and Culture: The Collegium Center for Faith and Culture is a nonprofit membership corporation that was incorporated in 1994 to engage in evangelization, and spiritual and moral formation. Since 2003, the Diocese has been the member.

f. The Camden Center for Law and Social Justice: The Camden Center for Law and Social Justice (i) provides direct legal services to poor or moderate-income individuals and families in the City of Camden and its environs; (ii) promotes justice for all under the law through education, cooperation with other legal service providers, and litigation of wide impact; and (iii) brings together individuals and agencies to advocate for social justice and the vindication of individual rights through the law. The Diocese supports approximately 9-12% of its budget each year with the remainder of its income is obtained from government grants, direct donations, and fees.

g. Guadalupe Family Services, Inc.: Guadalupe Family Services, Inc. (“GFS”) was incorporated in 1995 with the belief that the complex needs of urban family life in North Camden must be better served. From its offices in North Camden, GFS offers clinical counseling and direct social services focusing on families in distress. These services are offered with particular sensitivity to the cultural needs of the community. GFS directly serves one thousand persons annually.

C. Diocese of Camden Trusts, Inc.

Diocese of Camden Trusts, Inc. (“DOC Trusts”) is a separately incorporated non-profit corporation, formed in 2001, and is more fully described in Reverend Hughes’ Declaration. DOC Trusts is organized for the purpose of assisting the Diocese in fulfilling its religious, charitable and educational mission by providing funding for education, religious personnel development, health care needs, canonically required offices and long-term capital needs.

At the time of its formation, the Debtor was the sole member of DOC Trusts. Currently, the Bishop of the Diocese is the member. The current trustees of DOC Trusts are Monsignor Thomas Morgan, Judge Joseph Rodriguez, and Kenneth J. Bossong, Esq. The Board of Trustee of DOC Trusts is responsible for the overall governance of DOC Trusts. The Board of Trustees of DOC Trusts are fiduciaries to DOC Trusts. When the Diocese seeks funds from DOC Trusts, such requests are required to be reviewed and approved by the Board of DOC Trusts before any disbursement can be made.

The Board of Trustees of DOC Trusts is assisted by the Diocese’s Investment Committee with respect to the investment of the DOC Trusts’ assets. All of the investments are managed based on the Diocese of Camden Trusts, Inc. Statement of Investment Policies and Objectives.

The investments of DOC Trusts are administered by Cobble Hill Financial Services, Inc. (“Cobble Hill”), which acts as the investment consultant and advisor for the Diocese and DOC Trusts.

As set forth below, DOC Trusts has pledged certain of its investment accounts as collateral for the Diocese’s line of credit with PNC Bank, National Association (“PNC”). The value of DOC Trusts was \$110,025,286 as of September 30, 2021. These assets are subject to market fluctuations.

D. The Revolving Fund

The Diocese holds cash and investments in the following accounts (collectively, the “Revolving Fund”):

- a. PNC Bank NA as Custodian under agreement dated 12/12/11 for Diocese of Camden CHFS – Revolving Fund;
- b. PNC Bank NA as Custodian under agreement dated 12/12/11 for Diocese of Camden Stock CHFS;

c. PNC Bank NA as Custodian under agreement dated 12/12/11 for Diocese of Camden CHFS - Targeted General;

d. PNC Bank NA as Custodian under agreement dated 12/12/11 for Diocese of Camden CHFS - Treasury General; and

e. PNC Bank NA as Custodian under agreement dated 12/12/11 for Diocese of Camden CHFS – Investment Fund General.

The Diocese, as trustee, holds and invests certain Parish, School and Other Catholic Entity funds in the Revolving Fund. The Diocese holds these cash and investments in the Revolving Fund for the Parishes pursuant to trust agreements (collectively, the “Parish Trusts”). As set forth above, each Parish is separately formed and incorporated under civil law, and holds a significant portion of its cash and investments in the Revolving Fund.

Each of the parish trust agreements (collectively, the “Parish Trust Agreements”) are identical. The Diocese has operated in conformance with the Parish Trust Agreements. All Parish assets are separate and distinct from the Diocese assets and fully accounted for in such a manner. These accounts are managed by Cobble Hill and are in the custody of PNC.

E. Other Foundations and Investments

a. The Diocese of Camden Healthcare Foundation

The Diocese of Camden Healthcare Foundation, Inc. (the “Healthcare Foundation”) is a separate legal entity from the Diocese, formed in 2015, and is more fully described in Reverend Hughes' Declaration. [ECF 3, ¶ 101]. The Healthcare Foundation assists in funding the development, implementation and ongoing support of healthcare programs.

The Bishop of the Diocese is its member. The current trustees are Mary Bettina Kemps, R.N., Judge Donald Smith, and Reverend Monsignor Peter M. Joyce.

The Board of Trustees of the Healthcare Foundation is responsible for the overall governance of the Healthcare Foundation. All of the investments are managed based on the Diocese of Camden Healthcare Foundation, Inc. Statement of Investment Policies and Objectives and are managed by the Investment Committee.

The investments of the Healthcare Foundation are administered by Cobble Hill, which acts as the investment consultant and advisor for the Healthcare Foundation.

The Foundation’s assets are the result of an assignment of the net proceeds of the purchase price of the sale of the Nursing Homes in 2015 pursuant to the Order and Opinion of the Honorable Deborah Silverman Katz, Assignment Judge. The Nursing Homes were sold by the following entities: (i) St. Mary’s Catholic Home, Delaware Township, N.J., Inc.; (ii) Bishop McCarthy Residence, Inc.; and (iii) Our Lady’s Residence, Pleasantville, N.J., Inc. (collectively, the “Nursing Home Entities”). As part of the transaction, \$10 million must remain in an account with PNC (the “Control Account”) until December 14, 2023 as a guarantee of certain covenants in the transaction.

Prior to the sale of the Nursing Homes, Catholic Charities was the sole member of each of the Nursing Home Entities. At the time of the sale, the Diocese had no legal interest in those entities. This is confirmed by the *cy pres* order entered by Judge Katz, which states that “Catholic Charities . . . is the sole member and owner of the three (3) nursing home facilities” See In the Matter of Approval of the Sale of the Assets of St. Mary’s Catholic Home Delaware Township, New Jersey, our Lady’s Residence, Pleasantville, N.J. d/b/a Our Lady’s Multi-Care Center, Inc. and Bishop McCarthy Residence to Center Management Group, LLC, Docket No. CAM-L-4377-15 (N.J. Super. Ct. Law Div. Camden Cty. Dec. 3, 2015) (the “*Cy Pres Action*”).

The Superior Court of New Jersey found in the *Cy Pres Action* that the continued operation of the Nursing Homes was financially unsustainable due to the decreased occupancy and the negative financial impact from the reduced per diem levels currently provided by Medicaid. *Id.* at 9. The Court further found that “Petitioner’s request to deposit net consideration from the sale of the facilities to the Camden Diocese Healthcare Foundation is appropriate, as its overriding purpose is to remain ‘responsible to the needs of God’s most vulnerable people and their families, by delivering care where people are most comfortable and best able to receive it – at home and within their community.’” *Id.* at 15.

As described below, two of the three facilities were owned by the Diocese at some point; however, much like the DOC Trusts, all such transfers are beyond that statute of repose set forth in N.J.S.A. 25:2-31 and the only possible way that such transfers could be avoided would be through an actual fraudulent transfer articulated in N.J.S.A. 25:2-25(a), which is impossible as described below.

Saint Mary’s Catholic Home was transferred from the Diocese to Catholic Charities of the Diocese of Camden, Inc. in 1940. Given the fact that such transfer is greater than 80 years old and Saint Mary’s Catholic Home continued its charitable mission for more than 75 years following the transfer from the Diocese, the Diocese believes that it is extremely unlikely that any fraudulent transfer claim exists regarding the transfer of Saint Mary’s Catholic Home. Our Lady’s Residence was never owned by the Diocese. It was originally acquired in 1966 by Catholic Charities of the Diocese of Camden, a nonprofit corporation. Accordingly, the Diocese has no grounds to avoid any transfer not related to the Diocese.

The Diocese transferred Bishop McCarthy Residence to a newly formed Bishop McCarthy Residence, Inc. on May 21, 2015. Such transfer was recorded in the Cumberland County Clerk’s Office on May 29, 2015. The transfer was completed in order to effectuate the ultimate transfer of the Nursing Homes to Center Management Group, LLC as described in the *Cy Pres Action*. The Diocese does not believe that it would be successful in any cause of action related to the 2015 transfer of Bishop McCarthy Residence for many of the reasons set forth with respect to the DOC Trusts. Additionally, it is important to consider that through the sale of the Nursing Homes, the Diocese received repayment of \$8,653,326.00 in debt due from the Nursing Home Entities to the Diocese. This repayment was likely impossible without the sale of the Nursing Homes when considering the Nursing Homes’ financial difficulties.

The value of the Healthcare Foundation’s assets was \$46,452,908 as of September 30, 2021. The Diocese contends the assets of the Healthcare Foundation are protected trust funds, assets of a separately incorporated entity of which the Diocese has no legal interest, not assets of

the Diocese, and not available for distributions under a plan of reorganization. Furthermore, based upon the foregoing, the Diocese values any potential cause of action against the Healthcare Foundation or its predecessors at \$0.00.

b. Special Gifts Account

In addition to the Revolving Fund accounts set forth above, the Diocese holds certain investments in an account titled “PNC Bank NA as Custodian under agreement dated 12/12/11 for Diocese of Camden CHFS - Special Gifts” (the “Special Gifts Account”). The Special Gifts Account holds certain donor restricted funds. In addition, the Special Gifts Account holds funds on behalf of certain foundations and entities that support the mission of the Diocese. These foundations include, but are not limited to, the following:

i. The Frank J. and Rosina W. Suttill Catholic Foundation

The Frank J. and Rosina W. Suttill Catholic Foundation (the “Suttill Foundation”) is a nonprofit membership corporation and was incorporated in 1972. The principal purpose of the Suttill Foundation is to provide a scholarship program for students from Camden to attend college.

The members are the Bishop of the Diocese, the Vice President of the Diocesan Corporation, and an individual selected by the Diocese. The current members are Bishop Dennis Sullivan, Reverend Robert Hughes, and Reverend Joseph Szolack. There are two Priest Directors (trustees) and one Lay Director (trustee) who are appointed by the Bishop. The current directors are Reverend Joseph Szolack, Reverend Robert Hughes, and Mrs. Laura J. Montgomery.

The value of the Suttill Foundation’s assets was \$2,660,321 as of September 30, 2021. The Diocese asserts the assets of the Suttill Foundation are protected trust funds, assets of a separately incorporated entity of which the Diocese has no legal interest, not assets of the Diocese, and not available for distribution under a plan of reorganization.

c. Other Investment Accounts

The Diocese holds certain funds on behalf of other separately incorporated entities in investment accounts with PNC Bank. These are:

i. The Tuition Assistance Fund, Inc.

The account is titled “DOC Tuition Assistance Fund” and held at PNC Bank as custodian. The Tuition Assistance Fund, Inc. (the “Tuition Fund”) is a nonprofit membership corporation that was incorporated in 1980. The Tuition Fund provides tuition assistance to needy families whose children attend schools affiliated with the Diocese. The members are, ex officio, the Bishop of the Diocese, the Vicar for Administration, and the Chancellor of the Diocese. The current members are Bishop Dennis Sullivan, Reverend Robert Hughes and Reverend Jason Rocks. In addition, there are five trustees: (i) the Bishop or his designee; (ii) the Superintendent of Catholic Schools or his/her designee; and (iii) three trustees elected by the members.

The value of the Tuition Fund’s assets was \$1,376,681 as of December 31, 2021. The Diocese asserts the assets of the Tuition Fund are protected trust funds, assets of a separately

incorporated entity of which the Diocese has no legal interest, not assets of the Diocese, and not available for distribution under a plan of reorganization.

ii. The Sharkey Family Charitable Trust

The account is titled “DOC CHFS Sharkey Trust” and held at PNC Bank as custodian. The Sharkey Family Charitable Trust” (the “Sharkey Family Trust”) was established in 1988 to contribute to Catholic organizations and engage in activities supported by the Church.

The Sharkey Family Trust regularly provides scholarships for students in Catholic secondary schools. There are three trustees, two of whom are appointed by the Bishop of the Diocese, and the third of whom is elected by the two appointed trustees. The current trustees are Reverend Robert Hughes, Reverend Jason Rocks, and Mrs. Laura J. Montgomery.

The value of the Sharkey Family Trust’s assets was \$2,692,240 as of December 31, 2021. The Diocese asserts the assets of the Sharkey Family Trust are protected trust funds, assets of a separately incorporated entity of which the Diocese has no legal interest, not assets of the Diocese, and not available for distribution under a plan of reorganization.

iii. James and Johanna Guilfoyle Trust

The James and Johanna Guilfoyle Trust was established under the November 16, 1990 Last Will and Testament of Bishop Guilfoyle. Bishop Guilfoyle died on June 11, 1991. The account is titled “DOC CHFS Guilfoyle Trust” and held at PNC Bank as custodian.

The value of the Guilfoyle Trust’s assets was \$1,517,094 as of December 31, 2021. The Diocese asserts the assets of the James and Johanna Guilfoyle Trust are protected trust funds, assets of a separately incorporated entity of which the Diocese has no legal interest, not assets of the Diocese, and not available for distribution under a plan of reorganization.

F. The Debtor’s Management

a. Background of the Most Reverend Dennis J. Sullivan

The Most Reverend Dennis J. Sullivan, D.D. was appointed as the eighth Bishop of the Diocese by Pope Benedict XVI on January 8, 2013 and was installed as Bishop on February 12, 2013.

Bishop Sullivan was born in the Bronx on March 17, 1945. He was educated at St. Anthony Parish Elementary School and Mount St. Michael Academy in the Bronx. Thereafter, Bishop Sullivan attended Iona College in New Rochelle, New York, but left after his second year to enter St. Joseph’s Seminary in Yonkers, New York. There, Bishop Sullivan earned a bachelor’s degree in 1967 and a Master of Divinity in 1970.

Bishop Sullivan was ordained a priest for the Archdiocese of New York in 1971. From 1971 to 1981, he served as assistant pastor at the Parish of St. Elizabeth’s Church in Manhattan, the Church of the Ascension in Manhattan, and Saints Philip and James Church in the Bronx.

From 1982 to 2002, he was assigned to St. Teresa's Church in Manhattan, and from 2002 to 2004 he was assigned to Saints John and Paul Church in Larchmont, New York.

Bishop Sullivan also was ordained as an Auxiliary Bishop for the Archdiocese of New York in 2004 and served eight years as Vicar General of the Archdiocese under Cardinal Timothy Dolan, and the late Cardinal Edward Egan.

In 1999, the Bishop was named a Prelate of Honor to His Holiness (with the title "Monsignor"). Throughout his ministry, Bishop Sullivan has served on a variety of boards and committees, including:

- a. The Presbyteral Council of the Archdiocese of New York as representative of South Manhattan priests;
- b. The Lower East Side Catholic Area Conference, a pastoral agency;
- c. The Inter Parish Finance Committee, which assists poor parishes;
- d. Cabrini Immigrant Services;
- e. Immigrant Social Service, Inc., an agency that provides services for Asian-American youth;
- f. Two Bridges Neighborhood Association, which built 2,200 moderate income apartments;
- g. The Catholic Campaign for Human Development Committee, which is part of the United States Conference of Catholic Bishops for a two-year term; and
- h. At the United States Catholic Conference of Bishops, as the representative of Region II to the Committee for the Protection of Children and Young People.

In March 2020, pursuant to Canon Law, when Bishop Sullivan became 75 years old, he submitted his resignation to the Vatican. No action has been taken and Bishop Sullivan continues to serve.

b. Background of Reverend Robert E. Hughes

The Reverend Robert E. Hughes is the Vicar General of the Roman Catholic Diocese of Camden and the Vice President of the civil corporation, The Diocese of Camden, New Jersey. He has served in such capacity since December 3, 2013.

He was raised within the territory²¹ of the Diocese, having lived in West Berlin, New Jersey and Voorhees, New Jersey. In 1981, he graduated from Paul VI High School in Haddonfield, New Jersey, one of the high schools affiliated with the Diocese.

²¹ The territory of the Diocese is coextensive with the following six (6) counties: Atlantic, Camden, Cape May, Cumberland, Gloucester, and Salem.

Following high school, he attended La Salle University in Philadelphia, PA for two years to study pre-med before entering the seminary. He was assigned to St. Pius X Seminary in Dalton, Pennsylvania. He graduated from the University of Scranton in 1985 with a Bachelor of Arts in Philosophy.

Thereafter, he attended the Pontifical North American College in Rome, Italy, where he studied for five years, receiving the equivalent of a Master's Degree in Sacred Theology from the Pontifical University of St. Thomas in Rome in 1988. In 2001, he also received a Master's Degree in Education from Seton Hall University.

On August 4, 1990, he was ordained by the Most Reverend James T. McHugh at the Cathedral of the Immaculate Conception in Camden, New Jersey. On that same date, he was assigned to Holy Saviour Church in Westmont, New Jersey by Bishop McHugh as an assistant pastor. He served in that capacity until July 2, 1996, when he was assigned to St. Francis de Sales Church in Barrington, New Jersey. From August 14, 1999 to June 20, 2000, he was assigned to St. Mary's Church in Gloucester City, New Jersey. From June 20, 2000 through June 17, 2002, he was assigned to Mary, Mother of the Church in Bellmawr, New Jersey. Thereafter, from June 17, 2002 through July 5, 2003, he served as the Parochial Vicar in Residence for St. Thomas More Church in Cherry Hill, New Jersey. From July 5, 2003 through February 1, 2014, he served as Pastor of the Church of the Holy Family in Washington Township, Gloucester County.

In addition, from July 2, 1996 through 1999, he served as a Religion and Latin teacher and the chairperson of the Religion Department at Paul VI High School. Thereafter, on August 26, 1999, he was appointed the Vice Principal of Gloucester Catholic High School.

On October 10, 2001, he was appointed the President of Paul VI High School. In that capacity, he administered the School in conjunction with the Principal until 2003. In 2005, he was again appointed as the President of Paul VI High School and served in that capacity for two three-year terms.

In addition to his roles as a Pastor and school administrator during this time period, Reverend Hughes served as the Vicar for Pastoral Life for the Diocese from January of 2003 through January of 2006 and as a Consultant to the College of Consultors from September of 2009 through November of 2011. He also served on the Diocesan Liturgical Commission, the Continuing Education & Spiritual Formation of Priests Committee, the Liturgical Art & Architecture Committee, the Priest Personnel Board and the Presbyteral Council.

On August 16, 2011, Reverend Hughes was appointed as the Chancellor of the Diocese. Reverend Hughes was appointed as the Vicar General on December 3, 2013. The Vicar General is essentially the chief operations officer of the Diocese. All departments within the Diocese report to him. On a regular basis, he oversees the Diocesan operations, the cemeteries, housing, charitable activities of the Diocese, and relationships with the parishes, schools, housing operations and Catholic Charities. As Vicar General, he serves these various ministries and programs within the Diocese in any way possible as the need arises.

c. Professional Background of Laura J. Montgomery

Laura J. Montgomery is the Diocesan Finance Officer and the Bishop’s Delegate for Temporalities for the Diocese.

In 1985, Ms. Montgomery graduated from Drexel University with a Bachelor of Science in Business Administration focused on accounting. In 1998, she successfully completed the Uniform Certified Public Accountant Examination.

Ms. Montgomery has nearly 30 years of experience working in finance and accounting roles for non-profit organizations. From June 1996 to August 2001, she was the Director of Accounting Services for the Archdiocese of Philadelphia after having worked as Assistant Treasurer and in other financial positions beginning in November 1990. From August 2001 through January 2004, she was the Controller for Project H.O.M.E., a non-profit organization that focuses on breaking the cycle of homelessness and poverty and alleviating the underlying causes of poverty.

In January 2004, Ms. Montgomery became the Controller for Catholic Charities, Diocese of Camden, Inc. and The Diocesan Housing Services Corporation of the Diocese of Camden, Incorporated and later added four nursing homes associated with the Diocese. In 2015, she became the Director of Finance for the Diocese of Camden. In 2018, she became the Chief Financial Officer and Diocesan Finance Officer and Bishop’s Delegate for Temporalities of the Diocese. The position of Finance Officer is established under Can. 494 §1 of Canon Law, which requires: “every diocese, after having heard the College of Consultors and the Finance Council, the Bishop is to appoint a Finance Officer who is truly expert in Financial affairs and absolutely distinguished for honesty.”

G. Retirement Programs

The Diocese administers several retirement programs for the priests and lay employees of the Diocese.

a. Pension Plan for Priests of the Diocese of Camden

As part of its retirement programs, the Diocese has a Pension Plan for Priests of the Diocese of Camden (the “Priest Pension Plan”). The Priest Pension Plan is a non-contributory defined benefit plan covering all incardinated priests in good standing of the Diocese. The Priest Pension Plan qualifies as a church institution under the Internal Revenue Code and is, therefore, not subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), nor are the Priest Pension Plan’s benefits guaranteed by the Pension Benefit Guarantee Corporation. The Priest Pension Plan is exempt from federal income tax under provisions of Section 501(c)(3) of the Internal Revenue Code. The Priest Pension Plan is covered under Code Section 414(e) - Church Plans.

Priests who serve in a Diocesan assignment for at least 25 years begin receiving benefits upon retirement with approval from the Ordinary of the Roman Catholic Diocese of Camden. Priests with less than 25 years, but at least 10 years of service receive a reduced benefit upon retirement. Under the Priest Pension Plan, normal retirement age is 70 with mandatory retirement

at age 75. The Priest Pension Plan permits early retirement at age 65 due to permanent mental or physical disability, or with the approval of the Bishop.

Retired priests received \$2,340 per month for the years ended June 30, 2021 and 2020 if they live outside a rectory or Diocesan facility. If the priest lives in a rectory or a Diocesan facility, the monthly benefit to the participant was \$1,408 for the years ended June 30, 2021 and 2020, respectively, with the difference being paid each month to the parish or Diocesan facility providing residence. If a priest receives a pension benefit from another source, the monthly benefit is reduced by the amount of the outside benefit.

Contributions to the Priest Pension Plan are assessed by the Diocese to the Parishes and affiliated organizations being served by priests in a Diocesan assignment. For the years ended June 30, 2021 and 2020, the amount assessed on behalf of each priest was \$7,350. As of the filing date, this plan was not fully funded.

The value of the Priest Pension Plan and the Priest Post-Retirement Plan (defined below) was \$ 28,794,406.73 as of June 30, 2021. This amount is subject to fluctuation. The Priest Pension Plan and the Priest Post-Retirement Plan are combined investments. The Diocese asserts that these assets are protected pension trust funds, not assets of the Diocese, and not available for distributions under a plan of reorganization.

b. Pension Plan for Certain Lay Employees of the Diocese of Camden

As part of its retirement programs, the Diocese has a Pension Plan for Certain Lay Employees of the Diocese of Camden (the "Lay Pension Plan"). The Lay Pension Plan is a non-contributory defined benefit plan covering certain employees of the Diocese and affiliated organizations designated by the Diocese as entitled to adopt the Lay Pension Plan. The Lay Pension Plan qualifies as a church institution under the Internal Revenue Code and is, therefore, not subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), nor are the Lay Pension Plan's benefits guaranteed by the Pension Benefit Guarantee Corporation. The Lay Pension Plan is exempt from federal income tax under provisions of Section 501(c)(3) of the Internal Revenue Code. The Plan is covered under Code Section 414(e) - Church Plans.

An employee became eligible to participate in the Lay Pension Plan after age 21 and completing one full year of service to the Diocese or other affiliated organization. An employee received a 100% vested benefit after ten years of credited service. Effective July 1, 2009, participation in the Lay Pension Plan was frozen for employees hired on or after such date. Current Lay Pension Plan participants continue to participate in the Lay Pension Plan with no change. Any former participant who vested and left the Diocese can re-enter the Plan upon rehire. Non-vested former employees can re-enter the Lay Pension Plan within two years from the date of separation unless such participant was separated as part of a merger or closure in which case the participant may re-enter within four years of separation. Additionally, a participant is enrolled in the Lay Pension Plan as of his or her date of eligibility, and the participating organization is billed for his or her contribution.

The Lay Pension Plan provides for normal retirement on the last day of the month coinciding with or next following the later of the date the participant attains age 65 or the tenth

anniversary of the date he or she becomes a plan participant. The Lay Pension Plan permits early retirement for participants on the last day of the month in which a participant attains age 62, or the tenth anniversary of the date he or she becomes a plan participant, if later. Benefits under early retirement are reduced by 1/2 of 1% for each month prior to normal retirement date.

A participant who retires on or after his or her normal retirement date is entitled to an annual pension benefit equal to 1.4% of annual earnings for the first ten years of credited service plus 1.8% of annual earnings for the next fifteen years of credited service plus 2.2% of annual earnings for the remaining years of credited service. In no event does a participant receive less than \$100 per month in full retirement.

In the event of the death of a vested active or vested terminated participant, a death benefit is paid to the employee's eligible spouse beginning when the deceased participant would have reached the age of 65. The benefit is equal to one-half of the amount the eligible employee would have received had the employee retired the day before the employee's death and elected a 50% contingent annuitant option.

Contributions to the Lay Pension Plan are assessed by the Diocese to each participating organization. For each of the years ended June 30, 2021 and 2020, these assessments were made based upon 14.5% and 14% of participating employees' W-2 salaries for the years ended December 31, 2020 and 2019, respectively. As of the filing date, this plan was also underfunded.

The value of the Lay Pension Plan was \$126,765,229 as of September 30, 2021. The Diocese asserts that these assets are protected pension trust funds, not assets of the Diocese, and not available for distributions under a plan of reorganization.

c. Post-Retirement Benefits Plan for Priests of the Diocese of Camden

As part of its retirement programs, the Diocese has a Post-Retirement Benefits Plan for Priests of the Diocese of Camden (the "Priest Post-Retirement Plan"). The Priest Post-Retirement Plan is a non-contributory defined benefit plan that provides health benefits and automobile insurance for all incardinated priests in good standing of the Diocese. The Priest Post-Retirement Plan qualifies as a church institution under the Internal Revenue Code and is, therefore, not subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended. The Priest Post-Retirement Plan is exempt from federal income tax under provisions of Section 501(c)(3) of the Internal Revenue Code. The Priest Post-Retirement Plan is covered under Code Section 414(e) - Church Plans.

Under the Priest Post-Retirement Plan, participants who have served in a Diocesan assignment for at least 25 years receive health benefits (medical, dental, vision and prescription) upon retirement with approval from the Ordinary of the Roman Catholic Diocese of Camden. Normal retirement age is 70 with mandatory retirement at age 75. The Priest Post-Retirement Plan permits early retirement at age 65 due to permanent mental or physical disability, or with approval of the Bishop. Participants who retire at age 70 and have at least 10 years of service in a Diocesan assignment also receive full health benefits upon retirement. Automobile insurance premiums are also paid by the Priest Post-Retirement Plan for certain priests.

The Diocese assesses the parishes and affiliated organizations in which priests are serving for the Priests Post-Retirement Plan. For the years ended June 30, 2021 and 2020, the amount contributed on behalf of each priest was \$3,650 and \$3,150, respectively. As of the filing date, this plan was also underfunded.

The value of the Priest Post-Retirement Plan is set forth above. The Diocese asserts that these assets are protected pension trust funds, not assets of the Diocese, and not available for distributions under a plan of reorganization.

d. The Diocese of Camden Retirement Plan

As part of its retirement programs, the Diocese has established The Diocese of Camden Retirement Plan (the "Lay Retirement Plan"). The Lay Retirement Plan is a non-contributory defined contribution "profit sharing" plan covering certain employees of the Diocese and affiliated organizations designated by the Diocese as entitled to adopt the Lay Retirement Plan. The Lay Retirement Plan qualifies as a church institution under the Internal Revenue Code and is, therefore, not subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The Lay Retirement Plan is exempt from federal income tax under provisions of Section 501(c)(3) of the Internal Revenue Code. The Plan is covered under Code Section 414(e) - Church Plans.

An employee becomes eligible to participate in the Lay Retirement Plan after age 21 and completing one full year of service. An employee has a 100% vested benefit after ten years of credited service.

Employer discretionary contributions are allocated to a participant's account as a uniform percentage of the employee's annual earnings. Each participant's account is credited with contributions, allocated forfeitures and earnings thereon. The benefit to which a participant is entitled is the benefit that can be provided by the participant's vested balance.

The Lay Retirement Plan provides for normal retirement on the first day of the calendar year month immediately following the date the participant attains age 65 with ten years of credited service. A participant's normal form of distribution is a single lump sum cash distribution. A participant who has not terminated employment and has attained age 59-1/2 may elect a withdrawal of all, or any portion of, his/her vested account benefit.

A person who terminates employment is entitled to elect to receive a distribution of all or any portion of his/her vested account benefit as soon as reasonably possible following the termination date. The participant may elect to receive a distribution of any deferred amount at any time.

The Diocese assesses participating organizations to the Plan. For each of the years ended June 30, 2021 and 2020, assessments were made based upon 3% of participating employees' W-2 wages for each of the years ended December 31, 2020 and 2019.

The benefit of a participant who is not vested is retained by the Diocese, as the Trustee of the Lay Retirement Plan, and deposited into the forfeiture account after that participant has incurred two consecutive one-year breaks in service and is applied to reduce employer contributions under the Lay Retirement Plan or to pay Lay Retirement Plan expenses. At June 30,

2021 and 2020, the forfeiture balance was \$233,901 and \$132,747, respectively. As of the filing date, this plan was also underfunded.

These assets are protected pension trust funds, not assets of the Diocese, and not available for distributions under a plan of reorganization.

H. Catholic Cemeteries

The Diocese administers several Catholic Cemeteries within its territory. The Diocese has been serving Catholic families in this capacity since before the establishment of the Diocese of Camden in 1937. There are fifteen Diocesan cemeteries throughout the six counties in southern New Jersey. The fifteen locations are as follows: (i) Calvary Cemetery and Mausoleum in Cherry Hill, NJ; (ii) New St. Mary Cemetery and Mausoleum in Bellmawr, NJ; (iii) Gate of Heaven Cemetery in Berlin, NJ; (iv) St. Joseph Cemetery in Swedesboro, NJ; (v) St. Mary's Cemetery in Williamstown, NJ; (vi) All Saints Cemetery and Mausoleum in Newfield, NJ; (vii) Our Lady of Assumption Cemetery in Pleasant Mills, NJ; (viii) Our Lady of Victories in Landisville, NJ; (ix) Holy Cross Cemetery and Mausoleum in Mays Landing, NJ; (x) Sacred Heart Cemetery and Mausoleum in Vineland, NJ; (xi) St. Casimir's Cemetery in Woodbine, NJ; (xii) St. Bernard Cemetery in Dorothy, NJ; (xiii) St. Elizabeth's Cemetery in Goshen, NJ; (xiv) Resurrection Cemetery in Clermont, NJ; and (xv) St. Mary's Cemetery and Mausoleum in Cape May, NJ.

The Catholic Cemeteries offer in-ground and above-ground burial options such as cemetery plots, cremation graves, chapel and garden mausoleums, and cremation niches.

The cemeteries are not separately incorporated. Except as set forth herein, the above-referenced cemeteries are owned by parishes, but administered and operated by the Diocese. The Diocese owns the land for All Saints Cemetery and Mausoleum in Newfield, New Jersey and Resurrection Cemetery in Clermont, New Jersey.

The employees of the cemeteries are members of Teamsters Local Union No. 676 (the "Union"). The Union is the sole and exclusive representative for all full-time cemetery field workers/foremen employed by the Diocese. The Diocese is current on all its obligations to the Union.

The Diocese asserts that it has a fiduciary responsibility to ensure that its cemeteries are maintained in perpetuity with adequate funding. As of the Petition Date, no reserves existed. The Diocese has been advised by its financial advisers that, as part of its reorganization, it must establish reserves for the care and maintenance of the cemeteries and mausoleums. Pursuant to Court Order, the Debtor assumed a contract with Perpetualcareadequacy.com for the purpose of conducting a perpetual care analysis to fulfill the above noted needs of the cemeteries. [ECF 201]. The Diocese filed the actuarial report on July 28, 2021. [ECF 731]. The actuarial report demonstrated that the Diocese needed to invest \$2,305,000 immediately in a perpetual care fund plus additional money annually in order to provide for the perpetual care of the cemeteries. Id.

I. The Debtor's Prepetition Capital Structure

a. Revolving Line of Credit

On December 9, 2011, the Diocese entered into a Loan Agreement with PNC for a revolving line of credit (the "Loan") wherein the Diocese may borrow the lesser of (a) \$25 million dollars or (b) 90% of the margin value of the "Pledged Collateral" (as defined in the Loan Agreement).

In addition to the Loan Agreement, the Diocese and PNC entered into a Committed Line of Credit Note (the "Note"). Pursuant to the Note, the Loan carries a rate of interest equal to (a) the Daily LIBOR Rate plus (b) the "Applicable Margin" (as that term is defined in the Note). The current "Applicable Margin" is .55%. Interest payments are due monthly, and the entire principal balance of the Loan is due upon expiration of the Loan. The original expiration date of the Loan was December 9, 2014, which was extended to December 9, 2017, and further extended to December 9, 2020.

In connection with, and as security for, the Loan, DOC Trusts entered into a Pledge Agreement with PNC. Through the Pledge Agreement, DOC Trusts pledged the following collateral as security for the Loan: all investment property held in security account nos. xx-xx-xxx-xxx7115; xx-xx-xxx-xxx7123; xx-xx-xxx-xxx7131; xx-xx-xxx-xxx7149; xx-xx-xxx-xxx7157; xx-xx-xxx-xxx7165; and xx-xx-xxx-xxx7173 maintained with PNC Investments, LLC in its capacity as custodian (collectively, the "Pledged Accounts"), all assets credited to the Accounts and all additions, substitutions, replacements, proceeds, income, dividends and distributions thereon.

In addition to the Pledge Agreement, the DOC Trusts entered into a Guaranty and Suretyship Agreement (the "Guaranty") with PNC, whereby DOC Trusts unconditionally guaranteed and became the surety for, the prompt payment of all amounts due under the Loan.

On December 11, 2017, the Diocese entered into an Amendment with PNC. Pursuant to the Amendment, the expiration date of the Loan was extended to December 9, 2020.

As of September 30, 2020, the outstanding balance of the Loan is \$22,807,500. The value of the Pledged Accounts as of September 30, 2021 was \$100.2 million. The existing Loan expired on December 9, 2020.

On August 12, 2021, the Diocese filed a motion for approval from the Court to enter a settlement with PNC regarding the Loan. If approved, the Diocese and PNC have agreed, in part, to amend the Loan documents to extend the expiration of the Loan.

b. Other Unsecured Debt

The Diocese owed its vendors approximately \$2,000,000 as of the Petition Date. These claims are for the delivery of goods and services to the Diocese, which are used in the operation of the Diocese's business, including providing support for its ministries and other outreach programs.

J. Tort Claims Against the Diocese

The Diocese publicly released the names of fifty-six (56) priests (which was reduced to fifty-five (55) after further review) and one (1) deacon of the Diocese who have been credibly accused of abuse of minors. These fifty-five (55) priests are a small percentage of the more than 800 priests who have faithfully served the people of South Jersey since the Diocese was founded in 1937.

From 1990 to 2019, the Diocese paid 99 settlements to abuse victims totaling approximately \$10,120,000 (approximately \$102,222 per claim). In addition, the Diocese has expended approximately \$945,000 to provide therapeutic assistance to victims.

On December 1, 2019, amendments to New Jersey's statute of limitations went into effect allowing individuals to assert claims of child abuse regardless of when it is reported to have occurred, and to file claims against institutions and individuals, even if those claims had already expired and/or were dismissed because they were filed late. Additionally, the new law also expands the statute of limitations for victims to bring claims of child sexual abuse to age 55 or until seven years from the time that an alleged victim became aware of his/her injury, whichever comes later.

From December 1, 2019 through the Petition Date, fifty-five (55) lawsuits were filed against the Diocese by plaintiffs who are seeking damages as a result of alleged abuse, three (3) of which have been voluntarily withdrawn. In addition, demand letters and or notices have been received from other claimants who have not commenced lawsuits against the Diocese.

The Diocese does not believe it has insurance coverage for any claims that occurred before November 27, 1969. The Diocese and the Tort Committee have jointly retained an insurance archeologist to determine if there are any insurance policies for the pre-1969 period.

From November 27, 1969 to November 27, 1972, the Diocese had insurance coverage for sex abuse claims with Insurance Company of North America. Century Indemnity Company, as successor to CCI Insurance Company, is successor to Insurance Company of North America. From November 27, 1972 to November 27, 1987 the Diocese had underlying coverage with Lloyd's of London ("Lloyds"), with a self-insured retention of \$50,000 from 1973 to 1975 and \$75,000 from 1975 to 1987, and also had excess layers and aggregates. There was no coverage at all for sex abuse claims from November 27, 1987 to November 27, 1988. On November 27, 1988 coverage began with the National Risk Retention Group, which continues to the present, but with a self-insured retention of \$250,000. In addition, per a settlement agreement with Lloyds dated April 29, 2010 and May 5, 2010, the Diocese does not have coverage for any abuse claims for which money was demanded before October 22, 2009, or for claims identified in said settlement agreement. However, the settlement agreement does not preclude coverage for claimants who were only receiving payments for therapy, and for claimants who were unknown to the Diocese.

a. New Jersey Independent Victim Compensation Program

Beginning on June 15, 2019, the Roman Catholic Archdiocese of Newark and the dioceses of Camden, Metuchen, Paterson and Trenton established the Independent Victim Compensation

Program (“IVCP”) to begin accepting claims related to the abuse of minors by priests of these dioceses. The Diocese paid over \$842,000 for the IVCP administration.

The IVCP is administered by Kenneth R. Feinberg and Camille S. Biros (collectively, the “IVCP Administrators”), two noted victims’ compensation experts who have designed and administered similar compensation programs for the Catholic Dioceses in New York and Pennsylvania. They also have administered similar programs for the September 11th Victim Compensation Fund, the Hokie Spirit Memorial Fund (Virginia Tech shootings), Deepwater Horizon/BP oil spill fund, the Penn State abuse claims, Aurora, Colorado shooting victim relief fund, The Newtown-Sandy Hook Community Foundation, the One Fund (2013 Boston Marathon bombings), and the Archdiocese of New York Independent Reconciliation and Compensation Program. The IVCP Administrators act independently in evaluating and compensating individual claims.

The IVCP provided for:

- a. The complete independence of the IVCP Administrators in determining eligibility and the amount of compensation.
- b. The program was completely voluntary; no individual claimant was required to participate.
- c. All payments authorized by the IVCP Administrators came from funds which the Diocese borrowed; no public money was used to compensate victims.
- d. A signed release was only required if the individual victim accepted the amount offered by the IVCP Administrators, in which the victim agreed not to engage in any further litigation against the particular diocese.
- e. The program gave first priority to claimants who previously filed a claim directly with diocesan officials about abuse, prior to the establishment of the IVCP.

The Diocese did not fund IVCP payments by using money: (i) donated by the people of the Diocese to support parishes, schools, and charitable works; (ii) given to the *House of Charity-Bishop’s Annual Appeal* or the *Catholic Strong* campaigns; or (iii) given by a donor for a specific ministry or apostolate. The funding of IVCP payments came from diocesan operations or the Diocese’s line of credit from PNC.

Through the IVCP Administrators, seventy-one (71) claims were resolved with payments totaling \$8,102,500 (average claim settled for approximately \$114,000). Effective July 31, 2020, the Diocese suspended its participation in the operation of the IVCP due to its fiscal realities, which were worsened by the COVID-19 pandemic.

b. Steps Taken by the Diocese to Protect Children

In 2002, there was widespread recognition on the part of both civil and church authorities that the abuse and exploitation of minor children by Catholic priests was a serious problem that needed to be urgently and comprehensively addressed. The Catholic dioceses in New Jersey,

including the Diocese of Camden, responded by entering into a *Memorandum of Understanding* with the New Jersey Division of Law and Public Safety and the twenty-one prosecutors of the counties in which each diocese is located. In addition, the United States Conference of Catholic Bishops addressed this issue by adopting the *Charter for the Protection of Children and Young People* and, at the request of the Conference of Bishops, the Holy See approved the *Essential Norms for Diocesan/Eparchial Policies Dealing with Allegations of Sexual Abuse of Minors by Priests or Deacons*.

i. Memorandum of Understanding

In the December 2002 *Memorandum of Understanding* (the “MOU”), the Attorney General of New Jersey, the twenty-one county prosecutors of New Jersey, and New Jersey’s Catholic bishops, including the Bishop of Camden, pledged “their continuing commitment to work together to protect victims of crimes,” acknowledging “the value of cooperation and communication and the need to have in place clearly defined policies and procedures so that all employees” of Catholic dioceses and parishes “know what they are expected to do” when they have cause to believe that criminal activity – primarily the exploitation or abuse of children – has been committed. See Reverend Hughes’ Declaration at Exhibit C. [ECF 3]. The MOU added that the parties “are committed to addressing and alleviating the injuries caused by these crimes and to preventing the reoccurrence of such crimes to the greatest extent possible.” Id. It stated that “the parties to this *Memorandum* will continue to work together to prevent criminal activity,” recognizing that “the crimes addressed in this Memorandum are serious matters that warrant a full and prompt investigation by appropriate law enforcement authorities.” Id.

In accordance with the MOU, since 2002 the Diocese has reported every allegation of the abuse of a minor by diocesan priests – whether or not it was believable – to law enforcement authorities in the locales where the abuse was said to have happened. These reports have been made to county prosecutors in Atlantic, Burlington, Camden, Cape May, Cumberland, Essex, Gloucester, Mercer, Monmouth, Ocean, Salem and Union counties, the Crown Prosecution Service in London, the Director of Prosecutions in San Juan, the district attorneys in Philadelphia and Allegheny counties, and the consular representatives of Mexico, Portugal, and Spain.

Even prior to the MOU, the Diocese reported the names of 43 diocesan priests, whether living or dead, against whom an allegation of child abuse had been received to the prosecutor of each county in the Diocese in which the abuse was reported to have occurred. Where a Prosecutor requested additional information (civil complaints, correspondence, *etc.*) it was readily provided.

ii. Charter for the Protection of Children and Young People

In addition, the *Charter for the Protection of Children and Young People* is a comprehensive set of procedures originally established by the United States Conference of Catholic Bishops in June 2002 (and subsequently revised and expanded in 2005, 2011, and 2018) for addressing allegations of sexual abuse of minors by Catholic clergy. See Reverend Hughes’ Declaration at Exhibit D. [ECF 3]. The *Charter* also includes guidelines for reconciliation, healing, accountability, and prevention of future acts of abuse, and it urges actions by Catholic dioceses in the United States for creating a safe environment for children and young people, the healing and reconciliation of victims and survivors, the establishment of methods for making

prompt and effective response to allegations of abuse, the disciplining of offenders, and cooperation with civil authorities. Id.

The *Charter* states that “the sexual abuse of children and young people by some priests and bishops, and the ways in which we bishops addressed these crimes and sins, have caused enormous pain, anger, and confusion. Id. Innocent victims and their families have suffered terribly.” Id. The Conference of Bishops added that “as bishops, we acknowledge our mistakes and our role in that suffering, and we apologize and take responsibility for too often failing victims and our people in the past. We also take responsibility for dealing with this problem strongly, consistently, and effectively in the future.” Id.

The *Charter* requires mandatory background checks for all personnel of the Diocese who have regular contact with minors. In this regard, Article 13 of the *Charter* provides as follows:

Dioceses/eparchies will evaluate the background of all diocesan/eparchial and parish personnel who have regular contact with minors. Specifically, they will utilize the resources of law enforcement and other community agencies. In addition, they will employ adequate screening and evaluative techniques in deciding the fitness of candidates for ordination (cf. National Conference of Catholic Bishops, *Program of Priestly Formation*, 1993, no. 513).²² Id.

In accordance with the *Charter*, the Diocese has issued its policy with respect to employees and volunteers. It applies to all priests, and to all adult employees and volunteers (18 years of age or older) who have regular contact with minors (under 18 years of age). The policy requires the employee or volunteer to undergo appropriate evaluation, which must include a fingerprint-facilitated criminal history background check. See Father Hughes’ Declaration at Exhibit E. [ECF 3]. The policy is comprehensive and mandatory.

iii. Other Actions Taken by the Diocese

Since 2002, the Diocese of Camden has reviewed, updated, strengthened, and enforced its safe environment protocols, including but not limited to conducting criminal history background checks of all clergy, employees, and volunteers who have regular contact with minors, and instituting, maintaining, and enhancing safe environment education and training. In addition, the Diocese routinely updates its guidelines for reporting abuse. See id.

Rebuilding the confidence of the Diocese’s congregants and society is a paramount goal for the Diocese, and in this regard the Diocese has taken substantial steps. In addition to what was discussed above, every adult having regular contact with minors is required to take a safe environment training program. In July 2018, the Diocese transitioned from Child Assault Prevention (CAP) to the VIRTUS child abuse training awareness program entitled “*Protecting God’s Children*.” The Diocese requires retraining every five years. Also, the VIRTUS training program “*Empowering God’s Children*” teaches such matters as “protecting our bodies,” “safe adults” and “boundaries” and is presented to children in diocesan-affiliated educational programs in age-appropriate tiers.

²² “Eparchies” in the churches of the Eastern rite are the functional equivalent of dioceses in the Latin (or “western”) rite.

K. Litigation Involving Public Nuisance Claim

On November 14, 2019, the Superior Court of New Jersey, Essex County, Civil Division, dismissed a lawsuit captioned Hanratty v. New Jersey Catholic Conference; Archdiocese of Newark; Diocese of Trenton; Diocese of Camden; Diocese of Paterson; and Diocese of Metuchen, Docket No. ESX-L-003360-19. This complaint alleged two counts involving public nuisance and civil conspiracy. The Honorable Jeffrey B. Beacham, Judge of the Superior Court, issued a seventeen (17) page Opinion. No appeal was taken.

L. Events Precipitating the Chapter 11 Filing

New Jersey Senate Bill No. 477 (“S477”) was introduced to the New Jersey Senate on January 9, 2018, and ultimately approved on May 13, 2019. S477 reopened the statute of limitations in civil actions for certain sexual abuse claims, expanded categories of potential defendants in civil actions, and created a two-year window for parties to bring previously time-barred actions based on sexual abuse (“Revived Claims”). The two-year window became effective December 1, 2019, and ultimately expired on November 30, 2021 (“Renewed Deadline”).

The Diocese comes before this Court for the purpose of reorganizing and maximizing its assets for the benefit of all individuals presenting bona fide claims of abuse while ensuring that the critical mission of the Diocese is accomplished for its congregants and the greater community especially during the global COVID-19 pandemic. Although there has been no claim of abuse having occurred within the past 19 years (since the 2002 *Charter for the Protection of Children and Young People*, the *Essential Norms* and the *Memorandum of Understanding*, all of which are discussed above), that does not diminish the pain of the horrific acts which occurred before then, and which have affected far too many.

During COVID-19, while government stay-at-home orders were in place, Diocese revenue was reduced by nearly 25%. Moreover, collections have reduced significantly over the past two years.

ARTICLE VI. **THE DIOCESE’S BANKRUPTCY**

A. The Diocese’s Chapter 11 Filing

The Diocese filed its voluntary Chapter 11 petition on October 1, 2020.

a. First Day Orders

Concurrently with the filing of its chapter 11 petition, the Diocese filed certain motions and proposed Orders (collectively, the “First-Day Orders”). A summary of the relief granted in the First Day Orders is set forth below:

- i. **Complex Case Order.** Pursuant to the *Application for Designation As Complex Chapter 11 Cases* [ECF 5], the Court entered an Order [ECF 52] designating this Chapter 11 Case as a Complex Chapter 11 Case.

- ii. **Motion to Seal Order.** Pursuant to *Motion to Seal Portions of Schedule F, The Master Creditor Matrix, and Other Pleadings and Documents Under Seal* [ECF 6], the Court entered an Order [ECF 54] that, among other things, sealed certain portions of Schedule F and the Master Creditor Matrix relating to Tort Claims.
- iii. **Cash Management Order.** Pursuant to the *Motion For An Order (I) Authorizing The Debtor To Continue And Maintain Their Existing Cash Management System, Bank Accounts And Business Forms, (II) Modifying The Investment Guidelines, (III) Providing The United States Trustee With A 60-Day Objection Period, And (IV) Granting Related Relief* [ECF 7], the Court entered an Interim Order [ECF 34], a Second Interim Order [ECF 57], a Third Interim Order [ECF 199], and a Fourth Interim Order [ECF 248] that, among other things, (i) authorized the Debtor to continue to use its existing bank accounts and cash management system, and existing checks and business forms; and (ii) waived certain bank account and related requirements of the Office of the United States Trustee. On December 16, 2020, the Court entered a final order in connection with the Cash Management Motion. [ECF 284].
- iv. **Wages Order.** Pursuant to the *Motion For An Order (I) Authorizing The Debtor To (A) Pay Prepetition Wages, and Related Obligations, (B) Pay And Remit Payroll Taxes And Other Deductions To Third Parties, And (C) Honor And Process Workers' Compensation And Employee Benefit Obligations, And (II) Authorizing and Directing All Banks To Honor Checks And Transfers For Payment of Prepetition Employee Obligations* [ECF 8], the Court entered an Interim Order [ECF 44] and a Final Order [ECF 130] authorizing the Debtor to, among other things, pay certain prepetition wages and other compensation, continue various benefit programs, and pay other employee-related obligations.
- v. **Self-Insurance Order.** Pursuant to the *Motion for Entry of Interim & Final Orders (i) Authorizing the Continued Maintenance of the Diocese's Self Insurance Programs; and (ii) Authorizing the Payment of Prepetition Obligations in Respect Thereof* [ECF 9], the Court entered an Interim Order [ECF 50] and a Final Order [ECF 131] authorizing the Debtor to, among other things, continue its self-insurance program and pay prepetition obligations related thereto.
- vi. **Premium Finance Order.** Pursuant to the *Motion For Interim And Final Orders Authorizing (I) The Continuation Of The Debtor's Insurance Policies (II) The Continuation Of The Debtor's Premium Financing Agreements And (III) The Performance Of All Prepetition Obligations Related Thereto* [ECF 10], the Court entered an Interim Order [ECF 49] and a Final Order [ECF 132] authorizing the Debtor to continue to pay and perform under various prepetition insurance policies and the Debtor's premium financing agreement, and to pay all prepetition and post-petition obligations in respect thereof in the ordinary course of their business.
- vii. **Utilities Order.** Pursuant to the *Motion For Entry Of Interim And Final Orders (I) Prohibiting Utility Companies From Discontinuing, Altering Or Refusing Service On Account Of Prepetition Invoices, (II) Approving The Debtor's Proposed Form*

Of Adequate Assurance Of Future Payment And (III) Establishing Procedures For Resolving Requests For Additional Adequate Assurance [ECF 14], the Court entered an Interim Order [ECF 51] and a Final Order [ECF 136] authorizing and approving the provision of adequate assurance of payment to the Debtor's utility service providers under section 366 of the Code, while allowing the Debtor to avoid the threat of imminent termination of their utility services from those utility companies.

- viii. **Credit Card Facilities Order.** Pursuant to the *Motion for an Order Authorizing Debtor to Continue Credit Card Facilities* [ECF 12] the Court entered an order [ECF 53] directing certain payment card processors to honor its prepetition agreement with the Debtor pending assumption or rejection.
- ix. **Prime Clerk LLC Retention Order.** Pursuant to the *Application for Entry Of An Order Authorizing The Retention And Appointment Of Prime Clerk LLC As Claims And Noticing Agent Effective As Of The Petition Date* [ECF 17], the Court entered an Order authorizing the Debtor to retain Prime Clerk LLC as claims and noticing agent for the Chapter 11 Cases. [ECF 55].

b. Appointment of Tort Committee

On October 23, 2020, the Office of the United States Trustee appointed the Tort Committee in this Chapter 11 Case. The *Notice of Appointment of Official Committee of Tort Claimant Creditors* [ECF 111] sets forth the nine (9) appointed Tort Committee members: (i) Dr. James Reuter; (ii) Mr. Jack Lechner; (iii) Ms. Jennifer Wydra; (iv) Mr. Paul Harrington; (v) Mr. Robert Polt; (vi) Mr. Edward Henkel; (vii) Dr. Patrick Lloyd; (viii) Mr. John Collins; and (ix) Mr. Andrew Napoli.

c. Appointment of Trade Committee

On December 24, 2020, the Office of the United States Trustee appointed the Trade Committee in this Chapter 11 Case. The *Notice of Appointment of Official Committee of Unsecured Trade Creditors* [ECF 293] sets forth the nine (3) appointed Trade Committee members: (i) Porter & Curtis, LLC; (ii) Seton Hall University; and (iii) St. Mary's Villa.

d. Employment of Professionals and Advisors

i. Debtor's Professionals

On October 1, 2020, the Diocese filed an application to approve the retention of McManimon, Scotland & Baumann, LLC ("MSB") as counsel. [ECF 15]. MSB's retention was approved on October 16, 2020. [ECF 86].

On October 1, 2020, the Diocese filed an application to approve the retention of EisnerAmper as Financial Advisor. [ECF 16]. EisnerAmper's retention was approved on October 16, 2020. [ECF 87].

On October 1, 2020, the Diocese filed an application to approve the retention of Cooper Levenson, P.A. (“Cooper”) as Special Counsel relating to Tort Claims. [ECF 18]. Cooper’s retention was approved on October 16, 2020. [ECF 88].

On October 1, 2020, the Diocese filed an application to approve the retention of Duane Morris LLP (“Duane”) as Special Counsel relating to eminent domain litigation. [ECF 19]. Duane’s retention was approved on October 16, 2020. [ECF 89].

On October 16, 2020, the Diocese filed an application to approve the retention of A. Atkins Appraisal Corp. (“Atkins”) as Appraiser. [ECF 81]. Atkin’s retention was approved on October 28, 2020. [ECF 133].

On March 15, 2021, the Diocese filed an application to approve the retention of Binswanger Company (“Binswanger”) as Appraiser in order to appraise certain real property owned by the Diocese. [ECF 496]. Binswanger’s retention was approved on March 23, 2021. [ECF 523].

On April 27, 2021, the Diocese filed an application to approve the retention of Trenk Isabel, P.C. (“Trenk Isabel”) as counsel. [ECF 598]. Trenk Isabel’s retention was approved on May 5, 2021. [ECF 616].

On September 20, 2021, the Diocese and the Tort Committee jointed filed an application to approve the retention of Insurance Archeology Group (“IAG”) as Insurance Archeologist. [ECF 824]. IAG’s retention was approved on September 28, 2021. [ECF 832].

On November 16, 2021 the Diocese filed an application to approve the retention of Roux Associates (“Roux”) as a consultant and expert witness with respect to evaluation of abuse claims. [ECF 968]. Roux’s retention was approved by the Court on January 5, 2022. [ECF 1084].

ii. Tort Committee Professionals

On November 9, 2020, the Tort Committee filed an application to approve the retention of Lowenstein Sandler LLP (“Lowenstein”) as counsel. [ECF 182]. Lowenstein’s retention was approved on November 17, 2020. [ECF 218].

On November 13, 2020, the Tort Committee filed an application to approve the retention of undisclosed experts in connection with this matter. [ECF 204]. Following various objections, the Tort Committee sought approval to retain Dr. Jennifer Hasselberger and Marci Hamilton as experts. The Court entered an order approving such retention on February 3, 2021. [ECF 392].

On January 5, 2021, the Tort Committee filed an application to approve the retention of Berkeley Research Group, LLC (“BRG”) as financial advisor. [ECF 309]. BRG’s retention was approved on February 5, 2021. [ECF 400].

On March 3, 2021, the Tort Committee filed an application to approve the retention of Finance Scholars Group, Inc. (“FSG”) as a consultant on the valuation of abuse claims and expert witness. [ECF 455]. FSG’s retention was approved on April 28, 2021. [ECF 604].

On November 16, 2021, the Tort Committee filed an application to approve the retention of The Claro Group LLC (the “Claro Group”) as an expert consultant and expert witness with respect to estimation of abuse claims. [ECF 963]. The Claro Group’s retention was approved on December 10, 2021. [ECF 1043].

iii. Trade Committee Professionals

On January 15, 2021, the Trade Committee filed an application to approve the retention of Porzio, Bromberg & Newman, P.C. (“Porzio”) as counsel. [ECF 347]. Porzio’s retention was approved on February 1, 2021. [ECF 388].

e. Claims Process and Bar Date

i. Schedules and Statement of Financial Affairs

On the Petition Date, the Diocese filed for protection under Chapter 11 of the Code. [ECF 1]. The Diocese’s schedules and statement of financial affairs were filed simultaneously with the Chapter 11 Petition. The Debtor filed amended Schedules on October 6, 2020 [ECF 41 & 42], October 19, 2020 [ECF 92] and November 11, 2020 [ECF 198] (as amended, the “Debtor’s Schedules”).

ii. Section 341(a) Meeting of Creditors

The Debtor’s Initial Debtor Interview was held on October 16, 2020. The Debtor’s Section 341(a) Meeting of Creditors was held on November 13, 2020.

iii. Bar Date

Pursuant to an order of the Court dated February 11, 2021 [ECF 409] (the “Bar Date Order”), June 30, 2021 at 11:59 p.m. (prevailing Eastern Time) (the “Bar Date”) was established as the deadline for Creditors, including Governmental Units and Tort Claimants, to file proofs of Claim in this Chapter 11 Case. Notice of this deadline was served on all potential creditors of the Debtor’s Estate and published in various newspapers as required by the Bar Date Order.

f. Other Significant Events During the Bankruptcy

On October 14, 2020, the Debtor filed a *Motion for Entry of Order Establishing a Deadline for Filing Proofs of Claim and Approving the Form and Manner of Notice Thereof* (the “Bar Date Motion”) [ECF 74]. Through the Bar Date Motion, the Debtor seeks to set bar dates for general, abuse and governmental unit related claims against the Debtor. On February 11, 2021, the Court entered the Bar Date Order, as set forth above.

On October 19, 2020, the Debtor filed a *Motion for an Order Authorizing and Approving Sale of (i) 276 White Horse Pike, Galloway Township, New Jersey; and (ii) 1597 Almonesson Road, Deptford, New Jersey* (the “Sale Motion”) [ECF 90]. Through the Sale Motion, the Debtor sought approval to sell the following real property: (i) 276 White Horse Pike, Galloway Township, New Jersey (the “Galloway Property”); and (ii) 1597 Almonesson Road, Deptford, New Jersey (the “Deptford Property”). The Galloway Property is under contract with Ark Innovations, LLC

for \$3.9 million. The Deptford Property is under contract with Raphael Braschoss and Melissa Fleming for \$75,000. On December 23, 2020, the Court entered an order granting the Sale Motion. [ECF 290].

On October 21, 2020, the Debtor filed a *Motion of the Diocese of Camden, New Jersey, Chapter 11 Debtor and Debtor-in-Possession, for Entry of an Order: (i) Establishing Mediation Process Relating to Survivor and Tort Claims; (ii) Estimating Remaining Survivor and Tort Claims Pursuant to 11 U.S.C. § 502(c)(1) and Fed. R. Bankr. P. 3018(a) for Purpose of Voting on Plan of Reorganization and Confirmation Process; and (iii) Granting Related Relief* (the “Mediation Motion”) [ECF 99]. Through the Mediation Motion, the Diocese requested that the Court establish certain mediation procedures to fix the Tort Claims and related issues. In the alternative, the Diocese requested estimation of the Tort Claims pursuant to 11 U.S.C. § 502(c)(1) and Fed. R. Bankr. P. 3018(a) for any claimant who is unwilling to participate in the mediation process. The Court denied the Mediation Motion.

On October 21, 2020, the Debtor filed a *Motion for Entry of an Order Approving Settlement and Compromise by and Between the Debtor and State of New Jersey, Department of Transportation Pursuant to Fed. R. Bankr. P. 9019* (the “Dept. of Transportation Settlement Motion”) [ECF 97]. Through the Dept. of Transportation Settlement Motion, the Debtor seeks approval of a settlement and compromise relating to an eminent domain taking by the State of New Jersey, Department of Transportation. The anticipated net proceeds to the Diocese from the proposed settlement is \$250,250. On November 13, 2020, the Court entered an Order granting the Dept. of Transportation Settlement Motion. [ECF 203].

On October 30, 2020, the Debtor filed a *Motion for Entry of an Order Approving Payment of Certain De Minimis Claims, Refunds and Reimbursements* (the “De Minimis Motion”) [ECF 140]. The De Minimis Motion sought payment of certain de minimis unsecured claims against the Debtor. On November 13, 2020, the Court entered an Order granting the De Minimis Motion. [ECF 202].

On October 30, 2020, the Debtor filed a *Motion for the Entry of an Order Approving and Authorizing the Diocese to Assume Contract with PerpetualCareAdequacy.com Pursuant to 11 U.S.C. §§ 105(a) and 365(a) and Approving Cure Cost* (the “Motion to Assume”) [ECF 142]. The Motion to Assume sought approval from the Court to assume a contract with PerpetualCareAdequacy.com and pay all cure costs associated therewith. On November 13, 2020, the Court entered an Order granting the Motion to Assume Motion. [ECF 201].

On October 30, 2020, the Debtor filed a *Motion to Extend Time to Remove Civil Actions* (the “Removal Motion”) [ECF 146]. Through the Removal Motion, the Debtor sought to extend the time that it has to remove related actions from state court to the Court pursuant to Rules 9006(b) and 9027 of the Federal Rules of Bankruptcy Procedure. On November 30, 2020, the Court entered an Order granting the Removal Motion. [ECF 251].

On November 19, 2020, the Debtor filed a *Motion for a Final Order Authorizing the Diocese to (i) Obtain Postpetition Financing Pursuant to 11 U.S.C. §§ 105(a), 362 and 364(c) and (d), (ii) Granting Liens and Superpriority Claims to the Lender Pursuant to 11 U.S.C. § 364(c), and (iii) Modifying the Automatic Stay* (the “Premium Financing Motion”) [ECF 221]. Through

the Premium Financing Motion, the Debtor sought approval of its entry into a premium financing agreement with AFS/IBEX in connection with the Debtor's insurance program for 2021. On November 25, 2020, the Court entered an Order granting the Premium Financing Motion. [ECF 247].

On December 1, 2020, the Debtor filed a *Motion to Extend Exclusive Period to File a Chapter 11 Plan and Solicit Votes for Chapter 11 Plan Pursuant to 11 U.S.C. § 1121(d)* (the "Exclusivity Motion") [ECF 252]. Through the Exclusivity Motion, the Diocese sought to extend the exclusive period for the Debtor to file a chapter 11 plan and solicit votes thereon pursuant to section 1121(d) of the Code. On December 23, 2020, the Court entered an Order granting the Exclusivity Motion. [ECF 291].

On December 2, 2020, the Diocese filed a *Motion for Entry of an Order Extending the Deadline to Assume or Reject Unexpired Leases of Nonresidential Real Property Pursuant to Section 365(d)(4) of the Bankruptcy Code* (the "Extension Motion") [ECF 256]. On December 23, 2020, the Court entered an Order granting the Extension Motion. [ECF 292].

On December 31, 2020, the Diocese filed its first Plan and Disclosure Statement. Various parties filed objections to the Disclosure Statement. The Court denied approval of the Disclosure Statement.

On February 25, 2021, Century Indemnity Company filed a Notice of Appeal of the Bar Date order. [ECF 446]. This appeal is fully briefed but has not been decided by the District Court.

On March 17, 2021, the Debtor filed a *Motion of The Diocese of Camden, New Jersey, Chapter 11 Debtor and Debtor-In-Possession, for Entry of an Order Further Extending Time to File Notices of Removal of Civil Actions* seeking to extend the deadline to remove civil actions. [ECF 502]. The Court granted the Motion on April 14, 2021. [ECF 574].

On December 1, 2020, the Debtor filed a *Second Motion to Extend Exclusive Period to File a Chapter 11 Plan and Solicit Votes for Chapter 11 Plan Pursuant to 11 U.S.C. § 1121(d)* (the "Second Exclusivity Motion") [ECF 541]. Through the Second Exclusivity Motion, the Diocese sought to extend the exclusive period for the Debtor to file a chapter 11 plan and solicit votes thereon pursuant to section 1121(d) of the Code. On May 12, 2021, the Court entered an Order granting the Second Exclusivity Motion. [ECF 628].

On April 7, 2021, the Debtor and the Tort Committee filed a *Joint Motion of the Diocese and the Official Committee of Tort Claimant Creditors for Entry of an Order (i) Appointing a Mediator, (ii) Referring Matters to Mandatory Global Mediation, and (iii) Granting Related Relief* (the "Joint Mediation Motion"). [ECF 562]. On May 20, 2021, the Court entered an order granting the Joint Mediation Motion and appointed the Honorable Jose L. Linares (ret.). [ECF 640]. The parties remain in active mediation.

On June 23, 2021, the Debtor filed a *Third Motion to Extend Exclusive Period to File a Chapter 11 Plan and Solicit Votes for Chapter 11 Plan Pursuant to 11 U.S.C. § 1121(d)* (the "Third Exclusivity Motion") [ECF 678]. Through the Third Exclusivity Motion, the Diocese sought to extend the exclusive period for the Debtor to file a chapter 11 plan and solicit votes thereon

pursuant to section 1121(d) of the Code. On July 14, 2021, the Court entered an Order granting the Second Exclusivity Motion. [ECF 703].

On June 23, 2021, the Debtor filed a *Second Motion of The Diocese of Camden, New Jersey, Chapter 11 Debtor and Debtor-in-Possession, for Entry of an Order Further Extending Time to File Notices of Removal of Civil Actions* seeking to extend the deadline to remove civil actions. [ECF 679]. The Court granted the Motion on July 16, 2021. [ECF 706].

On June 25, 2021, the Debtor filed a *Motion for Entry of an Order to Approve Settlement of Controversy by and Among the Diocese and the RH Claimants Pursuant to Federal Rule of Bankruptcy 9019(a)* (the “RH Settlement Motion”). [ECF 682]. The RH Settlement Motion sought approval of settlements with the RH Claimants, providing them with payment on their claim over ten years in equal annual installments. Id. At the time of filing this Disclosure Statement, the RH Settlement Motion has been granted, but no order has been entered by the Court.

On August 12, 2021, the Diocese filed a Motion for Entry of an Order Approving Settlement of Controversy by and Between the Diocese and PNC Bank, National Association Pursuant to Federal Rule of Bankruptcy 9019(a) (the “PNC Settlement Motion”). [ECF 749]. The PNC Settlement Motion was heard by the Court on September 9, 2021. On October 5, 2021, the Court ruled that an evidentiary hearing would be held on the PNC Settlement Motion.

On October 12, 2021, the Tort Committee filed the Tort Committee Standing Motion [ECF 871]. The Diocese, DOC Trusts, and the Parishes, Missions, and Schools have objected to the Tort Committee Standing Motion. As of the filing of this Disclosure Statement, the Court has not yet ruled on the Motion to Compel. Through the Tort Committee Standing Motion, the Tort Committee sought to bring the following claims:

- Against the Diocese and DOC Trusts, claims for alter ego and fraudulent transfer pursuant to Section 548(e) of the Code;
- Against the Diocese, Parishes, Missions, and Schools, a claim for alter ego; and
- Against the Diocese, the Bishop, the Diocese’s Directors and Officers, the Parishes, Missions, and Schools, claims for fraudulent transfer under state law and the Code regarding the waiver of Parish Assessments and cancellation of debt owed by the Parishes, Missions, and Schools, and breach of fiduciary duty claims relating to the waiver of Parish Assessments, cancellation and/or failure to pursue collection of loans, and failure to pursue insurance in connection with the IVCP.

On November 2, 2021, the Debtor filed a *Fourth Motion to Extend Exclusive Period to File a Chapter 11 Plan and Solicit Votes for Chapter 11 Plan Pursuant to 11 U.S.C. § 1121(d)* (the “Fourth Exclusivity Motion”) [ECF 932]. Through the Fourth Exclusivity Motion, the Diocese sought to extend the exclusive period for the Debtor to file a chapter 11 plan and solicit votes thereon pursuant to section 1121(d) of the Code. On November 24, 2021, the Court entered an Order granting the Fourth Exclusivity Motion. [ECF 996].

On November 16, 2021, the Tort Committee filed a *Motion (I) Compelling the Debtor to File Amended Schedules, Statements of Financial Affairs and Monthly Operating Reports and (II)*

Holding the Debtor in Contempt of Court (the “Motion to Compel”) [ECF 964]. As of the filing of this Disclosure Statement, the Court has not yet ruled on the Motion to Compel.

On November 17, 2021, the Debtor filed a *Motion for the entry of an order* (a) *approving the adequacy of the First Amended Disclosure Statement Pursuant to Section 1125 of the Bankruptcy Code Describing First Amended Chapter 11 Plan Proposed by the Debtor-in-Possession; (b) establishing procedures for solicitation and tabulation of votes to accept or reject the Diocese’s First Amended Plan of Reorganization; (c) scheduling a hearing on confirmation of the Plan and a deadline for filing objections to confirmation; and (d) granting related relief* (the “Solicitation Motion”) [ECF 973]. As of the filing of this Disclosure Statement, the Court has not yet ruled on the Solicitation Motion.

On November 18, 2021, the Debtor filed a *Motion for entry of an order* (i) *authorizing the Diocese to obtain secured postpetition premium financing from AFS/IBEX, a division of Metabank®, National Association (“AFS/IBEX”); (ii) authorizing and approving the Diocese’s entry into a premium financing agreement and any other documents, certificates or instruments ancillary thereto, and performance of such other acts as may be necessary or appropriate in connection therewith; (iii) granting to AFS/IBEX valid, fully perfected, and enforceable security interests and liens pursuant to sections 364(c)(2) and 364(d)(1) of the Bankruptcy Code; (iv) granting an allowed superpriority administrative expense claim to AFS/IBEX pursuant to section 364(c)(1) of the Bankruptcy Code; and (v) vacating and modifying the automatic stay to the extent necessary to effectuate the terms and provisions of the premium financing agreement and the Order* (the “Motion to Obtain Premium Financing”) [ECF 975]. On November 24, 2021, the Court entered an Order granting the Motion to Obtain Premium Financing. [ECF 998].

On December 22, 2021, the Debtor file a *Motion for the entry of an order authorizing and approving the sale of 1000 Williamstown Road, Sicklerville, New Jersey 08081* (the “Sale Motion”) [ECF 1063]. On January 12, 2022, the Court entered an Order granting the Sale Motion. [ECF 1099].

On January 5, 2022, the Debtor file a *Motion for entry of an order approving a compromise and settlement by and among the Diocese and Certain Settling Insurers , pursuant to section 105(a) of the Bankruptcy Code and Rule 9019 of the Bankruptcy Rules based on the terms of the Settlements and granting other and related relief* (the “Insurance Settlement Motion”) [ECF 1087]. The hearing on the Insurance Settlement Motion is currently scheduled for February 23, 2022 at 10:00 a.m.

B. Adversary Proceedings

(i) The Injunction Adversary Proceeding

On October 1, 2020, the Debtor filed an adversary complaint, commencing Adv. Pro. No. 20-1544 against certain Tort Claimants. Through the complaint, the Diocese sought entry of an order, pursuant to 11 U.S.C. §§ 105 and 362, enjoining the continued prosecution of certain lawsuits against the Diocese and/or non-debtor parishes, schools and other Catholic ministry entities and institutions within the geographical territory of the Diocese which assert claims arising from or related to alleged child abuse and which could negatively impact upon the Diocese’s ability

to successfully reorganize. In the alternative, the Diocese sought an order, pursuant to Rule 7065 of the Federal Rules of Bankruptcy Procedure enjoining or restraining the Abuse Plaintiffs from continuing their prosecution of the Abuse Cases.

(ii) The Insurance Adversary Proceeding

On October 21, 2020, the Debtor filed an adversary complaint, commencing Adv. Pro. No. 20-1573 against Insurance Company of North America, now known as Chubb Limited, Underwriters at Lloyd's, London, National Catholic Risk Retention Group, Inc., Interstate Fire & Casualty Company d/b/a Allianz Insurance Group, Berkshire Hathaway Inc., d/b/a Resolute Management Services Limited, Athena Assurance Co., United National Insurance Co., Hartford Fire Insurance Co., Kemper Insurance, Lexington Insurance Co., U.S. Fire Insurance Co., International Fidelity Insurance Co., North River Insurance Co., Century Indemnity Co., Granite State Insurance Co., Integrity Insurance Co., Colonial Penn Life Insurance, Northbrook Insurance Associates, Inc. and potentially other insurance companies which may have insured the Diocese during the relevant time periods described below (collectively, the "Insurance Defendants"). Through the complaint, the Diocese is seeking an order, pursuant to 11 U.S.C. § 105, for declaratory judgment regarding the rights, duties and liabilities of the Insurance Defendants regarding certain insurance policies and certificates that the Insurance Defendants sold or which the Insurance Defendants acquired responsibility for as they relate to insurance coverage for Tort Claims against the Diocese and/or non-debtor parishes, schools, or other Catholic ministry entities and institutions within the geographical territory of the Diocese. This action also seeks declaratory relief to determine the extent of the rights of the Diocese in said Policies and Certificates to the extent they are property of the Diocese's bankruptcy estate pursuant to 11 U.S.C. § 541. This action is temporarily stayed. IAG's insurance archeology works remains active despite the stay.

(iii) The DOC Trusts Adversary Proceeding

On October 12, 2021, the Tort Committee filed an adversary complaint, commencing Adv. Pro. No. 21-01393 (JNP), against the Diocese, and DOC Trusts. Through the complaint, the Tort Committee seeks entry of an order (i) declaring that DOC Trusts' accounts are property of the Debtor's Estate; (ii) ordering substantive consolidation of the Debtor's Estate with DOC Trusts effective as of October 1, 2020; (iii) declaring that DOC Trusts is a mere instrumentality, agent, and/or alter ego of the Diocese and that the Diocese and DOC Trusts are a single legal entity; (iv) declaring that the funds in DOC Trusts's accounts are not held in trust by the Diocese for the benefit of DOC Trusts, and all the funds therein constitute property of the Debtor's Estate; (v) finding the Declaration of Trust is a voidable fraudulent transfer pursuant to § 548(e)(1) of the Code; (vi) declaring a valid trust does not exist between DOC Trusts and the Debtor; (vii) declaring the DOC Trusts accounts are freely alienable and subject to the claims against the Diocese; and (viii) declaring that any trust existing prior to July 10, 2015 and October 15, 2015 respectively was a revocable trust subject to the claims of then-existing creditors, including the Tort Claimants. The Tort Committee filed a first amended adversary complaint on December 3, 2021.

The Diocese disputes all of these claims and does not believe the Tort Committee has any basis for seeking such relief against the parties named. As of the filing of this Disclosure Statement, the Tort Committee does not have authority from the Court to assert certain of the

claims in the adversary proceeding, which remain subject to entry of an order on the Standing Motion.

(iv) The Parishes Adversary Proceeding

On October 12, 2021, the Tort Committee filed an adversary complaint, commencing Adv. Pro. No. 21-01394 (JNP), against the Diocese, Parishes, Missions, and Schools. Through the complaint, the Tort Committee seeks entry of an order (i) ordering substantive consolidation of the Debtor's estate with the Parishes, Missions, and Schools effective as of October 1, 2020; (ii) declaring that the Parishes, Missions, and Schools are mere instrumentalities, agents, and/or alter egos of the Diocese and that the Diocese, Parishes, Missions, and Schools are a single legal entity; (iii) declaring the funds and assets in the Revolving Fund are not held in the trust by the Diocese for the benefit of the Parishes, Missions, and Schools; and (iii) that the Revolving Fund, and all of the funds contained herein, constitute property of the Debtor's estate. The Tort Committee filed a first amended adversary complaint on December 3, 2021.

The Diocese disputes all of these claims and does not believe the Tort Committee has any basis for seeking such relief against the parties named. As of the filing of this Disclosure Statement, the Tort Committee does not have authority from the Court to assert certain of the claims in the adversary proceeding, which remain subject to entry of an order on the Standing Motion.

(v) The Restricted Assets Adversary Proceeding

On December 3, 2021, the Tort Committee filed an adversary complaint, commencing Adv. Pro. No. 21-01493 (JNP), against the Diocese and certain Parishes and Missions. Through the complaint, the Tort Committee seeks entry of an order finding that the Diocese's assets, as more fully described in the complaint, are unrestricted and available to pay claims of the Diocese's creditors.

The Diocese disputes all of these claims and does not believe the Tort Committee has any basis for seeking such relief against the parties named.

C. Current and Historical Conditions

The Diocese is current on all post-petition obligations. [ECF 856]. The Diocese asserts it has filed all Monthly Operating Reports in accordance with the United States Trustee Guidelines. [ECF 265, 297, 373, 461, 544, 597, 655, 676, 736, 802, 856, 974].

On November 19, 2021, the Diocese filed an *Amendment to Monthly Operating Reports* (the "MOR Amendment") [ECF 980] to include investment income relating to the Revolving Fund in some of the Monthly Operating Reports filed since the Petition Date.

ARTICLE VII.
ASSETS OF THE DIOCESE

A. The Debtor's Assets

This section contains a discussion of the Diocese's potential assets available for distribution to creditors. Earlier sections of the Disclosure Statement discuss entities located within the territory of the Diocese, which are all separately incorporated and, are, therefore, not included in the Diocese's analysis of its assets.

a. Gross Revenue and Support

Under New Jersey law, the Diocese is an incorporated legal entity formed pursuant to Article 2 of Chapter 15 of Title 16 of the Revised Statutes of New Jersey (N.J.S.A. 16:15-9 to 15-17) with its own corporate structure and governance separate and distinct from the other Catholic entities located within the geographic area of the Diocese.

Gross revenue and support ("Gross Revenue") for the recently ended fiscal year (July 1, 2020 through June 30, 2021) is approximately \$43.0 million. Gross Revenue for the fiscal year ending on June 30, 2020 was approximately \$49.5 million while expenses were approximately \$58.2 million. Gross Revenue for the fiscal year ending on June 30, 2019 was approximately \$50.7 million and expenses were approximately \$64.8 million. Expenses include non-cash items including depreciation and reserves.

The primary source of funds used by the Diocese to support its daily operations comes from parish assessments, which in turn are funded primarily by contributions from parishioners. The Diocese assesses parishes ten percent of their annual Ordinary Income. Assessments are due on a monthly basis and provide financial support for pastoral, education, religious personnel development (education and care of priest and seminarians), youth and administrative program areas.

The Diocese's Gross Revenue is derived substantially from voluntary contributions of its congregants and is wholly reliant on the continuing support of the faithful.

Additional sources of operating funds include: (i) revenue from the share of the *House of Charity – Bishop's Annual Appeal* designated for Diocesan activities and the Diocesan share (30%) of the *Catholic Strong* appeal; (ii) contributions and bequests from the faithful and grants from the Diocese of Camden Trusts, Inc. and the Diocese of Camden Healthcare Foundation, Inc.; and (iii) realized investment gains.

The House of Charity – Bishop's Annual Appeal is an annual campaign undertaken early in the calendar year, proceeds of which are used to support various charitable, pastoral, educational, and human service activities. As of June 30, 2021, pledges for the House of Charity – Bishop's Annual Appeal were over \$942,000 to be collected through June 30, 2022. The House of Charity provides the day-to-day operational income that supports ministries of the Diocese, including support for seminarian education and housing for retired priests, support for VITALity Catholic Healthcare Services, support for Catholic education, as well as support for our various pastoral ministries. Monies that are raised in this fiscal year are expended next fiscal year. Without

the House of Charity, the Diocese could not fulfill its mission. These funds are restricted as they are collected through a solicitation that describes how the funds will be used. Accordingly, the Debtor asserts that the House of Charity Funds are not property of the estate. The Tort Committee does not agree with the Debtor’s position. Rather, the Tort Committee believes that the Debtor has failed to establish that the funds are restricted.

The Catholic Strong Campaign (“CSC”) was a capital campaign that sought to raise \$40 million to primarily benefit the Parishes. Of the funds raised through the CSC, 70% was designated solely for the Parishes. Their needs include updates to physical plant, new or expanded youth and pastoral ministries, and the hiring of staff to support parish programs. Thirty (30%) percent of the funds raised are designated for the Diocese for supporting stronger faith, stronger service and stronger Catholic schools. The Debtor asserts that these funds are restricted funds and, therefore, are not assets of the estate. These funds are restricted because they were donated for a specific purpose and the Diocese cannot use such funds outside of the donor’s intent. As of June 30, 2021, the CSC had \$40.1 million in pledges, of which \$24.6 million has been collected and \$17.2 million has been distributed, or deposited to the credit of the parishes’ accounts in the Revolving Fund.

The Tort Committee does not agree with the Debtor’s position.

b. Cash and Investments

The Diocese has cash and investments totaling \$15,782,236. The Tort Committee asserts through the adversary proceedings and certain motions described above that the Diocese has cash and investments in excess of this amount.

c. Personal Property

The Diocese owns certain personal property, including, but not limited to office equipment, furniture, fixtures, vehicles, and religious accessories (collectively, the “Personal Property”). The details of Personal Property are set forth in the Appraisal Report prepared by A. Atkins Appraisal Corporation. Pursuant to that appraisal, the Personal Property is valued at \$192,620. A copy of each appraisal is available on the docket at ECF 301.

d. Real Estate

The Diocese owns 52 pieces of real property including the following:

	<u>Property Address</u>	<u>Acreage</u>	<u>Block</u>	<u>Lot</u>	<u>Acquired</u>
1	419 George Street, Galloway, NJ	0.42	527	7	2010-12-16
2	430 S. Pomona Road, Galloway, NJ	1.13	527	1	2010-12-17
3	440 Whig Lane, Glassboro, NJ	26.85	172	7	2006-04-27
4	510 Cooper Street, Woodbury, NJ	1.094	161	2	2013-12-23
5	626 Cooper Street, Camden, NJ	0.331	125	8	1998-05-26
6	631 Market Street, Camden, NJ	0.275	125	24	1999-12-28
7	633-637 Market Street, Camden, NJ	0.319	125	21	1998-05-26

<u>.</u>	<u>Property Address</u>	<u>Acreage</u>	<u>Block</u>	<u>Lot</u>	<u>Acquired</u>
8	700 College Drive, Gloucester, NJ	0.28	14003	2.01	
9	1000 Williamstown Road, Gloucester, NJ	16	18302	1	2001-12-21
10	1845 Haddon Ave, Camden, NJ	1.43	1279.02	17, 23, & 25	1969-09-05
11	2209 Route 9, Dennis Township, NJ	4.91	256.05	44	1999-08-03
12	2221 Route 9, Dennis Township, NJ	41.66	256.05	43	1968-10-23
13	6075 West Jersey Ave, Egg Harbor Township, NJ	15	2610	14	2003-08-07
14	Center Street, Mantua, NJ	8.62	199	6, 7	1972-10-24
15	Cross Keys Road, Winslow, NJ	29.97	302	1.01	2004-02-10
16	1145 Delsea Drive, Deptford, NJ	12.36	4	5	1965-04-08
17	1139 Delsea Drive, Deptford, NJ	1.076	4	25	1971-02-25
18	1597 Almonesson Road, Deptford, NJ	4.38	226	3	1971-05-10
19	Blackwood Barnsboro, Deptford, NJ	20.55	417	8	2000-12-22
20	70 Blackwood Barnsboro, Deptford, NJ	26.64	418	1	2004-12-14
21	90 Blackwood Barnsboro, Deptford, NJ	18.14	418	2	1997-10-27
22	450 Salina Road, Deptford, NJ	4.42	418	3	2007-08-27
23	52 Blackwood Barnsboro, Deptford, NJ	6.89	418	4	2004-12-14
24	54 Blackwood Barnsboro, Deptford, NJ	3.49	418	5	2004-12-14
25	Blackwood Barnsboro, Deptford, NJ	4.01	418	6	2004-12-14
26	Washington Ave, Franklin, NJ	14.71	103	59	1964-05-18
27	Tuckahoe Road, Franklin, NJ	12	6702	40	1963-09-03
28	1300 Tuckahoe Road, Franklin, NJ (Back)	10.83	6503	2	see line 31
29	1300 Tuckahoe Road, Franklin, NJ	17.11	6503	1	1963-09-03
30	Tuckahoe Road, Franklin, NJ	198.41	6503	1	see line 30
31	1300 Tuckahoe Road, Franklin, NJ (Back)	8	6503	2	*1963
32	Victoria Ave, Franklin, NJ	306	6503	7	1963-10-04
33	Tuckahoe Road, Franklin, NJ	20.5	6702	39	*1963
34	Tuckahoe Road, Franklin, NJ	308.92	6702	40	see line 27
35	Piney Lane, Franklin, NJ	75.49	6702	43	*1963
36	Weatherby Road, Maurice River, NJ	3.94	248	3	1984-12-31
37	Weatherby Road, Maurice River, NJ	35.91	122.01	19	1984-12-31
38	101-107 No 7th Street, Camden, NJ	0.109	125	12, 11, & 13	1999-03-11
39	124-128 No Broadway, Camden, NJ	0.081	125	57	2000-05-12
40	235 S. Pomona Road, Galloway, NJ	4.86	648	10	1981-11-16
41	336 Kings Highway, Dennis Township, NJ	42.15	256.05	13	1979-03-30
42	Tuckahoe & Blue Bell, Franklin, NJ	0.43	6001	1	1980-11-25
43	NJSH Route 45, South Harrison, NJ	39.23	28	9	1998-02-20

	<u>Property Address</u>	<u>Acreage</u>	<u>Block</u>	<u>Lot</u>	<u>Acquired</u>
44	261 Cross Keys Road, Berlin, NJ	2	118	2	2000-09-18
45	263 Cross Keys Road, Berlin, NJ	4.317	118	3	2000-09-18
46	1 Redmond Avenue, Glassboro, NJ	0.3	21	7.01	2003-07-28
47	641 Bridgeton Pike, Elk, NJ	27.95	7	1	2005-03-29
48	248 Clayton-Aura Road, Clayton, NJ	55.4	502	4	see line 3
49	730 N. Delsea Drive, Clayton, NJ	3.208	1902	31	1995-06-16
50	312 Cumberland Street, Gloucester City, NJ	10x146	60	10	2005-09-30
51	Ferrel Road, South Harrison, NJ	21.5	15	4	1973-06-01
52	Pitney Rd, Galloway, NJ	22.17	988.01	26	1989-08-02

On March 15, 2021, the Diocese filed an Application for Retention of Professional Binswanger Company as Appraiser (the “Application”) in order to appraise and certain real property owned by the Diocese’s. [ECF 496]. The Application was granted by Order of the Court on March 23, 2021. [ECF 523].

On June 3, 2021, the Diocese filed a copy of the Appraisal Report dated May 25, 2021, prepared by Binswanger Company for the real property of the Diocese. [ECF 657]. Binswanger determined that the value of the Diocese’s real estate is \$20,470,000. The Binswanger Appraisal Report consisted of 33 of the above parcels.

e. Parish Loans and Accounts Receivable

In the ordinary course of its business, the Diocese made various unsecured loans from the Revolving Fund to the Parishes and Schools located within the territory of the Diocese. The following chart details the loans as of the Petition Date:

Loan No.	Description	Principal Balance	Doubtful or Uncollectible Amount
L-2003-228	Memorandum of Indebtedness (Amended) entered into January 1, 2013 between the Debtor and Camden Catholic High School, Cherry Hill, N.J. for outstanding payables. *This MOI was superseded.	\$757,300.35	\$189,325.09
L-2003-227	Memorandum of Indebtedness (Amended) entered into October 21, 2015 between the Debtor and Camden Catholic High School, Cherry Hill, N.J. for various capital improvements. (Consolidated Loan) *This MOI replaces and supersedes the MOI dated January 1, 2013.	\$786,285.15	\$196,571.29

Loan No.	Description	Principal Balance	Doubtful or Uncollectible Amount
L-1418-102	Memorandum of Indebtedness entered into on October 8, 2015 between the Debtor and The Parish of the Holy Cross, Bridgeton, NJ, for outstanding payables.	\$49,513.72	\$0.00
L-2001-221	Memorandum of Indebtedness entered into on October 13, 2017 between the Debtor and Holy Spirit High School, Absecon, NJ for payroll and outstanding accounts payable.	\$546,279.81	\$409,709.86
L-1435-007	Memorandum of Advances entered into on March 20, 2007 between the Debtor and St. Vincent Pallotti Parish, Haddon Township, NJ, for the purpose of rectory renovations (St. Joseph the Worker Rectory/Meeting Room).	\$256,875.51	\$192,656.63
L-1428-006	Memorandum of Indebtedness entered into July 1, 2005 between the Debtor and Resurrection (St. Maximilian Kolbe Deferred Bishop McHugh Regional School Loan).	\$247,955.54	\$123,977.77
L-1428-007	Memorandum of Indebtedness entered into July 1, 2005 between the Debtor and Resurrection (St. Maximilian Kolbe Deferred Bishop McHugh Regional School Loan).	\$561,000.00	\$280,500.00
L-1104-002	Memorandum of Indebtedness entered into September 1, 2012 between the Debtor and St. Joseph's Catholic Church, Sea Isle City, NJ, for the construction of a new church	\$4,847,715.17	\$0.00
L-1113-006	Memorandum of Indebtedness entered into on October 1, 2016 between the Debtor and St. Padre Pio Parish, Vineland, NJ, for the building of a gymnasium (St. Mary's Regional School renovation).	\$677,624.52	\$169,406.13
L-1113-007	Memorandum of Indebtedness entered into October 1, 2016 between the Debtor and St. Padre Pio Parish, Vineland, NJ, for the building of a gymnasium	\$267,355.22	\$66,838.81
L-1113-008	Memorandum of Indebtedness entered into October 1, 2016 between the Debtor and St. Padre Pio Parish, Vineland, NJ, for parish and school expenses	\$407,780.19	\$101,945.05

Loan No.	Description	Principal Balance	Doubtful or Uncollectible Amount
L-1119-006	Memorandum of Advances and Indebtedness No. 2 entered into July 1, 2009 between the Debtor and St. Agnes' Church, Blackwood Terrace, N.J.; The Roman Catholic Church of St. Jude, Gloucester Township, N.J.; The Church of St. Charles Borromeo, Washington Township, N.J.; The Church of Saints Peter and Paul, Washington Township, N.J.; and the Church of the Holy Family, Washington Township, N.J., for renovations of, and the addition of, a gymnasium to Our Lady of Hope Regional School building. (This Memorandum was replaced by Memorandum of Advances and Indebtedness No. 2A.)	\$52,228.48	\$0.00
L-1120-006	Memorandum of Advances and Indebtedness No. 2A entered into March 1, 2011 between the Debtor and Our Lady of Hope Parish, Blackwood, N.J. (formerly St. Agnes' Church, Blackwood Terrace, N.J.); The R.C. Church of St. Jude, Gloucester, Township, N.J. (Our Lady of Hope); The Church of St. Charles Borromeo, Washington Township, N.J.; The Church of Saints Peter and Paul, Washington Township, N.J.; and The Church of the Holy Family, Washington Township, N.J., for renovation and expansion of Our Lady of Hope Regional School and Our Lady of Hope Parish, Blackwood, N.J. (St Charles – Our Lady of Hope School Renovation Loan).	\$196,472.36	\$0.00

Loan No.	Description	Principal Balance	Doubtful or Uncollectible Amount
L-1417-006	Memorandum of Advances and Indebtedness No. 2A entered into March 1, 2011 between the Debtor and Our Lady of Hope Parish, Blackwood, N.J. (formerly St. Agnes' Church, Blackwood Terrace, N.J.); The R.C. Church of St. Jude, Gloucester, Township, N.J. (Our Lady of Hope); The Church of St. Charles Borromeo, Washington Township, N.J.; The Church of Saints Peter and Paul, Washington Township, N.J.; and The Church of the Holy Family, Washington Township, N.J., for renovation and expansion of Our Lady of Hope Regional School and Our Lady of Hope Parish, Blackwood, N.J.	\$628,133.40	\$0.00
L-1137-001	Memorandum of Indebtedness entered into December 12, 2003 between the Debtor and Mater Ecclesiae Chapel.	\$118,112.51	\$0.00
L-1401-001	Memorandum of Indebtedness entered into December 31, 2006 between the Debtor and Our Lady of Mt. Carmel/Fatima for Cathedral Immaculate Conception.	\$507,065.04	\$507,065.04
L-1416-001	Memorandum of Indebtedness entered into December 31, 2006 between the Debtor and Church of St. Edward.	\$335,743.10	\$167,871.55
L-1417-222	Memorandum of Indebtedness No. 1A entered into January 31, 2012 between the Debtor and Our Lady of Hope Parish, Blackwood, N.J. for the renovation and expansion of Our Lady of Hope Regional School (facility loan). (*This Memorandum, together with Memorandum of Indebtedness No. 1B, replace Memorandum of Advances and Indebtedness No. 1.))	\$100,263.89	\$25,065.97
L-1417-223	Memorandum of Indebtedness No. 1B entered into January 31, 2012 between the Debtor and Our Lady of Hope Parish, Blackwood, N.J. for the renovation and expansion of Our Lady of Hope Regional School.	\$428,542.55	\$107,135.64

Loan No.	Description	Principal Balance	Doubtful or Uncollectible Amount
L-1419-018	Memorandum of Indebtedness entered into July 10, 2015 between the Debtor and Saint Gabriel the Archangel Parish, Carneys Point, N.J. for prior year DSIP, pension and health insurance premiums owed to the Diocese.	\$149,967.98	\$0.00
L-1419-019	Memorandum of Indebtedness entered into between the Debtor and Saint Gabriel the Archangel Parish (debt forgiveness loan).	\$25,885.90	\$0.00
L-1420-002	Memorandum of Advances entered into April 21, 2016 between the Debtor and The Catholic Community of Christ Our Light for the purpose of constructing a parish center/gym.	\$1,584,918.24	\$0.00
L-1422-001	Memorandum of Advances entered into January 28, 2011 between the Debtor and Blessed Teresa of Calcutta for the purpose of replacing a heating and air conditioning system at St. John Church (\$85,000—partial of total loan).	\$425,610.27	\$319,207.70
L-1438-226	Memorandum of Indebtedness entered into March 31, 2012 between the Debtor and The Church of the Assumption at Pomona for the construction of Assumption Regional Catholic School.	\$2,890,348.65	\$2,890,348.65
L-1441-003	Memorandum of Indebtedness entered into July 22, 2011 between the Debtor and Divine Mercy Parish to pay school subsidy to Bishop Shad Regional School.	\$78,102.72	\$78,102.72
L-1442-022	Memorandum of Indebtedness entered into June 26, 2012 between the Debtor and Sacred Heart High School, Vineland, N.J. for operational expenses for the 2011-2012 school year.	\$308,000.00	\$308,000.00
L-1445-221	Memorandum of Advances entered into August 30, 2018 between the Debtor and Holy Angels Elementary School for the purpose of providing cash to pay outstanding accounts payable owed to outside parties.	\$428,329.00	\$107,082.00
L-1447-006	Memorandum of Indebtedness entered into September 1, 2012 between the Debtor and St. Vincent de Paul Catholic Church, Mays Landing, N.J. for the construction of a new church.	\$2,036,202.52	\$0.00

Loan No.	Description	Principal Balance	Doubtful or Uncollectible Amount
L-2006-227	Memorandum of Advances entered into June 7, 2019 between the Debtor and St. Joseph High School, Hammonton, N.J. for the purpose of providing cash to pay the outstanding invoices owed to Northeast Mechanical Services and to provide cash for operations in June 2019.	\$242,000.00	\$242,000.00
L-6133-661	Memorandum of Indebtedness entered into October 20, 2017 between the Debtor and John Wasilewski for federal tax liability and penalties.	\$8,319.43	\$0.00
L-1029-001	St. Joseph Pro. Cathedral Loan (No Loan Agreement)	\$948,570.05	\$948,570.05
L-1029-101	St. Joseph's SAP Ch. Loan (No Loan Agreement)	\$284,463.09	\$284,463.09
L-1029-102	St. Joseph's SAP Sch. Loan (No Loan Agreement)	\$5,000.00	\$5,000.00
L-1031-006	Our Lady of the Angels Bishop Mc Hugh Regional School Loan (No Loan Agreement)	\$397,215.33	\$238,329.20
L-1031-007	Our Lady of the Angels – Property Loan – Steel Road Properties (No Loan Agreement)	369,604.74	\$221,762.84
L-1401-006	Cathedral Immaculate Conception Loan (cathedral preservation) (No Loan Agreement)	\$3,481,397.95	\$3,481,397.95
L-1401-021	Holy Name Grade School Loan (No Loan Agreement)	\$64,072.00	\$64,072.00
L-1401-022	Holy Name School Operating Loan (No Loan Agreement)	\$199,737.00	\$199,737.00
L-1426-001	Our Lady of Guadalupe Loan (No Loan Agreement)	\$1,125,115.46	\$843,836.60
L-1426-221	Our Lady of Guadalupe – JP II School Renovation Loan (No Loan Agreement)	\$2,698,807.82	\$2,698,807.82
L-1426-222	St. JP II Regional Elementary School Loan (No Loan Agreement)	\$363,238.00	\$363,238.00
L-1438-010	Loan to Our Lady of Perpetual Help, 146 S. Pitney Road, Galloway, NJ 08205 (No Loan Agreement)	\$3,648,310.93	\$3,648,310.93
L-1442-001	Loan to Christ the Good Shepherd, 1655 Magnolia Road, Vineland, NJ 08361 (Sacred Heart Church) (No Loan Agreement)	\$2,238,571.26	\$2,238,571.26
L-1442-006	Loan to Christ the Good Shepherd, 1655 Magnolia Road, Vineland, NJ 08361 (Sacred Heart Prop. Loan) (No Loan Agreement)	\$61,234.02	\$61,234.02

Loan No.	Description	Principal Balance	Doubtful or Uncollectible Amount
L-1442-011	Loan to Christ the Good Shepherd, 1655 Magnolia Road, Vineland, NJ 08361 (St. Isadore) (No Loan Agreement)	\$169,320.63	\$169,320.63
L-1442-012	Loan to Christ the Good Shepherd, 1655 Magnolia Road, Vineland, NJ 08361 (Pension Loan) (No Loan Agreement)	\$243,320.00	\$243,320.00
L-1442-021	Loan to Christ the Good Shepherd, 1655 Magnolia Road, Vineland, NJ 08361 (Sacred Heart High School Loan) (No Loan Agreement)	\$379,820.00	\$379,820.00
L-1442-023	Loan to Christ the Good Shepherd, 1655 Magnolia Road, Vineland, NJ 08361 (Sacred Heart High School Expansion Loan) (No Loan Agreement)	\$235,000.00	\$235,000.00
L-2006-221	Loan to St. Joseph’s High School, 328 Vine Street, Hammonton, NJ 08037 (No Loan Agreement)	\$1,133,706.63	\$1,133,706.63
L-2006-225	Loan to St. Joseph’s High School, 328 Vine Street, Hammonton, NJ 08037 (Building Loan) (No Loan Agreement)	\$3,857,727.79	\$3,857,727.79
L-2006-226	Loan to St. Joseph High School, 328 Vine Street Hammonton, NJ 08037 (Payables Loan) (No Loan Agreement)	\$436,906.96	\$436,906.96
L-4042-441	Loan to Village Apartments, 1845 Haddon Avenue, Camden, NJ 08103 (Escrow Loan) (No Loan Agreement)	\$10,000.00	\$0.00
L1065-001	Loan to Our Lady of Sorrows Parish 724 Maple Avenue, Linwood, NJ 08221	\$71,655.00	\$17,913.75
	TOTAL:	42,372,725.88	\$28,253,856.66

All of the Loans were listed in the Diocese’s petition. The allowance for doubtful accounts reflects collection experience and risk. This analysis is required under United States Generally Accepted Accounting Principles (“GAAP”). The Diocese conducts its analysis annually to comply with GAAP. The Diocese has not written off or waived any of its rights to collect on all loans and accounts receivable. The doubtful or uncollectible accounts are based on an analysis of the collectability of these accounts. Annually, the Finance Office of the Diocese meets and analyzes the loans and accounts receivable outstanding from each parish and other Catholic entity. The analysis includes, but is not limited to: (i) payment history for the last year of current and past debt; (ii) availability of funds in the Parish trust; (iii) finances of the Parishes and Schools (i.e. enrollment, ordinary income, etc.); and (iv) other circumstances of the individual parish or entity that may affect the ability to repay debt.

As a result of the pandemic, the Diocese waived, during the third and fourth quarter of 2020: (i) assessments on the Parishes; and (ii) interest on all loans. Insofar as assessments are based upon prior year income, the assessment collections for fiscal year 2021 were impacted.

Many of the outstanding loans and receivables are legacy debt resulting from the merger or consolidation of two or more parishes into a single parish. These mergers and consolidations were completed for financial reasons after significant analysis by the Diocese, the respective parish(es), and the congregants. Since 2009, forty-one (41) mergers or consolidations have occurred – resulting in the current sixty-two (62) parishes within the territory of the Diocese. For example, Loan No. L1401-001 is the result of certain mergers in 2010 of *The Church of the Immaculate Conception, Camden*; *The Church of the Holy Name, Camden, N.J.*; and the *Church of Our Lady of Mount Carmel and Fatima, Camden, N.J.* These parishes merged into *The Parish of the Cathedral of the Immaculate Conception*, whose current address is 642 Market Street, Camden, New Jersey 08102. As a result, *The Church of the Holy Name* loan for repairs, and the loans for operations and repairs for the *Church of Our Lady Mount Carmel and Fatima, Camden, N.J.* became the debt of *The Parish of the Cathedral of the Immaculate Conception*.

A full analysis of the loans and the doubtful/uncollectible amounts was provided by the Diocese to the Tort Committee. This information included whether the loan was a performing or unperforming loan. The Diocese asserts it has no basis to accelerate performing loans. In addition, the Parishes assert that the loans are owed to the Revolving Fund and, therefore, are not property of the estate.

The Liquidation Analysis provides a \$0.00 value for these loans and any outstanding accounts receivable owed by the parishes. This is the result of an analysis performed by the Diocese and the causes of action that would exist if the Diocese was liquidated. The Parishes would have substantial claims and offsets against the Diocese for the following non-exhaustive services: (i) the Diocese's self-insurance program (DSIP); (ii) the health insurance program (CHIP-DOC); and (iii) accounting and operational support. Due to the above claims, the Diocese asserts there does not appear to be any significant value from these loans and receivables in a liquidation scenario. The Tort Committee does not agree with the Debtor's analysis. Rather, it believes a substantial amount of the loans are collectible and therefore should be reflected in the Debtor's liquidation analysis.

In addition, each Parish has filed a proof of claim against the Diocese asserting various set offs and causes of action. [See Claim Nos. 287-366]. These claims include, but are not limited to: (i) indemnification, reimbursement and contribution claims; (ii) collateral and setoff rights; and (iii) claims related to the Parish Trusts. Id.

f. Litigation Claims Against The Diocese of Camden Trusts, Inc.

i. Alleged Fraudulent Transfer Claims

The Tort Committee asserts that the Declaration of Trust between the Diocese and DOC Trusts is a fraudulent transfer pursuant to section 548(e)(1) of the Code. Section 548(e)(1) provides:

In addition to any transfer that the trustee may otherwise avoid, the trustee may avoid any transfer of an interest of the debtor in property that was made on or within 10 years before the date of filing of the petition if –

- (A) Such transfer was made to a self-settled trust or similar device;
- (B) Such transfer was by the debtor;
- (C) The debtor is a beneficiary of such trust of similar device; and
- (D) The debtor made such transfer with actual intent to hinder, delay, or defraud any entity to which the debtor was or became, on or after the date that such transfer was made, indebted.

This claim fails because no transfer was made from the Diocese to DOCT within ten years before the Petition Date. 11 U.S.C. § 548(e)(1) (“the trustee may avoid any transfer of an interest of the debtor in property that was **made on or within 10 years before the date of the filing of the petition . . .**”) (emphasis added). The Tort Committee’s complaint states that: “DOCT was initially funded with funds held by the Diocese. Upon information and belief, *no additional funding has been provided to DOCT from any entity since its initial funding.*” [ECF 871-3 at ¶22 (emphasis added)]. DOC Trust was formed and funded in 2001 – 20 years prior to the Diocese’s chapter 11 filing. Accordingly, this claim is frivolous.

Second, the Diocese is not a beneficiary of the “alleged trust” as required by Section 548(e)(1)(C). In this regard, the terms of the Declaration of Trust explicitly state that the Diocese is not a beneficiary of any DOCT funds: “Under no circumstances will the Diocese be, or be considered or deemed to be, a beneficiary of any trust affirmed and ratified herein and hereby in any way whatsoever, or to have any right or claim of any type, kind, nature or description to the Assets of the DOCT.” Moreover, the Diocese transferred funds to establish DOCT, a corporation. DOC Trust is *not* a trust. The trust described by the Declaration of Trust is not DOC Trust. The Declaration of Trust concerns the trust, in which the Diocese is the trustee and DOC Trust is the beneficiary. The Diocese, as trustee, may invest and manage DOC Trust’s funds for the benefit of DOC Trust. Therefore, the section 548 claim must fail as the debtor must also be the beneficiary of the trust in question. The Diocese is not, and has never been, a beneficiary of DOC Trust because DOC Trust is not a trust. This is fatal to the Tort Committee’s claims.

Finally, even ignoring the utter failure of the Tort Committee to establish the first two elements of a section 548 claim, the Tort Committee is unable to establish actual fraud in connection with the alleged transfer. The only statement made by the Tort Committee relating to fraud is that “The Debtor transferred the DOCT Accounts to the self-settled Alleged Trust with the intent to hinder, delay, or defraud current and future creditors.” [ECF 871-3 at ¶126]. As an initial matter, as expressed above, DOCT is not a trust. Additionally, this is wholly insufficient to demonstrate a colorable claim for fraud. Not only is it a legal conclusion, it has none of the facts required to withstand a motion to dismiss. Accordingly, the Tort Committee has failed to demonstrate a colorable claim for actual intent to defraud creditors.

Further, as a practical matter, the Diocese believes the pursuit of DOC Trusts will be time consuming and expensive. While the Debtor asserts likelihood of success is remote, no doubt exists that any such claim will involve substantial discovery and a lengthy trial, most likely before the United States District Court. Any final judgment will lead to an appeal to the Third Circuit

Court of Appeals. The likely timeframe to resolve any contested claim will be at least five (5) years and cost in excess of \$1 million in fees and expenses.

Thus, to the extent any claims exist, the Diocese values these claims at \$0.00. The Tort Committee disagrees, and believes these are viable and valuable claims.

ii. Alleged Substantive Consolidation/Alter-Ego Claims

The Tort Committee has asserted that the assets of DOC Trusts should be treated as property of the Diocese's estate through substantive contribution and alter ego claims.

Substantive consolidation allows a court to treat “separate legal entities as if they were merged into a single survivor left with all the cumulative assets and liabilities (save for inter-entity liabilities, which are erased).” In re Owens Corning, 419 F.3d 195, 205 (3d Cir. 2005) (quoting Genesis Health Ventures, Inc. v. Stapleton (In re Genesis Health Ventures, Inc.), 402 F.3d 416, 423 (3d Cir. 2005)). “The result is that claims of creditors against separate debtors morph to claims against the consolidated debtor.” Id. Substantive consolidation is “a construct of federal common law” that “emanates from equity.” Id.

In Owens Corning, the Third Circuit held that a proponent of substantive consolidation must demonstrate the following with regard to the entities for which consolidation is sought: “(i) prepetition they disregarded separateness so significantly their creditors relied on the breakdown of entity borders and treated them as one legal entity, or (ii) postpetition their assets and liabilities are so scrambled that separating them is prohibitive and hurts all creditors.” Id. at 211 (emphasis added).

First, with respect to whether “postpetition their assets and liabilities are so scrambled that separating them is prohibitive and hurts all creditors”, the Diocese asserts there is no evidence that the assets of the Diocese and DOC Trusts were combined pre- or post-petition. Accordingly, there can be no claim that the assets are “scrambled.”

Second, the Diocese asserts there is no evidence that the Diocese and DOC Trusts disregarded separateness or that any of its creditors treated them as one legal entity. As set forth above, the Diocese and DOC Trusts have separate Boards of Trustees, are separately incorporated, and run independently of each other. The books and records of the Diocese and DOC Trusts are maintained independently of each other. Accordingly, the Diocese does not believe that a claim exists relating to disregarding the separateness of the two entities. Moreover, the only common creditor of the Diocese and DOC Trusts – PNC Bank – clearly did not treat the Diocese and DOC Trusts as one legal entity. In this regard, the PNC required that DOC Trusts guarantee the Loan and enter into a Pledge Agreement relating to DOC Trusts' assets. The Diocese asserts that PNC's course of dealing with DOC Trusts and the Diocese confirms their separateness.

Third, courts have prohibited the substantive consolidation of a debtor with a non-profit non-debtor entity. Off. Comm. of Unsecured Creditors v. The Archdiocese of Saint Paul and Minneapolis (In re The Archdiocese of Saint Paul and Minneapolis), 888 F.3d 944 (8th Cir. 2018) (“No appellate court has recognized the substantive consolidation of a debtor and a *non-profit* nondebtor, let alone a debtor and *over 200* non-profit non-debtors.”); see also 11 U.S.C. § 303(a) (“[a]n involuntary case may be commenced only under chapter 7 or 11 of this title, and only against

a person, except a farmer, family farmer, or a corporation that is not a moneyed, business, or commercial corporation, that may be a debtor under the chapter under which such case is commenced.”). On this basis alone, such claims are futile. DOC Trusts is a non-profit entity formed under New Jersey law and, pursuant to the case law set forth herein, cannot be substantively consolidated with the Diocese.

The Diocese believes the Tort Committee’s alter ego claims will similarly fail. In order to warrant piercing the corporate veil of a parent corporation, a party must establish two elements: 1) that the subsidiary was dominated by the parent corporation, and 2) that adherence to the fiction of separate corporate existence would perpetrate a fraud or injustice, or otherwise circumvent the law. State, Department of Environmental Protection v. Ventron, 94 N.J. 473, 500-01 (1983). In determining whether the first element has been satisfied, courts consider whether “the parent so dominated the subsidiary that it had no separate existence but was merely a conduit for the parent.” Id. at 501; Interfaith Cmty. Org. v. Honeywell Int’l, Inc., 215 F.Supp.2d 482, 497 (D.N.J. 2002) (“veil-piercing is proper when a subsidiary is an alter ego or instrumentality of the parent corporation”). In determining corporate dominance, courts engage in a fact-specific inquiry considering whether the subsidiary was grossly undercapitalized, the day-to-day involvement of the parent’s directors, officers and personnel, and whether the subsidiary fails to observe corporate formalities, pays no dividends, is insolvent, lacks corporate records, or is merely a facade. Bd. of Trs. v. Foodtown, Inc., 296 F.3d 164, 172 (3d Cir. 2002); Pearson v. Component Tech. Corp., 247 F.3d 471, 484 (3d Cir.), cert. denied, 534 U.S. 950 (2001); Marzano v. Computer Sci. Corp., 91 F.3d 497, 513 (3d Cir. 1996); Solomon v. Klein, 770 F.2d 352, 353–54 (3d Cir. 1985); Seltzer v. I.C. Optics, Ltd., 339 F.Supp.2d 601, 610 (D.N.J. 2004).

Here, the Diocese and DOC Trusts do not have a parent/subsidiary relationship. First, the Diocese asserts there is no evidence that supports that the Diocese dominates DOC Trusts such that DOC Trusts has no separate existence. As set forth previously, the Diocese and DOC Trusts have separate boards and are separately incorporated. DOC Trusts makes funding decisions independently of the Diocese and has denied funding in the past. Thus, the Diocese asserts that DOC Trusts has not been a mere conduit for the Diocese. Second, the Diocese asserts that DOC Trusts is not grossly undercapitalized or insolvent, the Diocese is not involved in the day-to-day operations of DOC Trusts, all corporate formalities are observed and DOC Trusts has corporate records. Finally, the Diocese asserts that DOC Trusts was not separately incorporated to perpetrate a fraud. Accordingly, the Diocese believes this claim is futile.

Finally, as a practical matter, the Diocese believes the pursuit of DOC Trusts will be time consuming and expensive. While the likelihood of success is remote, no doubt exists that any such claim will involve substantial discovery and a lengthy trial, most likely before the United States District Court. Any final judgment will lead to an appeal to the Third Circuit Court of Appeals. The likely timeframe to resolve any contested claim will be at least five (5) years and cost in excess of \$5 million in fees and expenses.

Thus, to the extent that any claims exist, the Diocese values these claims at \$0.00. The Tort Committee disagrees, and believes these are viable and valuable claims.

iii. Validity of Trust/Property of the Estate Claims

The Tort Committee has asserted that a valid trust does not exist between the Diocese and DOC Trusts pursuant to New Jersey law, that the Diocese cannot shield DOC Trusts assets from creditors under New Jersey law, and that the assets of DOC Trusts are property of the Debtor's Estate.

The Diocese does not believe that the Tort Committee has made any supportable arguments with respect to any of these claims. First, as set forth previously, the Tort Committee fundamentally misunderstands the corporate form of DOC Trusts, which is not a trust, but rather a separately incorporated entity. Second, the Tort Committee fails to recognize that DOC Trust is a separately incorporated entity, is not a debtor, and owns its own assets. Accordingly, these claims have no merit.

Further, as a practical matter, the Diocese believes the pursuit of DOC Trusts will be time consuming and expensive. While the Debtor asserts likelihood of success is remote, no doubt exists that any such claim will involve substantial discovery and a lengthy trial, most likely before the United States District Court. Any final judgment will lead to an appeal to the Third Circuit Court of Appeals. The likely timeframe to resolve any contested claim will be at least five (5) years and cost in excess of \$1 million in fees and expenses.

Thus, to the extent any claims exist, the Diocese values these claims at \$0.00. The Tort Committee disagrees, and believes these are viable and valuable claims.

g. Litigation Claims Against the Other Catholic Entities.

The Tort Committee has asserted that the Parishes, Missions, and Schools should be substantively consolidated with the Diocese. Through this allegation, the Tort Committee asserts that the Other Catholic Entities' assets (and liabilities) should be combined with the Diocese. The case law associated with substantive consolidation is set forth above. The Diocese does not believe that there is any basis for consolidation of the Other Catholic Entities and the Diocese.

As set forth above, the Third Circuit held that a proponent of substantive consolidation must demonstrate the following with regard to the entities for which consolidation is sought: "(i) prepetition they disregarded separateness so significantly their creditors relied on the breakdown of entity borders and treated them as one legal entity, or (ii) postpetition their assets and liabilities are so scrambled that separating them is prohibitive and hurts all creditors." Id. at 211 (emphasis added).

First, similar to the claims made against DOC Trusts, the Diocese asserts no evidence exists that the assets of the Diocese and the Parishes are "so scrambled that separating them is prohibitive and hurts all creditors." While the Parish Trusts are held in a joint investment vehicle with investments by the Diocese and other Catholic entities, the Diocese asserts all Parish funds are traceable. For example, the Diocese has produced ten years of statements to the Tort Committee demonstrating that all funds are traceable. Thus, any allegation that the assets are "scrambled" has no weight. Besides the Parish Trusts, all other assets of the Parishes are held and maintained by the individual Parishes. Each Parish holds title to its own real estate, has its own operating and

other bank accounts, and its own employees and payroll. Thus, the Diocese does not believe that there is any basis for asserting substantive consolidation under this theory of Owens Corning.

Second, the Diocese asserts there is no evidence that the Diocese and the Parishes disregarded separateness or that any of its creditors treated them as one legal entity. Each Parish is a separate legal entity formed properly under New Jersey law. Each parish has its own board of trustees, which is also formed in accordance with New Jersey law. The books and records of the Diocese and each Parish are maintained independently of each other. Accordingly, the Diocese asserts no claim exists relating to disregarding the separateness of the Parishes.

Finally, as set forth above, courts have prohibited the substantive consolidation of a debtor with a non-profit non-debtor entity. The Parishes are each a non-profit entity formed under New Jersey law and, pursuant to the case law set forth herein, cannot be substantively consolidated with the Diocese. Thus, the Diocese does not believe that it has a claim against the Parishes for substantive consolidation.

The Tort Committee also asserts the Diocese and the Other Catholic Entities are alter egos. As set forth above, in order to assert this claim, a party must establish two elements: 1) that the subsidiary was dominated by the parent corporation, and 2) that adherence to the fiction of separate corporate existence would perpetrate a fraud or injustice, or otherwise circumvent the law. State, Department of Environmental Protection v. Ventron, 94 N.J. 473, 500-01 (1983). The analysis, here, is similar to that of DOC Trusts. First, the Diocese and the Other Catholic Entities do not have a parent/subsidiary relationship. Second, the Diocese asserts there is no evidence that supports that the Diocese dominates Other Catholic Entities such that the Other Catholic Entities have no separate existence. As set forth previously, the Diocese and Other Catholic Entities have separate boards and are separately incorporated. The Other Catholic Entities function independently of the Diocese. Thus, the Diocese asserts the Other Catholic Entities have not been a mere conduit for the Diocese. Indeed, several of the Parishes existed prior to the creation of the Diocese. Second, the Diocese asserts the Other Catholic Entities are not grossly undercapitalized or insolvent, the Diocese is not involved in the day-to-day operations of the Other Catholic Entities, all corporate formalities are observed and the Other Catholic Entities have separate corporate records. Finally, the Diocese asserts the Other Catholic Entities were not separately incorporated to perpetrate a fraud. Accordingly, the Diocese believes this claim is futile.

The Tort Committee has further asserted that the Declarations of Trust are invalid, that the funds in the Revolving Fund are not traceable, and that the Revolving Fund and the assets therein are property of the Debtor's Estate. The Diocese and the Parishes dispute this, and contend that the trust funds are identifiable and/or traceable under applicable law and that, in addition a portion of these funds are "restricted funds" protected from claims of creditors. Further, to the extent any Parish funds held in the Revolving Fund accounts are deemed to be not held in trust, the Parishes have asserted a claim against the Diocese which would be a dollar for dollar claim for any reduction in the trust, thereby diluting any recovery for all creditors

Finally, as set forth above, the pursuit of claims against the Other Catholic Entities will be time consuming and expensive. While the likelihood of success is remote, no doubt exists that any such claim will involve substantial discovery and a lengthy trial, most likely before the United States District Court. Any final judgment will lead to an appeal to the Third Circuit Court of

Appeals. The likely timeframe to resolve any contested claim will be at least five (5) years and cost in excess of \$5 million in fees and expenses.

Thus, to the extent that any claims exist, the Diocese values these claims at \$0.00. The Tort Committee disagrees, and believes these are viable and valuable claims.

h. Litigation Claims against the Diocese's Directors and Officers

The Tort Committee has asserted that the Diocese, the Bishop, and the Diocese's Directors and Officers (collectively, the "D&Os") breached their fiduciary duty by (i) waiving certain Parish Assessments in 2020; (ii) wrote off, canceled, and/or failed to collect the outstanding loans and accounts receivable from the Parishes, Missions, and Schools, and (iii) failing to pursuant insurance proceeds in connection with the IVCP. Further, the Tort Committee asserts that the waiver of the Parish Assessments and any cancellation of debt owed by the Parishes, Missions, and Schools constitute voidable fraudulent transfers.

First, this complaint will fail because the Diocese has not written off or cancelled any debt of the Parishes. In this regard, the Diocese is required under United States Generally Accepted Accounting Principles (U.S. GAAP) to provide for doubtful or uncollectible accounts in order to accurately reflect its financial statements. The Diocese does this annually in conformance with U.S. GAAP. The doubtful or uncollectible accounts are **not** written off. Indeed, the Diocese has collected on accounts that it deemed doubtful and/or uncollectible during the course of this bankruptcy proceeding following the sale of certain real property by a Parish. Accordingly, because the accounts are not written off or cancelled, there cannot be a transfer pursuant to fraudulent transfer law. Further, following U.S. GAAP is not a breach of fiduciary duty.

Second, any waiver of Parish Assessments during the first three months of the COVID-19 pandemic, when churches were shuttered and the Diocese's services to Parishes were limited, was a proper use of the D&Os business judgment. The Diocese simultaneously cut the interest rate it provides to the Parishes in the Revolving Fund, which reduced the impact of the waiver of Parish Assessments. *Cts. at Beachgate v. Bird*, 226 N.J. Super. 631, 641 (NJ Ch. Div. 1988) ("The [business judgment] rule requires that there be a showing of fraud or lack of good faith in the conduct of the affairs of a corporation in order to question decisions of its board of directors. If the directors' actions are authorized, fraud, self-dealing or unconscionable conduct must be shown to justify judicial action. Courts will not second-guess the actions of directors unless it appears that they are the result of fraud, dishonesty or incompetence.").

Third, the Diocese asserts that it was proper business judgment for the Diocese to resolve Tort Claims through the IVCP without seeking insurance for those claims. The Diocese determined, in its business judgment, that pursuing the insurance coverage would have: (i) required the Diocese to delay payment to the victims of abuse while fighting with insurance companies, (ii) subjected the Tort Claimants that settled to discovery requests that would have delayed settlements, (iii) cost the Diocese in excess of the return to negotiate and procure the insurance amounts in light of the various defenses asserted by the insurance companies. Thus, the D&Os, in conjunction with the advice of counsel, determined, in their reasonable business judgment, that it was more important to settle with the Tort Claimants, get the Tort Claimants fair and equitable

payments, obtain releases for those claims, and not engage in the years-long litigation that would be required to resolve the claims with insurance carriers.

Finally, as set forth above, the pursuit of claims against the Other Catholic Entities will be time consuming and expensive. While the likelihood of success is remote, no doubt exists that any such claim will involve substantial discovery and a lengthy trial, most likely before the United States District Court. Any final judgment will lead to an appeal to the Third Circuit Court of Appeals. The likely timeframe to resolve any contested claim will be at least five (5) years and cost in excess of \$5 million in fees and expenses. The Diocese’s insurer has denied coverage for these claims.

The Diocese does not believe these claims are meritorious, and to the extent claims exist, the Diocese values these claims at \$0.00. The Tort Committee disagrees, and believes these are viable and valuable claims.

i. The Diocese’s Insurance Program

From 1969 through present, the Diocese has maintained an insurance program for itself and certain Catholic organizations located within the territory of the Diocese. These insurance policies are property of the Diocese’s estate.

The Diocese is unaware of any insurance programs prior to 1969. As set forth above, however, the Diocese and the Tort Committee have jointly retained IAG as an insurance archeologist to search for information regarding pre-1969 insurance policies of the Diocese. At the time of the filing of the Disclosure Statement, such search is still in progress.

With respect to the post-1969 insurance program, the Diocese is aware of the following insurance providers per year:

Year	Insurance Company
1969	Insurance Company of North America
1970	Insurance Company of North America
1971	Insurance Company of North America
1972	Insurance Company of North America Lexington Insurance Co. London Market Insurers
1973	Lexington Insurance Co. London Market Insurers
1974	Lexington Insurance Co. London Market Insurers
1975	Lexington Insurance Co. London Market Insurers
1976	London Market Insurers
1977	London Market Insurers
1978	London Market Insurers Interstate Fire & Casualty Co.

Year	Insurance Company
1979	London Market Insurers Interstate Fire & Casualty Co.
1980	London Market Insurers Interstate Fire & Casualty Co.
1981	London Market Insurers Interstate Fire & Casualty Co.
1982	London Market Insurers Interstate Fire & Casualty Co.
1983	London Market Insurers Interstate Fire & Casualty Co. Century Indemnity Co.
1984	London Market Insurers Century Indemnity Co. Interstate Fire & Casualty Co.
1985	London Market Insurers Century Indemnity Co. Interstate Fire & Casualty Co. Granite State Ins. Co.
1986	London Market Insurers Interstate Fire & Casualty Co.
1987	London Market Insurers Lexington Insurance Co.
1988	Lexington Insurance Co. TNCRRG
1989	Lexington Insurance Co. TNCRRG
1990	Lexington Insurance Co. TNCRRG United National Ins. Co. ²³
1991	TNCRRG United National Ins. Co.
1992	TNCRRG United National Ins. Co. Federal Insurance Co.
1993	Federal Insurance Co. TNCRRG United National Ins. Co. Insurance Company of North America

²³ The Diocese and the Tort Committee filed a Stipulation to Dismiss United National from the Adversary Proceeding Without Prejudice (Adv. Pro. No. 20-01573-JNP; ECF 120).

Year	Insurance Company
1994	Federal Insurance Co. TNCRRG United National Ins. Co. Insurance Company of North America
1995	Federal Insurance Co. TNCRRG United National Ins. Co. Insurance Company of North America
1996	Federal Insurance Co. TNCRRG United National Ins. Co.
1997	TNCRRG United National Ins. Co. Federal Insurance Co. National Union
1998	TNCRRG United National Ins. Co. Federal Insurance Co. National Union
1999	National Union TNCRRG United National Ins. Co. Federal Insurance Co. AESLIC
2000	TNCRRG United National Ins. Co. Federal Insurance Co. Underwriters at Lloyd's ²⁴
2001	TNCRRG Underwriters at Lloyd's United National Ins. Co. Lexington Insurance Co.
2002	TNCRRG United National Ins. Co. Lexington Insurance Co.
2003	TNCRRG
2004	TNCRRG
2005	TNCRRG
2006	TNCRRG
2007	TNCRRG
2008	No claims filed in this period.
2009	No claims filed in this period.

²⁴ Any Underwriters at Lloyd's subscribing to policies after 2000 are not LMI.

Year	Insurance Company
2010	TNCRRG Illinois Union Insurance Co.
2011	No claims filed in this period. Illinois Union Insurance Co.
2012	No claims filed in this period. Illinois Union Insurance Co.
2013	No claims filed in this period.
2014	No claims filed in this period.
2015	TNCRRG
2016	TNCRRG
2017	No claims filed in this period.
2018	TNCRRG
2019	TNCRRG
2020	TNCRRG
2021	No claims filed in this period.

The insurers identified above issued primary and/or excess insurance policies in the years reflected. Certain, but not all, of these policies have a self-insured retention amounts attributable to the Diocese.

The insurers have asserted various defenses in the Insurance Action, including, but not limited to, the following defenses:

- a. Certain policies attach, if at all, only after certain self-insured retentions have been exhausted and/or after the limits of liability of any applicable underlying insurance and/or any applicable underlying limits have been exhausted regardless of the exhaustion or unavailability of such underlying insurance and/or underlying limits.
- b. Certain insurers do not have a duty to defend or settle, only to indemnify covered ultimate net loss. There is no obligation to reimburse defenses expenses or a loss payment until after the underlying claim is resolved and coverage for that claim has been determined.
- c. There is no coverage for any entity or person that does not qualify as an assured under the respective policies.
- d. Notice of the claims by the Diocese was untimely.
- e. The Diocese breached its duty of cooperation under certain policies.
- f. There is no coverage if a claimant alleges, or a determination is made, that the Diocese (or any other Assured), was aware of the alleged perpetrator's deviant propensities or history of molesting children prior to or during the alleged abuse.

- g. There is no coverage for volitional acts.
- h. There is no coverage arising from underlying actions and underlying claims which involve claimants who previously asserted claims that were litigated to conclusion, settled, or otherwise resolved by the Diocese.
- i. There is no coverage for any claim known to be false or fraudulent, and coverage under the insurance policies shall become void, and all claims thereunder shall be forfeited, if any such claim is made.
- j. Punitive damages may be excluded from coverage under the definition of "occurrence" and under the applicable law and public policy
- k. The claims may not be covered under any policy issued or allegedly issued to the Diocese by an Insurer, in whole or in part, to the extent that any bodily injury or event resulting in such injury or damage arises from deliberate, willful and/or intentional conduct substantially certain to result in injury.
- l. Certain claims are not covered due to application of sexual abuse or molestation exclusions.
- m. For claims-made policies, there were no claims timely made or reported, which are conditions precedent to coverage.

Despite these defenses, the Diocese believes that these insurance policies are a valuable asset of the estate. In this regard, the Diocese and the Insurers spent considerable time mediating the claims set forth by the Diocese before the Honorable Jose L. Linares. As a result, the Insurers²⁵ agreed to contribute the following amounts to the Trust for the benefit of the Tort Claims provided that the Insurance Settlement Agreements are approved by the Court and that the Plan conforms with the requirements of the Insurance Settlement Agreements:

INSURER	AMOUNT
Certain Underwriters at Lloyd’s, London, and Certain London Market Insurance Companies	\$10,230,822.12
Interstate Fire & Casualty Co.	\$12,987,274.80
Century Indemnity Company, as successor to CCI Insurance Company, as successor to Insurance Company of North America	\$4,711,298.62
The National Catholic Risk Retention Group, Inc.	\$1,850,000.00

²⁵ National Union Fire Insurance Company of Pittsburgh, PA, Federal Insurance Company, and Illinois Union Insurance Company were not defendants in the Insurance Adversary Proceeding by are Settling Insurers under the Plan.

INSURER	AMOUNT
Granite State Insurance Company, Lexington Insurance Company, and National Union Fire Insurance Company of Pittsburgh, PA	\$220,604.46
TOTAL	\$30,000,000

The Diocese promptly presented these offers to the Tort Committee for its consideration in the hopes that the Tort Committee would support the proposed settlement. As of the date of this Motion, the Tort Committee has rejected the proposed settlement of the Insurance Coverage Action against the Settling Insurers at the proposed settlement amount. A copy of the Insurance Settlement Agreement is attached to this Disclosure Statement as **Exhibit K**.²⁶ At the time of filing of this Disclosure Statement, the Court has not approved the Settlement Agreement.

As to any Non-Settling Insurer, the Diocese proposes to assign its interest in any policy, including the net proceeds, that has not been settled in advance of confirmation of the Plan to the Trust.

**ARTICLE VIII.
VALUATION OF TORT CLAIMS**

The Diocese does not believe that Tort Claims need to be valued in order to provide adequate disclosure to holders of Tort Claims or to satisfy the standards to obtain nonconsensual third-party releases in favor of the Covered Parties. Despite this contention, the Diocese provides the following analysis of claims. The Diocese has further retained Roux to conduct a valuation of these claims. The Diocese reserves all of its rights with respect to the claims and valuations, including, but not limited to, its right to: (i) dispute the validity of each claim; (ii) dispute the allegations or facts in each claim; and/or (iii) alter the value assigned to any claim.

As set forth above, the Diocese, along with the Archdiocese of Newark and Dioceses of Trenton, Paterson, and Metuchen, engaged the IVCP to consensually resolve claims prior to its bankruptcy proceedings. The IVCP was administered by Kenneth R. Feinberg and Camille S. Biros, two noted victims’ compensation experts who have designed and administered similar compensation programs for the Catholic Dioceses in New York and Pennsylvania. The IVCP Administrators determined the following values when fixing claims in the IVCP:

IVCP SETTLEMENT COMPENSATION SUMMARY		
Category	Description of Abuse	Range of Compensation
CATEGORY I	Sex talk, no physical touching	\$0- \$25,000
CATEGORY II	Nudity/Pornography - no physical touching	\$25,000 - \$50,000

²⁶ The Insurance Settlement Agreement reflects the agreement reached in principle, although it remains subject to ongoing review and certain immaterial revisions.

IVCP SETTLEMENT COMPENSATION SUMMARY		
Category	Description of Abuse	Range of Compensation
CATEGORY III	Fondling over clothing	\$50,000 - \$100,000
CATEGORY IV	Fondling under clothing	\$100,000 - \$150,000
CATEGORY V	Masturbation	\$150,000 - \$200,000
CATEGORY VI	Oral sex	\$200,000 - \$350,000
CATEGORY VII	Penetration	\$350,000 - \$500,000

Using the above values, EisnerAmper, the Diocese’s Financial Advisors, analyzed each of the IVCP claims, including the determinations issued by the IVCP Administrators following their independent review of each claim. Through this process, EisnerAmper was able to determine the average award in each category, including the impact of the step downs per the IVCP. A chart of this analysis is attached to the Disclosure Statement as **Exhibit I**.

Prior to the Bar Date, a total of 345 Tort Claim proofs of claim were filed against the Diocese. Upon review, the Diocese determined that several of the claims were duplicates. Accordingly, the total number of Tort Claim proofs of claim is 324. Subsequently, 19 late claims were filed, which have not been deemed allowable by the Court. Nor has any party sought to deem such claims allowed.

The Diocese, along with EisnerAmper, then reviewed each of the claims filed in this case and assigned each claim to one of the IVCP categories. Classifications were made based on the highest level of abuse alleged in the proof of claim. EisnerAmper then applied the Average Award Paid to the claims in each category for each proof of claim.

The Diocese valued 224 claims based on this IVCP analysis. These 224 claims aggregate to \$32,683,744 of the total amount of the valued claims. An additional 67 claims were valued at lower amounts, due to the fact that the proofs of claim allege inconsistent details or the allegations are not consistent with background facts. These claims include, but are not limited to, claims that: (i) do not allege any connection to the Diocese or the Parishes; (ii) claims against priests who have no other claims made against them and no evidence of misconduct has ever been reported against the priest; (iii) the claim is insufficiently detailed to determine who the alleged abuser is; or (iv) the victim of abuse was an adult at the time of the alleged abuse. As a result, these claims have a total adjusted value of \$1,715,000. The remaining 33 claims were given a value of \$0.00. These claims include, but are not limited to, the following: (i) claims of abuse made against Boy Scouts of America leaders with no connection to the Diocese or a Parish; (ii) claims made against priests that were not part of the Diocese; (iii) previously settled claims; and (iv) claims with no details.

Thus, based on this analysis, EisnerAmper arrived at a total valuation for the claims of \$34,398,744. A chart of this analysis is attached to the Disclosure Statement as Exhibit J. The Tort Committee disagrees with the Debtor and EisnerAmper’s estimated value of Tort Claims. The Tort Committee believes it can establish at the Confirmation Hearing that the value ascribed by the Debtor to Tort Claims undervalues the fair value of those claims and thus, the Plan may not be confirmed.

ARTICLE IX.
SUMMARY OF THE PLAN OF REORGANIZATION

The following is a summary of the significant elements of the Plan. This Disclosure Statement is qualified in its entirety by reference to the Plan. This summary does not describe every element of the Plan and is not a substitute for a complete review of the Plan. All parties are encouraged to review the Plan in its entirety for a full understanding of its provisions and impact on Creditors and Interest Holders. If there are any inconsistencies between the provisions of this Disclosure Statement and the provisions of the Plan, the provisions of the Plan will control.

A. What Creditors Will Receive Under the Proposed Plan

The Plan classifies claims in various classes. The Plan states whether each class of claims is impaired or unimpaired. The Plan provides the treatment each class will receive. A copy of the Plan is annexed hereto as **Exhibit A**.

B. Classification of Claims

As set forth in Articles III and IV of the Plan, the Plan classifies the various Claims against the Debtor and specifies their treatment pursuant to sections 1122 and 1123(a) of the Code. All Claims, as defined herein and in Section 101(5) of the Code, except the Fee Claims, Administrative Expense Claims, U.S. Trustee Fees, and Priority Tax Claims, are placed into the Classes set forth below. Pursuant to Section 1123(a)(1) of the Code, Fee Claims, Administrative Expense Claims, U.S. Trustee Fees, and Priority Tax Claims, as described below, are not classified in the Plan, and the treatment of such Claims is set forth in Article III below. A Claim is placed in a particular Class only to the extent that the Claim or Interest falls within the description of that Class and is classified in other Classes to the extent that any portion of such Claim or Interest falls within the description of such other Classes. A Claim is also placed in a particular Class for the purpose of receiving distributions pursuant to the Plan only to the extent that such Claim is an Allowed Claim in that Class and such Claim has not been paid, discharged, released or otherwise settled prior to the Effective Date.

a. Unclassified Claims

The following are the unclassified Claims: Fee Claims, Administrative Expense Claims, U.S. Trustee Fees, and Priority Tax Claims. Unclassified Claims are not Impaired by the Plan. Each Holder of an unclassified Claim is conclusively presumed to have accepted the Plan and, therefore, is not entitled to vote to accept or reject the Plan.

b. Unimpaired Classes of Claims

Each holder of an Allowed claim in the following class is unimpaired and deemed to have accepted the Plan and, therefore, is not entitled to vote to accept or reject the Plan: Priority Non-Tax Claims.

c. Impaired Classes of Claims

Each Holder of an Allowed Claim in the following classes is impaired and entitled to vote to accept or reject the Plan:

Class	Claims & Interest	Status	Voting Rights
2	PNC Bank, N.A.	Impaired	Entitled to Vote
3	Non-Abuse General Unsecured Claims	Impaired	Entitled to Vote
4	Underfunded Pension Claims	Impaired	Entitled to Vote
5	Tort Claims Other Than Unknown Tort Claims	Impaired	Entitled to Vote
6	Unknown Tort Claims	Impaired	Entitled to Vote
7A	Abuse Related Contingent Claims	Impaired	Not Entitled to Vote
7B	Abuse Related Contingent Claims	Impaired	Not Entitled to Vote
8	Non-Abuse Litigation Claims	Impaired	Entitled to Vote

**ARTICLE X.
TREATMENT OF UNCLASSIFIED CLAIMS**

C. Administrative Expenses Claims

Administrative Expense Claims are Claims for costs or expenses of administering the Debtor’s Chapter 11 Case, which are allowed under Code section 503(b) or otherwise. The Code requires that all administrative expenses be paid on the Effective Date, unless a particular Claimant agrees to different treatment. The Debtor or Reorganized Debtor, as appropriate, shall pay each Holder of an Allowed Administrative Expense Claim in full, in cash, on the later of (i) fifteen (15) days after the Effective Date; or (ii) fifteen (15) days after the date on which such Claim becomes an Allowed Administrative Expense Claim. Notwithstanding anything in the Plan to the contrary, the Holder of an Allowed Administrative Claim may be paid on such other date and upon such other terms as may be agreed upon by the Holder of an Allowed Administrative Expense Claim and Debtor/Reorganized Debtor.

D. Priority Tax Claims

The Reorganized Debtor shall pay any Allowed Priority Tax Claims, in full, in Cash, without interest, as soon as practicable after the later of (i) fifteen (15) days after the Effective Date, (ii) fifteen (15) days after the date on which such Claim becomes an Allowed Priority Tax Claim, (iii) at the option of the Debtor prior to the Effective Date in accordance with Section 1129(a)(9)(C) of the Code, in Cash, in an aggregate amount of such Allowed Priority Tax Claim payable in regular quarterly installments over a period of not more than five (5) years from the Petition Date, or (iv) such other treatment agreed to by the Debtor and the Holder of such Allowed Priority Tax Claim; *provided, however*, that the Holder of an Allowed Priority Tax Claim will not be entitled to receive any payment on account of any penalty arising with respect to, or in

connection with any Priority Tax Claim. Any demand for any such penalty will be deemed disallowed by Confirmation of the Plan.

The Debtor is unaware of any Priority Tax Claims.

E. U.S. Trustee Fees.

All outstanding U.S. Trustee Fees that the Debtor has not paid as of the Effective Date shall be paid by the Reorganized Debtor no later than fifteen (15) days after the Effective Date or when such U.S. Trustee Fees come due in the ordinary course.

The Debtor does not anticipate that there will be any outstanding U.S. Trustee Fees, except those that have not become due in the ordinary course at the time of confirmation.

F. Fee Claims.

All Persons seeking an award by the Court of Fee Claims (i) shall file their respective final applications for allowance of compensation for services rendered and reimbursement of expenses incurred by the date that is 30 days after the Effective Date and (ii) shall be paid in full in such amounts as are Allowed by the Court (a) on the date upon which the Order relating to any such Allowed Fee Claim is entered, or (b) upon such other terms as may be mutually agreed upon between the holder of such an Allowed Fee Claim and the Debtor or Reorganized Debtor, as applicable. The Reorganized Debtor is authorized to pay compensation for services rendered or reimbursement of expenses incurred after the Confirmation Date in the ordinary course and without the need for Court approval.

The Debtor estimates the following Fee Claims:

Name of Professional and Role in Case	Estimated Amount of Fee Claim	Proposed Payment
Trenk Isabel P.C. <i>Current Attorneys for Debtor</i>	\$500,000	Payment in full on Effective Date or as otherwise agreed upon between the Debtor and the professional.
McManimon, Scotland & Baumann, LLC <i>Initial Attorneys for Debtor</i>	\$645,722.52	Paid in full in accordance Order Granting Second and Final Application for Compensation. [ECF 820].
EisnerAmper, LLP <i>Financial Advisors for Debtor</i>	\$650,000	Payment in full on Effective Date or as otherwise agreed upon between the Debtor and the professional.

Name of Professional and Role in Case	Estimated Amount of Fee Claim	Proposed Payment
Cooper Levenson, P.A. <i>Special Counsel for Debtor</i>	\$300,000	Payment in full on Effective Date or as otherwise agreed upon between the Debtor and the professional.
Duane Morris, LLC <i>Special Counsel for Debtor</i>	\$134,750	Paid in full from settlement proceeds in accordance with the Order Granting First and Final Application for Compensation. [ECF 223].
A. Atkins Appraisal Corp. <i>Appraiser for Debtor</i>	\$13,292.70	Paid in full in accordance with Order Granting First and Final Application for Compensation. [ECF 431].
Binswanger Company <i>Real Estate Appraiser for Debtor</i>	\$64,000	Paid in full in accordance with the Order Granting First and Final Application for Compensation.
Insurance Archeology Group <i>Insurance Archeologist to the Debtor and Tort Committee</i>	\$15,000	Payment in full on Effective Date or as otherwise agreed upon between the Debtor and the professional.
Lowenstein Sandler LLP <i>Counsel for the Tort Committee</i>	\$5,500,000	Payment in full on Effective Date or as otherwise agreed upon between the Debtor and the professional.
Berkeley Research Group <i>Financial Advisor for the Tort Claimants' Committee</i>	\$1,500,000	Payment in full on Effective Date or as otherwise agreed upon between the Debtor and the professional.
Finance Scholars Group <i>Expert Witness and Claims Evaluator to the Tort Committee</i>	\$50,000	Payment in full on Effective Date or as otherwise agreed upon between the Debtor and the professional.

Name of Professional and Role in Case	Estimated Amount of Fee Claim	Proposed Payment
Porzio, Bromberg & Newman, P.C. <i>Counsel for the Trade Committee</i>	\$450,000	Payment in full on Effective Date or as otherwise agreed upon between the Debtor and the professional.

**ARTICLE XI.
TREATMENT OF CLAIMS**

A. Estimates of Claims.

The amounts listed below represent estimated Allowed Claims, and do not represent amounts actually asserted by creditors in proofs of claim or otherwise. The Debtor has not completed its analysis of Claims in the Chapter 11 Cases and objections to such Claims have not been made or fully litigated. Therefore, there can be no assurances of the exact amount of the Allowed Claims at this time. Rather, the actual amount of the Allowed Claims may be greater or lower than estimated. The estimated percentage recovery is based upon, among other things, an estimate of the Allowed Claims in the Chapter 11 Cases. The actual amount of the Allowed Claims may be greater or lower than estimated. Thus, the actual recoveries may be higher or lower than projected depending upon, among other things, the amounts and priorities of Claims that are actually Allowed by the Court.

B. Treatment of Class 1 (Priority Non-Tax Claims).

Class 1 consists of the Priority Non-Tax Claims which are defined by the Plan as all Claims that are entitled to priority pursuant to Section 507 of the Code and that are not General Administrative Expense Claims or Priority Tax Claims. The legal and equitable rights of the Holders of Allowed Priority Non-Tax Claims are unaltered by the Plan. Except to the extent that a Holder of an Allowed Priority Non-Tax Claim and the Debtor shall have agreed in writing to a different treatment, each Holder of an Allowed Priority Non-Tax Claim shall receive, in full and final satisfaction of such Claim, payment in full in Cash, without interest, in an amount equal to such Allowed Priority Non-Tax Claim as soon as reasonably practicable after the later of (a) the Effective Date and (b) the date when such Priority Non-Tax Claim becomes an Allowed Priority Non-Tax Claim.

The Debtor estimates that there will be no Priority Non-Tax Claims.

C. Treatment of Class 2 (PNC Bank).

PNC is an unsecured creditor of the Diocese but is secured by the Pledge Agreement and Guaranty described above by DOC Trusts. Accordingly, according to the Debtor, PNC is entitled to separate treatment under the Plan. Class 2 is Impaired, and each holder of a Class 2 Claim is entitled to vote to accept or reject the Plan. The Tort Committee disagrees with the Debtor's proposed treatment of PNC's claim.

The Diocese shall assume and reaffirm all loan documents with PNC and all such loan documents and provisions shall remain in full force and effect until all obligations of the Debtor have been indefeasibly paid in full conditioned on the following terms:

1. Confirmation of the Plan no later than May 31, 2022;
2. The Diocese shall continue to make interest only payments through the date of Confirmation;
3. 5-year term of repayment as follows: (i) first two years interest only payments; (ii) following three years with payments based on an amortization of 15 years until May 31, 2027; and (iii) a balloon payment of the balance of the loan on May 31, 2027;
4. The Diocese maintains the right to repay the balance of the loan at any time without penalty or premium;
5. Interest rate at BSBY plus 100 (1%) basis points; and
6. The Diocese and Other Catholic Entities shall keep total assets under management (AUM) at PNC at no less than \$250 million. If AUM falls below that level, the interest rate increases to BSBY plus 400 basis points (4%).

D. Treatment of Class 3 (General Unsecured Claims).

General Unsecured Claims are unsecured claims not entitled to priority under Code section 507(a) that are not Tort Claims or Non-Abuse Litigation Claims. Class 3 is Impaired, and each holder of a Class 3 Claim is entitled to vote to accept or reject the Plan. The Tort Committee asserts that the Debtor is artificially impairing creditors in Class 3 for the sake of cramming the Plan down.

The Diocese shall pay Class 3 Claims a 75% dividend over 5-years. Class 3 Claimants shall have the option to elect to receive a payment of 50% of their claim within 60 days after the Effective Date in full satisfaction of their respective Claims.

E. Treatment of Class 4 (Underfunded Pension Claims).

Underfunded Pension Claims are unsecured claims that are based on the Debtor's underfunded pension plans: (i) Pension Plan for Priests of the Diocese of Camden; (ii) Pension Plan for Certain Lay Employees of the Diocese of Camden; and (iii) Post-Retirement Benefits Plan for Priests of the Diocese of Camden. The Debtor estimates that these claims are approximately \$45,439,291. Class 4 is Impaired, and each holder of a Class 4 Claim is entitled to vote to accept or reject the Plan. The Tort Committee asserts that the Debtor is artificially impairing creditors in Class 4 for the sake of cramming the Plan down

Allowed Class 4 Claims shall be paid \$2,000,000 a year for 20 years. Payments may be made quarterly.

F. Treatment of Class 5 (Abuse Tort Claims Other Than Unknown Tort Claims).

A Class 5 Claim means a Tort Claim other than an Unknown Tort Claim. The Plan creates a Trust to fund payments to Class 5 Claimants entitled to such payments under the Plan and Trust Agreement. Class 5 Claimants' share of the Trust Assets as provided by the Trust Distribution Plan is the only amount, if any, they will be entitled to receive from the Covered Parties and the Settling Insurers. Distribution from the Trust does not preclude Claims or recoveries by Tort Claimants against Persons who are not Covered Parties or Settling Insurers for the liability of such Persons not attributable to the causal fault or share of liability of Covered Parties. Any Person alleged to be a Joint Tortfeasor shall not be liable for any Covered Party's share of causal liability or fault nor have any Claim against the Covered Parties, and all such Claims are treated as Indirect Claims under the Plan.

Except with respect to the Covered Parties, nothing in the Plan is intended to affect in any way the rights of any Tort Claimant against any Joint Tortfeasor except that Tort Claimants may not collect, or obtain a reallocation of the share of any judgment initially allocated to a Covered Party, from any Joint Tortfeasor. Any Joint Tortfeasor shall not be liable for any Covered Party's share of liability or fault. Under no circumstances will the reservation of such Tort Claimant's rights against any other Person impair the discharge, Channeling Injunction, or Supplemental Settling Insurer Injunction with respect to any Covered Party or Settling Insurer.

As of the Effective Date, the liability of Covered Parties and Settling Insurers for all Class 5 Claims shall be assumed fully by the Trust, without further act, deed, or court order, and, pursuant to the Channeling Injunction herein, shall be satisfied solely from the Trust as set forth in the Plan Documents and Confirmation Order; *provided, however*, such assumption shall not prevent Litigation Claimants from asserting Litigation Claims to obtain recoveries from Non-Settling Insurers for the Trust. No Class 5 Claimant who holds a Distribution Plan Claim shall receive any Trust Distribution unless and until he or she has executed the Release. Class 5 Claimants who hold a Litigation Claim may pursue the Litigation Claim only after he or she has signed a Release.

The Trust must provide copies of any such Releases to the (a) Covered Parties; (b) Settling Insurers; and upon request (c) the Joint Tortfeasors that have executed a confidentiality agreement. Nothing herein requires any Class 5 Claimant to release any Claim(s) against any Person that is not a Covered Party or Settling Insurer. No Joint Tortfeasor shall be liable for any Covered Party's share of liability or fault.

During the course of the Chapter 11 proceedings, two substantial Tort Claimants contacted the Diocese to resolve their Claims. The RH Claimants, represented by Carl Poplar, Esq. agreed to resolve their Claims, as follows: (i) an allowed Claim of One Hundred Thousand Dollars (\$100,000.00) paid in equal annual installments over ten years; and (ii) an allowed claim of Seventy-five Thousand Dollars (\$75,000.00) paid in equal annual installments over ten years. In connection with this resolution, the Diocese filed a *Motion for Entry of an Order to Approve Settlement of Controversy by and Among the Diocese and the RH Claimants Pursuant to Federal Rule of Bankruptcy 9019(a)* seeking approval of a settlement with the RH Claimants. After oral argument, the Court granted the RH Motion, without prejudice to all parties' rights in connection with the plan reorganization process.

Based on the valuations set forth herein, the Diocese believes that Class 5 Claimants will receive 100% of the value of their claims. As set forth above, the Diocese believes the value of Class 5 claims are \$34,398,744. The Diocese and the Covered Parties have agreed to fund the Plan with \$60,000,000. The Settling Insurers have agreed to contribute \$30,000,000 to the Trust in accordance with the Insurance Settlement Agreement and upon certain other conditions precedent contained therein. Thus, the Diocese asserts that Class 5 Claims will be paid in full. The Tort Committee disagrees with the adequacy of the Covered Parties' contributions and asserts that claimants in Class 5 will receive significantly less than 100% of the value of their claims.

G. Treatment of Class 6 (Abuse Unknown Tort Claims).

A Class 6 Claim means an Unknown Tort Claim. Except with respect to the Reorganized Debtor and the Covered Parties, nothing in the Plan is intended to affect, in any way, the rights of any Unknown Tort Claimant against any Joint Tortfeasor, except that Unknown Tort Claimants may not collect, or obtain a reallocation of the share of any judgment initially allocated to a Covered Party, from any Joint Tortfeasor. No Joint Tortfeasor shall be liable for any Covered Party's share of liability or fault. Under no circumstances will the reservation of such Tort Claimant's rights against any other Person impair the discharge, Channeling Injunction, or Supplemental Settling Insurer Injunction with respect to any Covered Party or Settling Insurer.

As of the Effective Date, the liability of the Covered Parties and Settling Insurers for all Class 6 Claims shall be assumed fully by the Trust, without further act, deed, or court order and pursuant to the Channeling Injunction in Article 10 of the Plan, shall be satisfied solely from the Unknown Tort Claims Reserve, as set forth in the Plan Documents and Confirmation Order. No Person is obligated to pay additional funds into the Unknown Tort Claims Reserve. Class 6 Claimants are enjoined from filing any future Claims against any Covered Party or Settling Insurer and may not proceed in any manner against any such Persons in any forum whatsoever.

No Class 6 Claimant who holds a Distribution Plan Claim shall receive any Trust Distribution unless and until he or she has executed the Release. Class 6 Claimants who hold a Litigation Claim may pursue the Litigation Claim only after he or she has executed a Release.

The Trust must provide copies of any such releases to the (a) Covered Parties; (b) Settling Insurers; and (c) Joint Tortfeasors that have executed a confidentiality agreement, upon request. Nothing herein requires any Class 6 Claimant to release any Claim(s) against any Person that is not a Covered Party or Settling Insurer. No Joint Tortfeasor shall be liable for any Covered Parties' share of liability or fault.

H. Treatment of Class 7A (Abuse Related Contingent Claims).

A Class 7A Claim means any Claim for contribution, indemnity or reimbursement arising out of or related to the Diocese's liability to pay or defend any Class 5 Claim. Claims in Class 7A shall be allowed or disallowed in accordance with Section 502(e)(1) and (2) of the Bankruptcy Code, which will constitute Channeled Claims and shall be channeled to the Trust. For avoidance of doubt, it is anticipated that Class 7A Claims shall be extinguished as a result of the terms of this Plan by the waiver of such claims by the Parishes in exchange for the release and Channeling

Injunction provided in the Plan. As such, Class 7A Claims will receive no distribution under the Plan provided that the Parishes receive the benefits of the Channeling Injunction.

I. Treatment of Class 7B (Abuse Related Contingent Claims).

A Class 7B Claim means any Claim for contribution, indemnity or reimbursement arising out of or related to the Diocese's liability to pay or defend any Class 6 Claim. Claims in Class 7B shall be allowed or disallowed in accordance with Section 502(e)(1) and (2) of the Bankruptcy Code, which will constitute Channeled Claims and shall be channeled to the Trust. For avoidance of doubt, it is anticipated Class 7B will be extinguished as a result of the terms of this Plan by the waiver of such claims by the Parishes in exchange for the releases and Channeling Injunction provided in the Plan. As such, Class 7B Claims will receive no distribution under the Plan provided that the Parishes receive the benefits of the Channeling Injunction.

J. Treatment of Class 8 (Non-Abuse Tort Claims).

Non-Abuse Tort Claims are tort claims against the Diocese that are not Abuse claims. Class 8 is Impaired, and each holder of a Class 8 Claim is entitled to vote to accept or reject the Plan. Allowed Class 8 Claims shall be paid a *pro rata* portion of a \$100,000 distribution. The Diocese shall contribute \$50,000 to be designated for Class 8 Claims. Catholic Charities, Diocese of Camden, Inc. will transfer \$50,000 to the Diocese to be designated for Class 8 Claimants within two (2) business days after the Confirmation Order has become a Non-Appealable Order in exchange for a release of all Class 8 Claims against it. This contribution amount is contingent upon the receipt by Catholic Charities of releases from third party claims.

ARTICLE XII.
THE TRUST

A. Establishment of Trust.

On the Effective Date, the Trust shall be established for the purposes of assuming liability of Covered Parties and Settling Insurers for Channeled Claims and receiving, liquidating, and distributing Trust Assets in accordance with this Plan and the Trust Distribution Plan.

On or before the Confirmation Date, the Trust shall be established in accordance with the Trust Documents. The Trust is intended to qualify as a "Designated" or "Qualified Settlement Fund" pursuant to Section 468B of the Internal Revenue Code and the Treasury Regulations promulgated thereunder. The Debtor is the "transferor" within the meaning of Treasury Regulation Section 1.468B-1(d)(1). The Trust Administrator shall be classified as the "administrator" within the meaning of Treasury Regulation Section 1.468B-2(k)(3). The Trust Documents, including the Trust Agreement, are incorporated herein by reference.

B. Funding of Trust.

a. Debtor Contributions.

Cash and other assets with a value of \$50,000,000 will be paid or transferred, as applicable, to the Trust Account as provided in the Plan and as described herein subject to reversion if any proceeds are not needed to fund the Trust.

i. Initial Debtor Contribution.

The Debtor will transfer \$20,000,000 to the Trust Account within two (2) business days after the Confirmation Order has become a Final Order (the “Initial Debtor Contribution”).

The Initial Debtor Contribution will be primarily comprised of funds from the following sources: (i) non-restricted cash accounts held by the Diocese; and/or (ii) a loan of non-restricted cash from DOC Trusts in exchange for a release of all Claims against it and a security interest in all real estate owned by the Diocese. In addition to the loan, DOC Trusts shall waive any Claims against the Diocese asserted in the Chapter 11 Case.

ii. Additional Debtor Contributions.

The Debtor shall transfer \$10,000,000 to the Trust on the first, second, and third anniversaries of the Initial Debtor Contribution (the “Additional Debtor Contributions”).

The Additional Debtor Contributions will be primarily comprised of funds from the following sources: (i) non-restricted cash accounts held by the Diocese; and/or (ii) a loan of non-restricted cash from DOC Trusts in exchange for a release of all Claims against it and a security interest in all real estate owned by the Diocese. In addition to the loan, DOC Trusts shall waive any Claims against the Diocese asserted in the Chapter 11 Case.

The Trust shall be granted a Lien and security interest on the Revolving Fund to secure the Additional Debtor Contributions. The Parishes assert that the respective trust agreements will need to be amended to effectuate such lien.

b. Parish, Schools, and Other Catholic Entities Contribution.

The Parishes, and Other Catholic Entities will collectively transfer \$10,000,000 to the Trust Account within two (2) business days after the Confirmation Order has become a Final Order (the “Parish Contribution Cash Amount”). In addition to the Parish Contribution Cash Amount, the Parishes shall waive any Claims against the Diocese asserted in the Chapter 11 Case, including, any rights to distributions under their Class 7A and 7B treatment. The Parish Contribution Cash Amount, the grant of a lien and security interest on the Revolving Fund, and waiver of Claims against the Diocese is contingent upon the receipt by the Parishes of releases from third party claims and the Court’s entry of the Channeling Injunction.

c. **Settling Insurer Contributions.**

All rights to receive payment under the Insurance Settlement Agreements shall be assigned to the Trust, and each Settling Insurer will pay its Insurance Settlement Amount to the Trust within the time set forth in the Insurance Settlement Agreement.

d. **Unknown Claims Reserve.**

For a period of sixty (60) months, the Debtor or Reorganized Debtor, as applicable, shall be obligated to maintain the Unknown Tort Claim Reserve for the benefit of Unknown Tort Claimants. The Unknown Tort Claims Reserve shall be administered as provided in the Trust Agreement and Trust Distribution Plan. At the expiration of the sixty (60) month period, neither the Debtor, Reorganized Debtor, Trust, nor any other Covered Party or Settling Insurer shall have any liability for Unknown Tort Claims.

e. **Additional Trust Assets.**

The Insurance Assignment shall be automatically and without further act or deed effective on the Effective Date. The Insurance Assignment shall not be construed as an assignment and transfer of the Non-Settling Insurer Policies.

C. Vesting.

On the Effective Date, all Trust Assets shall vest in the Trust, and the Diocese and other Covered Parties shall be deemed for all purposes to have transferred all Interests in the Trust Assets to the Trust. On the Effective Date, or as soon as practicable thereafter, the Covered Parties, as applicable, shall take all actions reasonably necessary to transfer any Trust Assets to the Trust. Upon the transfer of the Trust Assets in accordance with this paragraph, the Covered Parties shall have no further interest in or with respect to the Trust Assets.

D. Appointment of the Trust Administrator.

The initial Trust Administrator will be identified ten (10) days before the Confirmation Date. The Trust Administrator shall commence serving as the Trust Administrator on the Effective Date; *provided, however*, that the Trust Administrator shall be permitted to act in accordance with the terms of the Trust Agreement from such earlier date, as authorized by the Diocese, and shall be entitled to seek compensation in accordance with the terms of the Trust Agreement and the Plan.

E. Rights and Responsibilities of Trust Administrator.

The Trust Administrator shall be deemed the Estate's representative in accordance with Section 1123 of the Code and shall have all rights, powers, authority, responsibilities, and benefits specified in the Plan and the Trust Agreement, including the powers of a trust administrator under Sections 704, 108 and 1106 of the Code and Bankruptcy Rule 2004 (including commencing, prosecuting or settling Causes of Action, enforcing contracts, and asserting Claims, defenses, offsets and privileges). If there is any inconsistency or ambiguity between the Confirmation Order and the Trust Agreement with respect to Trust Administrator's authority to act, the provisions of

the Trust Agreement shall control. Among other things, the Trust Administrator: (1) shall liquidate and convert to cash the Trust Assets, make timely distributions and not unduly prolong the duration of the Trust; (2) may request an expedited determination of taxes of the Trust under Section 505(b) of the Code for all returns filed for, or on behalf of, the Trust for all taxable periods through the dissolution of the Trust; and (3) may retain professionals, including legal counsel, accountants, financial advisors, auditors, and other agents on behalf of the Trust, and at the Trust's sole expense, as reasonably necessary and to carry out the obligations of the Trust Administrator hereunder and under the Trust Agreement.

The Trust shall make Trust Distributions to the Tort Claimants. The Trust shall pursue Coverage Claims and Extra-Contractual Claims against any Non-Settling Insurers in respect of the Transferred Insurance Interests. Notwithstanding the foregoing, the Diocese, the Reorganized Debtor, and the Trust acting for itself and on behalf of the Estate, shall be deemed to have waived, effective upon the Effective Date: (a) Any and all Claims under Sections 547, 548, 549, and 550 of the Code for the recovery of any sums paid to any Person who provided goods and services to the Diocese in the ordinary course of business prior to the Effective Date; (b) Any and all Claims: (i) seeking the substantive consolidation of the Diocese and any other Person or an order deeming any such Person and the Diocese to be an "alter-ego" of the other or any other similar Claim; (ii) to avoid, set aside or recover any payment or other transfer made to any Person under Sections 547, 548, 549, and 550 of the Code; and (iii) any proceeding to avoid or set aside any interest of a Person in property under Section 544 of the Code, including but not limited to any claims asserting that the Revolving Fund, DOC Trust, Parish property, and/or restricted funds are property of the estate; and (c) The Confirmation Order shall state that, absent permission of the Court, no Cause of Action shall be commenced in any forum, other than the Court, against the Trust Administrator in its official capacity, with respect to its status, duties, powers, acts, or omissions as Trust Administrator.

The Trust shall fund the defense of the Covered Parties as against any Litigation Claims, but only to the extent any Covered Party is not defended or otherwise reimbursed for its defense expenses by a Non-Settling Insurer. The Trust shall indemnify the Covered Parties with respect to any judgments or settlements of any Litigation Claims, but only to the extent that such judgments or settlements are not funded by a Non-Settling Insurer. The Trust shall fund the costs and expenses in executing these functions, in accordance with this Plan, the Trust Agreement, and the Trust Distribution Plan, with the aim of preserving, managing, and maximizing Trust Assets to pay Tort Claimants and with no objective to continue or engage in the conduct of a trade or business.

Upon the Effective Date, the Trust may take any action required to enforce the Insurance Settlement Agreements.

F. Transferred Insurance Interests.

a. Enforcement of Transferred Insurance Interests Against Non-Settling Insurers.

As set forth in Article VI of the Plan, by the Insurance Assignment, the Transferred Insurance Interests are assigned and transferred to the Trust. The Trust shall be entitled to all

policy proceeds due by virtue of a judgment or settlement of a Class 5 Claim and Class 6 Claims and to assert and/or assign to any Litigation Claimant all Coverage Claims and Extra-Contractual Claims that currently exist or may arise in the future against Non-Settling Insurers. The Trust shall also have the right to pursue judgment against Non-Settling Insurers to determine Coverage Claims relating to the Covered Parties' liability for Litigation Claims. The foregoing transfer shall not be construed to entitle any Person to insurance coverage other than those Persons entitled to such coverage from Non-Settling Insurers. The Trust may act in its own name, or in the name of any Covered Party, to enforce any right, title, or interest of any Covered Party in the Transferred Insurance Interests. No limitations on recovery from Non-Settling Insurers shall be imposed by virtue of the fact the Debtor is in bankruptcy or by any Trust Distribution. The Insurance Assignment shall not affect any Non-Settling Insurer's duty to defend, but to the extent that a failure to defend or a separate agreement between a Covered Party and any Non-Settling Insurer gives rise to a monetary obligation to reimburse defense costs in lieu of a duty to defend, the Trust shall be entitled to the benefit of such monetary obligation or policy proceeds. Any recovery by the Trust on Coverage Claims relating to the Covered Parties' liability for Litigation Claims shall become a Trust Asset and shall be distributed as provided in this Plan, the Trust Agreement, and the Trust Distribution Plan. The Trust's recourse to the Covered Parties shall be limited to the Transferred Insurance Interests and any other rights or interests expressly granted to the Trust under this Plan. The Trust shall have no liability for Covered Non-Tort Claims and holders of Covered Non-Tort Claims shall have no recourse to the Trust with respect to such Claims.

The Trust shall have full access to coverage under the Non-Settling Insurer Policies to the greatest extent permitted by applicable non-bankruptcy law, in the same manner and to the same extent as the Covered Parties prior to the confirmation of the Plan and the Insurance Assignment, but Plan confirmation shall not relieve the Debtor (or the Trust if applicable) from any obligations under any Non-Settling Insurer Policy. The Non-Settling Insurers shall retain any and all coverage defenses, except any defense regarding or arising from the Insurance Assignment, but confirmation or effectuation of the Plan shall not trigger any coverage defense, or give rise to any additional coverage defense, that did not exist prior to the Debtor's filing for bankruptcy or plan confirmation, and no coverage defenses are created by the Debtor's bankruptcy or the negotiation, solicitation, or confirmation of the Plan, or the terms thereof, including any treatment of, or protections afforded to, any Covered Party or Settling Insurer under the Plan. The Plan is binding on Non-Settling Insurers as provided under this section.

The Insurance Assignment does not affect any Covered Party's, nor any Non-Settling Insurer's right to contest any Covered Party's liability or the amount of damages in respect of any Litigation Claims. Notwithstanding the Insurance Assignment, no Covered Party shall be relieved of any obligations or duties under any Non-Settling Insurer Policy (including any duty to cooperate) and shall continue to honor such duties and obligations as required by such applicable Non-Settling Insurer Policies and applicable law. The Insurance Assignment does not affect any Insurers' rights, obligations, or duties under applicable Non-Settling Insurer Policies or applicable law. If the Trust brings an Action against a Non-Settling Insurer to assert any Claim, the Non-Settling Insurer may raise any defense to coverage as if the Action had been brought by a Covered Party.

The Court shall determine at the Confirmation Hearing (a) whether the Insurance Assignment is valid; and (b) whether Insurance Assignment or the discharge and injunctions set

forth in the Release and this Plan, void, defeat, or impair the insurance coverage under the Non-Settling Insurer Policies. If any Person fails to timely file an objection to the proposed Insurance Assignment or other Plan terms related to the Non-Settling Insurer Policies, that Person shall be deemed to have irrevocably consented to the Insurance Assignment and such Plan terms and will be forever barred from asserting that the Insurance Assignment or other Plan terms affect the ability of the Trust or Litigation Claimants to pursue the Non-Settling Insurers, or any of them, for Coverage Claims and Extra-Contractual Claims.

In the event that the Court enters a Final Order determining that the Insurance Assignment is valid, following the Effective Date, the Trust shall assume responsibility for, and be bound by, only such obligations of the Covered Parties under the Non-Settling Insurer Policies as are necessary to enforce the Transferred Insurance Interests; *provided, however*, the Covered Parties shall not be relieved of any obligations they may have under Non-Settling Insurer Policies. The Reorganized Debtor will cooperate and assist the Trust in enforcing any right or prosecuting any Claim based on the Transferred Insurance Interests. This cooperation includes providing access to documents and electronic information and providing its Agents to testify in depositions and at trial.

b. **Appointment of Trust Administrator as Representative to Enforce Insurance Interests and Obtain Insurance Recoveries.**

If the Court does not enter a Final Order approving the Insurance Assignment, then the Insurance Assignment shall not occur and, pursuant to section 1123(b)(3)(B) of the Code, the Trust Administrator shall be appointed as the representative of the Estate for the purpose of retaining and enforcing all of the Debtor's and the Estate's Interests and Claims against the Non-Settling Insurers with respect to the Litigation Claims. Any recoveries on such Interests and Claims by the Trust Administrator will be paid to the Trust. The determination of whether the appointment of the Trust Administrator as the Debtor's and the Estate's representative provided for in Section 6.6.2 of the Plan is valid shall be made by the Court at the Confirmation Hearing. If any Person fails to timely file an objection to the proposed appointment, that Person shall be deemed to have irrevocably consented to the appointment and will be forever barred from asserting that the appointment in any way affects the ability of the Trust Administrator to pursue any Non-Settling Insurers for insurance coverage. In the event that the Court determines that the appointment is valid, then, following the Effective Date, the Trust Administrator shall assume responsibility for, and be bound by, only such obligations of the Covered Parties under the Non-Settling Insurer Policies as are necessary to act as the representative of the Debtor and the Estate for the purpose of retaining and enforcing their Interests and Claims, if any, against the Non-Settling Insurers; *provided, however*, the Trust Administrator's appointment shall not relieve the Covered Parties from any obligation that such entities may have under the Non-Settling Insurer Policies. Nothing contained in Section 6.6.2 of the Plan shall affect the rights and remedies of a Person who is not a Covered Party but is an insured or additional insured with the Debtor or is asserting rights under a Non-Settling Insurer Policy.

c. **Pursuit of Interests and Claims by Reorganized Debtor or Other Covered Parties.**

In the event that a Final Order is entered holding that (a) the Insurance Assignment or (b) the appointment of the Trust Administrator as the Debtor's and the Estate's representative are invalid then the assignment and/or appointment, as the case may be, will be deemed not to have been made, and each of the Covered Parties will retain their Interests under each Non-Settling Insurer Policy and: (a) at the request of the Trust, the Covered Parties will assert their Interests and Claims against a Non-Settling Insurer, including by filing an Action for recovery of policy proceeds; (b) all recoveries by the Covered Parties will be paid to the Trust; (c) the Covered Parties will select and retain counsel to pursue their Interests and Claims against Non-Settling Insurers pursuant to Section 6.6.3 of the Plan, subject to the Trust Administrator's approval, which approval shall not be unreasonably withheld; (d) the Trust shall pay the reasonable attorneys' fees, costs and expenses that are incurred by the Covered Parties in pursuing, pursuant to Section 6.6.3 of the Plan, their Interests and Claims against Non-Settling Insurers; (e) the Trust shall, in addition to reasonable attorneys' fees, costs and expenses provided for in Section 6.6.3 of the Plan, reimburse Covered Parties for any reasonable out of pocket costs and expenses incurred as a direct consequence of pursuing their Interests and Claims against Non-Settling Insurers; *provided, however* no compensation shall be paid to any Covered Party for any time any of its employees expended; and (f) upon receipt by a Covered Party, all recoveries received from Non-Settling Insurers shall be remitted to the Trust as soon as practicable.

G. Investment Powers; Permitted Cash Expenditures.

All funds held by the Trust shall be invested in cash or short-term highly liquid investments that are readily convertible to known amounts of cash as more particularly described in the Trust Agreement. The Trust Administrator may expend the cash of the Trust.

H. Registry of Beneficial Interests.

To evidence the beneficial interest in the Trust of each holder of such an interest, the Trust Administrator shall maintain a registry of beneficiaries.

I. Non-Transferability of Interests.

Any transfer of an interest in the Trust shall not be effective until and unless the Trust Administrator receives written notice of such transfer.

J. Tax Matters.

The Trust shall not be deemed to be the same legal entity as the Diocese but only the assignee of certain assets of the Diocese and a representative of the Estate for delineated purposes within the meaning of Section 1123(b)(3) of the Code. The Trust is expected to be tax exempt. The Trust Administrator shall file such income tax and other returns and documents as are required to comply with the applicable provisions of the Internal Revenue Code of 1986, 26 U.S.C. §§ 1 et seq., as may be amended, and the regulations promulgated thereunder, 31 C.F.R. §§ 900 et seq., and New Jersey law and the regulations promulgated thereunder, and shall pay from the Trust all taxes, assessments, and levies upon the Trust, if any.

K. Termination.

The Trust shall terminate after its liquidation, administration, and distribution of the Trust Assets in accordance with the Plan and its full performance of all other duties and functions set forth herein or in the Trust Agreement. The Trust shall terminate no later than the fifth (5th) anniversary of the Effective Date.

L. Immunity; Liability; Indemnification.

a. **No Liability for Reorganized Debtor or Trust Administrator.**

Neither the Reorganized Debtor nor its Agents, nor the Trust Administrator or any duly designated Agents, nor their respective employees, shall be liable for the acts or omissions of any other Agents of such Trust Administrator, except that the Trust Administrator shall be liable for its specific acts or omissions resulting from such Trust Administrator's misconduct, gross negligence, fraud, or breach of the fiduciary duty of loyalty. The Trust Administrator may, in connection with the performance of its functions and in its sole and absolute discretion, consult with its Agents, and shall not be liable for any act taken, omitted to be taken, or suffered to be done in accordance with advice or opinions rendered by such Persons. Notwithstanding such authority, the Trust Administrator shall not be under any obligation to consult with its Agents, and its determination not to do so shall not result in the imposition of liability on the Trust Administrator unless such determination is based on the Trust Administrator's recklessness, gross negligence, willful misconduct, or fraud.

b. **No Recourse Against Trust Administrator.**

No recourse shall ever be had, directly or indirectly, against the Trust Administrator personally, or against any Agent retained in accordance with the terms of the Trust Agreement or the Plan by the Trust Administrator, by legal or equitable proceedings or by virtue of any statute or otherwise, nor upon any promise, contract, instrument, undertaking, obligation, covenant or Trust Agreement whatsoever executed by the Trust Administrator in implementation of this Trust Agreement or the Plan, or by reason of the creation of any indebtedness by the Trust Administrator under the Plan for any purpose authorized by the Trust Agreement or the Plan, it being expressly understood and agreed that all such Claims, and Trust Agreements of the Trust whether in writing or otherwise, shall be enforceable only against and be satisfied only out of the Trust Assets or such part thereof as shall under the term of any such Trust Agreement be liable therefore or shall be evidence only of a Claim against the Trust Assets. Notwithstanding the foregoing, the Trust Administrator may be held liable for its recklessness, gross negligence, willful misconduct, knowing and material violation of law, or fraud; and if liability on such grounds is established, recourse may be had directly against the Trust Administrator. The Trust shall not be covered by a bond.

c. **Indemnification by Trust.**

The Trust shall defend, indemnify, and hold harmless the Trust Administrator and its Agents to the fullest extent permitted under the laws of New Jersey in the performance of their duties hereunder.

Additionally, each Covered Party and Settling Insurer, and each of their respective Agents, who was or is a party, or is threatened to be made a party to any threatened or pending Action, by reason of any act or omission of the Trust or Trust Administrator or respective agents, with respect to: (i) the Chapter 11 case and any act or omission undertaken by them prior to the commencement thereof; (ii) the assessment or liquidation of any Class 5 Claims and Class 6 Claims; (iii) the administration of the Trust and the implementation of the Trust Distribution Plan; or (iv) any and all activities in connection with the Trust Agreement, shall be indemnified, defended, and held harmless by the Trust against all Claims relating to such Action, provided such expenditures have been approved by the Trust in advance such approval not be unreasonably withheld.

Reasonable expenses, costs, and fees (including attorneys' fees and costs) incurred by or on behalf of a Trust Administrator, the Covered Parties, the Settling Insurers, and their respective Agents, relating to any Action, from which they are entitled to be indemnified by the Trust, shall be paid by the Trust in advance of the final disposition thereof upon receipt of an undertaking, by or on behalf of such Trust Administrator, the Covered Parties, the Settling Insurers, and their respective Agents, to repay such amount in the event that it shall be ultimately determined by Final Order that such Trust Administrator, the Debtor, the Reorganized Debtor, and their respective Agents are not entitled to be indemnified by the Trust.

ARTICLE XIII. **TORT CLAIMS**

A. Allocations Within and Distribution and Payments from the Trust.

(a) **General Corpus.** The following distributions and payments will be made from the general corpus of the Trust.

(b) **Distributions.** Distributions on Class 5 Claims as determined by the Tort Claims Reviewer in accordance with this Plan, the Trust Agreement, and the Trust Distribution Plan.

(c) **Tort Claims Reviewer.** The Trust Administrator shall retain the Tort Claims Reviewer. Fees payable to the Tort Claims Reviewer for review of Class 5 and Class 6 Claims shall be paid from the Trust.

(d) **Trust Administrative Fees.** All fees, costs, and expenses of administering the Trust as provided in the Plan and the Trust Agreement shall be paid by the Trust, including: (i) as reasonably necessary to meet current liabilities and to maintain the value of the respective Assets of the Trust; (ii) to pay reasonable administrative expenses (including any taxes imposed on the Trust and any professional fees); and (iii) to satisfy other liabilities incurred by the Trust in accordance with the Plan or the Trust Agreement.

(e) **Indemnity.** The Trust's obligations, if any, to defend, indemnify, or hold harmless any Person expressly set out in the Plan shall be made from the Trust corpus.

(f) **Unknown Tort Claim Reserve Fund.** The Debtor shall establish the Unknown Tort Claims Reserve as provided for herein.

B. Assessment of Tort Claims.

Each Tort Claim will be assessed by the Tort Claims Reviewer in accordance with the Trust Distribution Plan to determine whether the Tort Claimant is entitled to a Trust Distribution. The Covered Parties shall reasonably cooperate with the Tort Claims Reviewer and the Trust Administrator in connection with any inquiries by either in the administration of the Trust Distribution Plan, but shall not be required to act in any way that violates any duty to cooperate with a Non-Settling Insurer. Under no circumstance shall the Tort Claims Reviewer's review of a Tort Claim or a determination regarding a Trust Distribution thereon have any effect on the rights of a Non-Settling Insurer. Any payment on a Tort Claim constitutes payment for damages on account of personal physical injuries or sickness arising from an occurrence, within the meaning of Section 104(a)(2) of the Internal Revenue Code of 1986, as amended.

a. **Distribution Plan Claimants.**

All Distribution Plan Claimants must execute a Release, as applicable to receive a Trust Distribution.

b. **Litigation Claimants.**

All Litigation Claimants may pursue his or her Litigation Claim (a) in order to determine the liability of any Covered Party for purposes of recovering only against the Non-Settling Insurers; and (b) by proceeding in a direct Action against any Non-Settling Insurer to the extent allowed by applicable law. A Litigation Claimants' recovery on a Litigation Claim is limited as provided herein. The Settling Insurers shall not be obligated to defend or indemnify any Person in connection with a Litigation Claim and the Settling Insurers shall not have any other duties or obligations to any Person in connection with a Litigation Claim. Under no circumstances will a Tort Claimant or any other Person be able to recover any amount from a Settling Insurer in connection with a Litigation Claim. Litigation Claimants will have rights, to the extent set forth in the Trust Distribution Plan, to initial and future distributions from the Trust.

If necessary in the Trust Administrator's discretion, the Trust Administrator may establish a reserve for payment of a Litigation Claim in the amount that would have been awarded to the Litigation Claimant if such Litigation Claimant was a Distribution Plan Claimant. The creation and existence of this reserve is not a settlement, release, accord, or novation of any Litigation Claim and cannot be used by any Joint Tortfeasor as a defense to liability. The creation and existence of any such reserve shall not affect in any way a Litigation Claimant's rights to collect a judgment, including a judgment based on joint and several liability, against any Non-Settling Insurer or Person that is not a Covered Party, except as expressly provided herein. The Trust Administrator may establish one reserve for all Litigation Claims, but no Litigation Claimant shall have any Interest in any portion of the reserve in excess of the amount determined by the Trust Administrator, unless the Litigation Claimant prevails on a Litigation Claim. Neither the Trust's payment of, or reserving monies on account of, the Litigation Claims nor the Tort Claims Reviewer's review of a Litigation Claim, shall: (a) constitute a trial, an adjudication on the merits, or evidence of liability or damages in any litigation with the Covered Parties, Non-Settling Insurers, or any other Person; or (b) constitute, or be deemed, a determination of the reasonableness

of the amount of any Litigation Claim, either individually or in the aggregate with other Litigation Claims, in any coverage litigation with any Non-Settling Insurers.

C. Legal Effect of Estimation of Claims and Distributions Under Trust Distribution Plan.

The Tort Claims Reviewer's determinations are for estimation purposes only and shall not be a finding or fixing of the fact or liability or the amount payable for any Tort Claim with any binding legal effect, other than for distribution purposes by the Trust pursuant to the Trust Distribution Plan. The determination of qualification, estimation of Claims, and payment of Trust Distributions is not an admission of liability by any Covered Party or the Trust with respect to any Tort Claims and has no *res judicata* or collateral estoppel effect on any Covered Party, the Trust, any Non-Settling Insurer or Settling Insurer. Trust Distributions do not release the Debtor nor are Trust Distributions an accord or novation of the Debtor's liability on account of the Tort Claims. The Trust's act of making a distribution is immaterial to, and shall not be construed as, a determination or admission of any Covered Party's liability for, or damages with respect to, any Tort Claim. The determination of qualification, estimation of Claims, and payment of distributions is not a settlement, release, accord, or novation of any Tort Claims and cannot be used by any Joint Tortfeasor as a defense to any alleged joint liability. The determination of qualification, estimation of claims, and payment of partial distributions does not impair a Litigation Claimant's rights to obtain a judgment, including a judgment based on joint and several liability, against a Covered Party or any Non-Settling Insurer, for purposes of establishing the Covered Party's liability on the Litigation Claim, but any such judgment awarded to a Litigation Claimant will be reduced by the amount of Trust Distributions already paid by the Trust to such Litigation Claimant on his or her Litigation Claim(s). Neither the Tort Claims Reviewer's review of a Tort Claim and determination of qualification, nor the Trust's estimation of Claims or payment of distributions shall: (a) constitute a trial, an adjudication on the merits, or evidence of liability or damages in any litigation with the Covered Parties, Non-Settling Insurers, Settling Insurers, or any other Person; or (b) constitute, or be deemed, a determination of the reasonableness of the amount of any Litigation Claim, either individually or in the aggregate with other Litigation Claims, in any coverage litigation with any Non-Settling Insurers. The Trust's estimation of Tort Claims and payment of Trust Distributions does not constitute a triggering event for liability under any Non-Settling Insurer Policy nor does it create an admission of the fact of liability or the extent of damages on behalf of the Covered Parties.

D. Litigation Claims.

In the event any settlement is achieved with a Non-Settling Insurer(s) as to a Litigation Claim, or a Litigation Claimant obtains a judgment against a Covered Party and the Trust or the Litigation Claimant obtains a recovery from any Non-Settling Insurer(s) as to such judgment, then such recovery shall be paid to the Trust for handling pursuant to this Plan. Such recovery shall first go to reimburse the Trust or the Litigation Claimant, as the case may be, for all costs (including attorneys' fees) incurred in connection with pursuing the recovery against the Non-Settling Insurer(s) relating to the Litigation Claim, so long as such amounts are reasonable and were agreed in advance by the Trust. Any amount remaining shall be distributed in a manner consistent with the Trust Distribution Plan.

The Trust's payment to a Litigation Claimant that has recovered a judgment or settlement does not affect in any way the Trust's right to collect policy proceeds from any Non-Settling Insurer, nor does it affect in any way the Trust's right to bring any Claims against the Non-Settling Insurer that have been assigned to the Trust or that belong to the Trust by operation of law.

If a Non-Settling Insurer has refused to defend a Covered Party with respect to any Litigation Claim, the Trust will advance or reimburse the Covered Party for reasonable and necessary attorneys' fees and other expenses incurred in defending the Litigation Claim. If any Non-Settling Insurer has refused to indemnify a Covered Party with respect to any settlement or judgment of a Litigation Claim, the Trust will advance or reimburse the Covered Party for any judgment or settlement incurred by the Covered Party on such Litigation Claim, provided the Trust has consented in advance to any such settlement, such consent shall not be withheld unreasonably. If any judgment on any Litigation Claim is within the retention of any Non-Settling Insurer Policy, and all insurers have denied indemnity for such judgment, then the Trust will fund the judgment. The Trust's advancement or reimbursement of the Covered Party for such defense costs and/or judgment or settlement payments, and any distributions made by the Trust to the Litigation Claimant and other Tort Claimants, will not affect in any way the Trust's right to bring any Claims against any Non-Settling Insurers for refusing to defend and/or indemnify the Covered Party, including Extra-Contractual Claims.

E. Distributions to Tort Claimants.

A Tort Claimant whom the Tort Claims Reviewer determines to be entitled to a distribution, will receive a distribution from the Trust in the amount(s) and at the time(s) provided for in the Trust Distribution Plan. Any payment on a Tort Claim constitutes payments for damages on account of personal physical injuries or sickness arising from an occurrence, within the meaning of Section 104(a)(2) of the Internal Revenue Code of 1986, as amended. For the avoidance of doubt, Tort Claimants' recovery on their Class 5 Claims shall be limited to the distributions they are entitled to, if any, from the Trust under the Trust Distribution Plan, and they shall not be entitled to collect personally or otherwise any additional amounts whatsoever on their Tort Claims from any Covered Party or any Covered Party's assets, even if they are denied a distribution pursuant to the Trust Distribution Plan. For the avoidance of doubt, the Unknown Tort Claims Reserve Fund established and maintained by the Trust shall be the sole source of payment to Class 6 Claimants on account of Class 6 Claims. Tort Claimants' recovery on their Class 5 Claims shall be limited to the distributions they are entitled to, if any, from the Trust determined under the Trust Distribution Plan, and they shall not be entitled to collect personally or otherwise any additional amounts whatsoever on their Tort Claims from the Reorganized Debtor, any Covered Party, or any Covered Party's assets, even if they are denied a distribution pursuant to the Trust Distribution Plan. Similarly, Class 6 Claimants shall be limited to the distributions they are entitled to, if any, from the Unknown Tort Claims Reserve Fund established and maintained by the Trust, and they shall not be entitled to collect personally or otherwise any additional amounts whatsoever on their Tort Claims from the Reorganized Debtor, any Covered Party, or any Covered Party's assets, even if they are denied a distribution pursuant to the Trust Distribution Plan.

F. Dismissal of Pending Litigation.

Within twenty (21) days after the Effective Date, all, Tort Claims asserted in any lawsuit against any Covered Party or Settling Insurer, currently pending in state or federal court shall be dismissed with prejudice and without fees and costs being recoverable against any Covered Party or by any Covered Party against the Tort Claimant. Nothing in this Section shall require the dismissal of any Litigation Claim currently pending in any court, except, for the avoidance of doubt, allegations in the Litigation Claim against a Settling Insurer.

G. Objections and Litigation After the Effective Date.

As of the Effective Date, the Trust Administrator shall have the sole and exclusive right to object to Class 5 and Class 6 Claims. The Reorganized Debtor shall have no right to object to any Class 5 and Class 6 Claims after confirmation of the Plan. The Trust and the Reorganized Debtor shall each have the right to object to any Class 6 Claims after confirmation of the Plan.

H. Claim Withdrawal.

A Tort Claimant may withdraw his or her Tort Claim at any time on written notice to the Trust Administrator. If withdrawn, (a) the Tort Claim will be withdrawn with prejudice and may not be reasserted, and such Tort Claimant shall still be subject to the Discharge Injunction, the Channeling Injunction and the Supplemental Settling Insurer Injunction, as provided by this Plan; and (b) any reserve maintained by the Trust on account of such Tort Claim shall revert to the Trust as a Trust Asset for distribution in accordance with the Plan and Trust Distribution Plan.

I. Non-Settling Insurers.

a. **Trust Rights Against Non-Settling Insurers.**

The Trust retains the right to pursue Non-Settling Insurers for the Covered Parties' liability for Tort Claims regardless of whether a Tort Claimant holds a Distribution Plan Claims, Litigation Claim, or both.

b. **Insurance Coverage Adversary Proceeding.**

As of the Effective Date, the Trust Administrator will be deemed to have the right to join or intervene into the Insurance Coverage Adversary Proceeding and to pursue recoveries against any Non-Settling Insurers.

c. **Non-Settling Insurer Rights.**

Nothing in the Plan, Confirmation Order, or any Plan Document shall impose any obligation on any Non-Settling Insurer to provide a defense for, settle, or pay any judgment with respect to, any Tort Claim, or grant to any Person any right to sue any Non-Settling Insurer directly, relating to a Tort Claim. All such obligations with respect to Non-Settling Insurers shall be determined by and in accordance with the terms of the Non-Settling Insurer Policies and with applicable non-bankruptcy law.

J. Medicare Procedures.

With respect to all Tort Claims, the Trust shall maintain sufficient funds to pay any Medicare Claims and to perform the following duties:

(a) It is the position of DOC that none of DOC Entities, the Trust, or the Settling Insurers will have any reporting obligations in respect of their contributions to the Trust, or in respect of any payments, settlements, resolutions, awards, or other Claim liquidations by the Trust, under the reporting provisions of MSP or MMSEA. Prior to making any payments to any claimants, the Trust shall seek a statement or ruling from the United States Department of Health and Human Services (“HHS”) that none of the Trust, DOC Entities, or Settling Insurers has any reporting obligations under MMSEA with respect to payments to the Trust by the DOC Entities or Settling Insurers or payments by the Trust to Claimants. Unless and until there is definitive regulatory, legislative, or judicial authority (as embodied in a final non-appealable decision from the United States Court of Appeals for the Third Circuit or the United States Supreme Court), or written confirmation from HHS that none of the DOC Entities or the Settling Insurers has any reporting obligations under MMSEA with respect to any settlements, payments, or other awards made by the Trust or with respect to the contributions the DOC Entities and the Settling Insurers have made or will make to the Trust, the Trust shall, at its sole expense, in connection with the implementation of the Plan, act as a reporting agent for the DOC Entities and Settling Insurers, and shall timely submit all reports that would be required to be made by any DOC Entity or Settling Insurer under MMSEA on account of any Claims settled, resolved, paid, or otherwise liquidated by the Trust or with respect to contributions to the Trust, including reports that would be required if the payments to the Trust by a DOC Entity or Settling Insurer were determined to be made pursuant to “applicable plans” for purposes of MMSEA, or any DOC Entity or Settling Insurer were otherwise found to have MMSEA reporting requirements. The Trust, in its role as reporting agent for the DOC Entities and Settling Insurers, shall follow all applicable guidance published by CMS to determine whether or not, and, if so, how, to report to CMS pursuant to MMSEA.

(b) If the Trust is required to act as a reporting agent for any DOC Entity or Settling Insurer pursuant to Section 7.10.1 of the Plan, the Trust shall provide a written certification to each DOC Entity and Settling Insurer within twenty-one (21) days following the end of each calendar quarter, confirming that all reports to CMS required by Section 7.10.1 of the Plan have been submitted in a timely fashion, and identifying (a) any reports that were rejected or otherwise identified as noncompliant by CMS, along with the basis for such rejection or noncompliance; and (b) any payments to Medicare Beneficiaries that the Trust did not report to CMS.

(c) With respect to any reports rejected or otherwise identified as noncompliant by CMS, the Trust shall, upon request by any DOC Entity or Settling Insurer, promptly provide copies of the original reports submitted to CMS, as well as any response received from CMS with respect to such reports; *provided, however*, that the Trust may redact from such copies the Redacted Information. With respect to any such reports, the Trust shall reasonably undertake to remedy any issues of noncompliance identified by CMS, resubmit such reports to CMS, and, upon request by any DOC Entity or Settling Insurer, provide

each DOC Entity and Settling Insurer copies of such resubmissions; *provided, however*, that the Trust may redact the Redacted Information. If the Trust is unable to remedy its noncompliance, the provisions of Section 7.10.7 of the Plan shall apply.

(d) If the Trust is required to act as a reporting agent for a DOC Entity or Settling Insurer pursuant to the provisions of Section 7.10.1 of the Plan, with respect to each Channeled Claim of a Medicare Beneficiary paid by the Trust and not disclosed to CMS, the Trust shall, upon request by any DOC Entity or Settling Insurer, promptly provide the last four digits of the claimant's Social Security number, the year of the claimant's birth and any other information in the possession or control of the Trust that may be necessary in the reasonable judgment of any DOC Entity or Settling Insurer to satisfy their obligations, if any, under MMSEA, as well as the basis for the Trust's failure to report the payment. In the event any DOC Entity or Settling Insurer informs the Trust that it disagrees with the Trust's decision not to report a Claim paid by the Trust, the Trust shall promptly report the payment to CMS. All documentation relied upon by the Trust in making a determination that a payment did not have to be reported to CMS shall be maintained for a minimum of six (6) years following such determination.

(e) If the Trust is required to act as a reporting agent for any DOC Entity, or Settling Insurer pursuant to the provisions of Section 7.10.1 of the Plan the Trust shall make the reports and provide the certifications required by Section 7.10 of the Plan until such time as such DOC Entity or Settling Insurer determines, in its reasonable judgment, that it has no further legal obligation under MMSEA or otherwise to report any settlements, resolutions, payments, or liquidation determinations made by the Trust or contributions to the Trust. Furthermore, following any permitted cessation of reporting, or if reporting has not previously commenced due to the satisfaction of one or more of the conditions set forth in Section 7.10.1 of the Plan, and if any DOC Entity or Settling Insurer reasonably determines, based on subsequent legislative, administrative, regulatory, or judicial developments, that reporting is required, then the Trust shall promptly perform its obligations under Section 7.10 of the Plan.

(f) Section 7.10 of the Plan is intended to be purely prophylactic in nature, and does not imply, and shall not constitute an admission, that the DOC Entities and/or Settling Insurers have made payments pursuant to "applicable plans" within the meaning of MMSEA, or that they have any legal obligation to report any acts undertaken by the Trust or contributions to the Trust under MMSEA or any other statute or regulation.

(g) If CMS concludes that reporting done by the Trust in accordance with Section 7.10 of the Plan is or may be deficient in any way, and has not been corrected to the satisfaction of CMS in a timely manner, or if CMS communicates to the Trust, any DOC Entity or Settling Insurer a concern with respect to the sufficiency or timeliness of such reporting, or there appears to any DOC Entity or Settling Insurer a reasonable basis for a concern with respect to the sufficiency or timeliness of such reporting or non-reporting based upon the information received pursuant to Section 7.10 of the Plan, or other credible information, then each DOC Entity and Settling Insurer shall have the right to submit its own reports to CMS under MMSEA, and the Trust shall provide to any Entity that elects to file its own reports such information in its possession or control as the electing

party may reasonably require in order to comply with MMSEA, including the full reports filed by the Trust pursuant to Section 7.10 of the Plan, without any redactions. The DOC Entities and Settling Insurers shall keep any information they receive from the Trust pursuant to this Section 7.10 of the Plan confidential and shall not use such information for any purpose other than meeting obligations under MMSEA.

(h) Notwithstanding any other provisions hereof, the Trust shall not be required to report as required by this Section 7.10 of the Plan until the Person on whose behalf the Trust is required to report shall have provided its Medicare Reporting Number, if one exists. Moreover, the Trust shall have no indemnification obligation under this Section 7.10 of the Plan to such Person for any penalty, interest, or sanction with respect to a Claim that may arise on account of such Person's failure timely to provide its Medicare Reporting Number, if one exists, to the Trust in response to a timely request by the Trust for such Medicare Reporting Number. However, nothing relieves the Trust from its reporting obligations with respect to each Person who provides the Trust with its Medicare Reporting Number. The Trust shall indemnify each DOC Entity and Settling Insurer for any failure to report payments to Medicare eligible Tort Claimants on behalf of Persons who have timely supplied Medicare Reporting Numbers, if any exists.

(i) Prior to remittance of funds to any Channeled Claimant or counsel therefor, the Trust Administrator shall obtain in respect of any Channeled Claim a certification from the Claimant that said Claimant has or will provide for the payment and/or resolution of any obligations owing or potentially owing under MSP relating to such Channeled Claim. If the Trust receives no such certification, the Trust may withhold payment from any Claimant the funds sufficient to assure that all obligations owing or potentially owing under MSP relating to such Tort Claim are paid to CMS. The Trust shall provide a quarterly certification of its compliance with this Section 7.10.9 of the Plan to each DOC Entity and Settling Insurer, and permit reasonable audits by such Persons, no more often than annually, to confirm the Trust's compliance with this Section 7.10.9 of the Plan. For the avoidance of doubt, the Trust shall be obligated to comply with the requirements of this Section 7.10.9 of the Plan regardless of whether any DOC Entity or Settling Insurer elects to file its own reports under MMSEA pursuant to Section 7.10.7 of the Plan.

(j) Compliance with the provisions of this Section 7.10 of the Plan shall be a material obligation of the Trust under the Plan, in favor of the DOC Entities and Settling Insurers under the Plan.

(k) The Trust shall defend, indemnify, and hold harmless the DOC Entities and Settling Insurers from any Medicare Claims reporting and payment obligations relating to its payment of Channeled Claims, including any obligations owing or potentially owing under MMSEA or MSP, and any Claims related to the Trust's obligations under Section 7.4.

(l) The Social Security Administration may change (or may have already changed) its processes and/or procedures in a manner that is inconsistent with the foregoing. The Trust Administrator shall make best efforts to comply meaningfully with

the foregoing while adhering to the Social Security Administration's most recent processes, procedures, and requirements.

K. Medicare Claims Indemnity.

The Trust shall defend, indemnify, and hold harmless the Covered Parties and the Settling Insurers from any Medicare Claims and any Claims related to the Trust's obligations under this Plan.

ARTICLE XIV.
SETTLING INSURERS

A. Litigation/Settlement Between an Alleged Insured or Tort Claimant and Non-Settling Insurers.

a. Automatic Reduction.

- (a) The Channeling Injunction shall channel all Contribution Claims to the Trust.
- (b) If, for any reason any court does not recognize the channeling of the Contribution Claims of Non-Settling Insurers to the Trust, or such Claims are not channeled for any reason, then the following shall apply:
 - a. The Certain Settling Insurers shall retain their Contribution Claims, subject to the following provisions; provided, however, that:
 - i. The Certain Settling Insurers shall not pursue any Contribution Claims against any Non-Settling Insurer (A) that asserts a Contribution Claim solely against the Trust; (B) whose Contribution Claim is satisfied and extinguished entirely by the application of this paragraph 8.a., or (C) that does not assert a Contribution Claim against them;
 - ii. If a Non-Settling Insurer asserts its Contribution Claim only against the Trust, then the Certain Settling Insurers shall assign any Contribution Claims they may hold against such Non-Settling Insurer to the Trust, and the Trust shall be free to assert such Contribution Claims against such Non-Settling Insurer;
 - iii. If a Non-Settling Insurer releases its Contribution Claims, if any such exist, that it may have against a Certain Settling Insurer, then such released Certain Settling Insurer shall release its Contribution Claims against such releasing Non-Settling Insurer.
 - iv. If a Non-Settling Insurer asserts a Contribution Claim against any Certain Settling Insurer, and

1. the Trust fully indemnifies the Certain Settling Insurer, then the Certain Settling Insurer shall assign its Contribution Claim to the Trust; or
 2. the Trust partially, but not fully, indemnifies the Certain Settling Insurer for such Claim, then the Certain Settling Insurer shall retain its Contribution Claims and may assert them against the Non-Settling Insurer asserting the Contribution Claim against the Certain Settling Insurer. Any recovery by the Certain Settling Insurer exceeding the amount necessary to satisfy the Trust's full indemnity obligation plus litigation costs shall be turned over to the Trust.
- b. In any Action, including the Insurance Coverage Action, involving a DOC Entity, the Reorganized Debtor, or the Trust (collectively, "Alleged Insured") or a Tort Claimant, as applicable, and one or more Non-Settling Insurers, where a Non-Settling Insurer has asserted, asserts, or could assert any Contribution Claim against a Certain Settling Insurer Entity, then any judgment or award obtained by such Alleged Insured or Tort Claimant against such Non-Settling Insurer shall be automatically reduced by the amount, if any, that such Certain Settling Entity is liable to pay such Non-Settling Insurer as a result of its Contribution Claim, so that the Contribution Claim is thereby satisfied and extinguished entirely ("Reduction Amount"). In any Action involving an Alleged Insured or Tort Claimant against a Non-Settling Insurer, where such a Certain Settling Insurer Entity is not a party, such Alleged Insured or Tort Claimant shall obtain a finding from that court or arbitrator(s), as applicable, of the Reduction Amount before entry of judgment against such Non-Settling Insurer. In the event that such a reduction is not made as described above, then any Contribution Claim by any Non-Settling Insurer against any Certain Settling Insurer Entity shall be reduced by the Reduction Amount, as determined by the court or arbitrator(s) in which such Contribution Claim is filed. The Certain Settling Insurers shall be required to cooperate in good faith with DOC and/or the Trust to take commercially reasonable steps to defend against any Contribution Claim. In the event that application of the Reduction Amount eliminates the Non-Settling Insurer's Contribution Claim, then such Non-Settling Insurer shall fully reimburse the Certain Settling Insurer Entities their costs and expenses, including legal fees, incurred in responding to the Contribution Claim Action, including all costs, expenses and fees incurred in seeking relief from the Court.
- c. If an Alleged Insured or Tort Claimant and a Non-Settling Insurer enter into an agreement settling one or more Claims relating to Abuse, such agreement shall include a provision whereby such Non-Settling Insurer releases Contribution Claims against the Certain Settling Insurers so long as the Certain Settling Insurers release their Contribution Claims against such

Non-Settling Insurer. If such settlement agreement fails to include such a release provision, and the Non-Settling Insurer has asserted, asserts, or could assert a Contribution Claim against a Certain Settling Insurer Entity, then any settlement amount in such settlement agreement shall be deemed automatically reduced by the Reduction Amount. In such event, the settling parties shall obtain a finding from the applicable court or arbitrator(s) of the Reduction Amount. If (a) the settlement agreement was entered into without litigation or arbitration such that no judge or arbitrator can determine the Reduction Amount, or (b) such a reduction is not otherwise made as described above, then any Contribution Claim by any Non-Settling Insurer against any Certain Settling Insurer Entity shall be reduced by the Reduction Amount, as determined by the court or arbitrator(s) in which such Contribution Claim is filed. The Certain Settling Insurers shall be required to cooperate in good faith with DOC and/or the Trust to take commercially reasonable steps to defend against any Contribution Claim by a Non-Settling Insurer. In the event that the reduction eliminates the Non-Settling Insurer's Contribution Claim, then such Non-Settling Insurer shall fully reimburse the Certain Settling Insurer Entities their costs and expenses, including legal fees, incurred in responding to the Contribution Claim Action, including all costs, expenses and fees incurred in seeking relief from the Court.

b. **Application of the Reduction.**

To ensure that the reduction contemplated in this Section 8 is accomplished, the Certain Settling Insurer Entities shall be entitled to: (i) notice, pursuant to Section 19, within a reasonable time of the initiation of any future Action against or future settlement negotiations with any Non-Settling Insurer that could give rise to the possibility of a Contribution Claim against any Certain Settling Insurer Entity, and periodic notices thereafter on at least an annual basis of the status of such Action or negotiations; (ii) the opportunity to participate in the Action or settlement negotiations without objection by any party thereto, but only to the extent necessary to accomplish the reduction contemplated in this Section 8; (iii) the cooperation of the applicable Alleged Insured so that the Certain Settling Insurer Entities can assert this Section as a defense in any Action against any of them for any Contribution Claim; and (iv) have the court or appropriate tribunal issue such orders as are necessary to effectuate the judgment, award, or settlement reduction in order to protect the Certain Settling Insurer Entities from any Contribution Claim. The notice required above shall be given by (A) the Alleged Insured that is a party to such Action or settlement negotiations; or (B) if no Alleged Insured is such a party, the Non-Settling Insurer that is a party to such Action or settlement negotiations; or (C) if no Alleged Insured or Non-Settling Insurer is a party to such Action or settlement negotiations, the Tort Claimant bound by the Plan.

ARTICLE XV.
NON-SETTLING INSURERS

A. Preservation of Rights and Obligations.

(a) In the event (a) a Litigation Claim is pursued in state or federal court by a Litigation Claimant against a Covered Party or Non-Settling Insurer; or (b) the Trust or the Reorganized Debtor asserts an objection to or otherwise seeks a determination of liability as to a Litigation Claim, then the Covered Parties, the Trust, and each Non-Settling Insurer shall retain any and all legal and factual defenses that may exist in respect to such Litigation Claim and, except as set forth in this Section 7.1, all coverage defenses. The rights, duties, and obligations of each Non-Settling Insurer under the Non-Settling Insurer Policies with respect to Litigation Claims are not affected in any way by: (a) the discharge in bankruptcy of the Debtor; (b) any Trust Distribution; (c) the Insurance Assignment. Non-Settling Insurers retain any defenses that they would be able to raise if the claim for coverage for a Litigation Claim were brought by any Covered Party, except any defense arising from the Insurance Assignment. Notwithstanding the foregoing, confirmation or effectuation of the Plan shall not trigger any coverage defense, or give rise to any additional coverage defense, that did not exist prior to the Debtor's filing for bankruptcy or plan confirmation, and no coverage defenses are created by the Debtor's bankruptcy or the negotiation, solicitation, or confirmation of the Plan, or the terms thereof, including any treatment of, or protections afforded to, any Covered Party or Settling Insurer under the Plan. The Plan is binding on Non-Settling Insurers as provided under this Section.

(b) The rights and obligations of the Covered Parties and every Non-Settling Insurer under the terms of the Non-Settling Insurer Policies and at law (including any duty of an insured to cooperate) shall not be affected by the assessment of any Litigation Claim and shall be treated as if the Litigation Claim had never been assessed for distribution purposes by the Trust. Similarly, each Non-Settling Insurer shall be entitled to all rights as are provided under the terms of its Non-Settling Insurer Policies as if the Litigation Claim had never been assessed for distribution purposes by the Trust.

(c) After the Effective Date, upon consent of the Trust Administrator, any Non-Settling Insurer may become a Settling Insurer if the Court, after notice and hearing, approves the agreement between the Non-Settling Insurer, the Reorganized Debtor, and the Trust Administrator. After the Effective Date, the Trust Administrator shall have the exclusive authority to seek approval of such agreement.

(d) Upon the Court's entry of a Final Order approving such agreement, Exhibit L shall be amended by the Trust Administrator to include such Non-Settling Insurer as a Settling Insurer. Any such Non-Settling Insurer shall have all of the rights, remedies, and duties of a Settling Insurer, including the Channeling Injunction and Supplemental Settling Insurer Injunction. The Court's retained jurisdiction to approve an agreement under this Article IX shall include jurisdiction to determine the adequacy of notice of a motion to approve such an agreement.

B. Estimations/Assessments of Litigation Claims Are Not Binding.

Estimations of Litigation Claims for purposes of voting, and the determination of qualification, assignment of points, and payment of Trust Distributions:

(a) shall not (i) constitute an admission of liability by any Person with respect to such Litigation Claims; (ii) have any *res judicata* or collateral estoppel effect on any Person; (iii) constitute a settlement, release, accord, satisfaction, or novation of such Litigation Claims; (iv) be used by any third-party as a defense to any alleged joint liability; or (v) otherwise prejudice any rights of the Trust, Covered Parties, Settling Insurers, Non-Settling Insurers, or Litigation Claimants in all other contexts or forums;

(b) shall be without prejudice to any and all rights of the Trust, the, the Non-Settling Insurers, and Litigation Claimants in all other contexts and forums; and

(c) shall not be deemed to be a determination of liability of any Covered Party or a determination of whether, or the extent to which, such Litigation Claim is covered under any Non-Settling Insurer Policy.

The fact that a Claim has been estimated for distribution purposes has no *res judicata* or collateral estoppel effect and is not a binding determination on any issue. Assessments by the Tort Claims Reviewer under the Trust Distribution Plan shall have no effect upon any “no action” provisions contained in any Non-Settling Insurer Policy to the extent any such provision remains enforceable by a Non-Settling Insurer under applicable law. Rather, the liability of the Covered Parties and the amount owed by the Covered Parties, and any Non-Settling Insurer on any Litigation Claim, shall be determined by: (y) the amount of any court judgment obtained by the Litigation Claimant; or (z) through either (1) a settlement agreement pursuant to which such Non-Settling Insurer has consented; or (2) if such Non-Settling Insurer has not consented, a settlement agreement which does not breach any duty of the Trust, Trust Administrator, the or any Covered Party to the Non-Settling Insurer under the respective Non-Settling Insurer Policy or applicable law.

C. The Debtor’s Obligations Survive.

Notwithstanding the Insurance Assignment, the Debtor and Reorganized Debtor shall not be relieved of their duties or obligations under any Non-Settling Insurer Policies (except as to the contrary in any subsequent Insurance Settlement Agreement) and shall continue to perform such duties as required by such Non-Settling Insurer Policies and applicable law. If the Trust asserts any Claim that the Debtor and Reorganized Debtor has breached such duties or obligations under the Non-Settling Insurer Policies resulting in a loss of coverage, it shall give the Reorganized Debtor notice and an opportunity to cure any alleged breach, and in any event, the Debtor and Reorganized Debtor shall not be liable for any alleged breach resulting in a loss of coverage except to the extent that (a) the breach relates to post-Effective Date conduct of the Debtor or Reorganized Debtor and (b) the Debtor or Reorganized Debtor willfully or intentionally fails to comply with its continuing obligations under the Non-Settling Insurer Policies. In addition, any such Claim will not be automatically allowed; the Reorganized Debtor will have the right to defend against such claim.

D. Trust Powers With Respect to Litigation Claims and Non-Settling Insurers.

(a) Any Litigation Claimant or the Trust, as applicable, may enter into a settlement of a Litigation Claim allowed by applicable non-bankruptcy law, and may enter into an arrangement with the Litigation Claimant's counsel providing such counsel will receive reasonable compensation from any recovery from a Non-Settling Insurer.

(b) The Trust Administrator may use the Trust assets to prosecute litigation against the Non-Settling Insurers.

(c) If the Trust successfully resolves a Coverage Claim or otherwise receives a recovery of insurance proceeds relating to any Litigation Claim from a Non-Settling Insurer, such proceeds shall become Trust Assets available to pay, and shall increase the amount available to pay, Tort Claims, pursuant to the Trust Distribution Plan. In such event, and on a periodic basis accumulating all such recoveries, the Trust shall make supplemental Trust Distributions to Tort Claimants in accordance with the Trust Agreement and Trust Distribution Plan.

(d) After the Effective Date, the Trust, with the approval of the Court may enter into an Insurance Settlement Agreement with a Non-Settling Insurer and thereby resolve all Coverage Claims of the Trust and Covered Parties against such Non-Settling Insurer. Upon the due execution and delivery of such Insurance Settlement Agreement and the payment to the Trust of the Insurance Settlement amount due thereunder, such Non-Settling Insurer shall become a Settling Insurer protected by the Channeling Injunction and Supplemental Settling Insurer Injunction and become entitled to benefit from all releases executed by Claimants and the other rights and protections of a Settling Insurer under the Plan, the Trust Documents, and the Approval Orders.

ARTICLE XVI.

PROVISIONS GOVERNING DISTRIBUTIONS GENERALLY

A. Disbursing Agent.

The Reorganized Debtor shall be the Disbursing Agent for all aspects of the Plan except for payments made pursuant to the Trust. With respect to the Trust, the Trust Administrator shall be responsible for all distributions made under the Trust.

B. Manner of Payment.

Any payment of Cash under the Plan may be made either by check drawn or by wire transfer from a domestic bank, at the option of the respective Disbursing Agent.

C. Payments and Distributions on Disputed Claims.

As and when authorized by a Final Order, Disputed Claims that become Allowed Claims shall be paid from the Disputed Claim Reserve. No distribution shall be made on a Claim where only a portion of such Claim is disputed until such dispute is resolved by settlement or Final Order.

D. Disputed Claim Reserve.

To the extent that a disbursing agent makes a distribution hereunder to a Class prior to the resolution of all Disputed Claims of such Class, the respective disbursing agent shall reserve an amount for any Disputed Claims in such Class equal to the amount that such Holders of Disputed Claims in such Class would be entitled to receive under the Plan if such Disputed Claims were Allowed in the asserted amount of the Claim.

E. Transmittal of Distributions to Parties Entitled Thereto.

All distributions by check shall be deemed made at the time such check is deposited in the United States mail, postage prepaid. Any distributions by wire transfer shall be deemed made as of the date of the wire transfer is made. Except as otherwise agreed with the Holder of an Allowed Claim in respect thereof or provided in the Plan, any distribution required under the Plan on account of an Allowed Claim, shall be mailed to (i) the latest mailing address filed for the Holder of an Allowed Claim entitled to a distribution, (ii) the latest mailing address filed for a Holder of a filed power of attorney designated by the Holder of such Claim to receive distributions, (iii) the latest mailing address filed for the Holder's transferee as identified in a filed notice served on the Debtor pursuant to Bankruptcy Rule 3001(e), or (iv) if no such mailing address has been filed, the mailing address reflected on the Schedules or in the Debtor's books and records. The Holder of a Claim shall be required to promptly notify the Reorganized Debtor and the Court of any change in its mailing address.

F. Distribution of Unclaimed Property.

Except as otherwise provided in the Plan, any distribution under the Plan which is unclaimed after three (3) months following any Distribution Date shall be forfeited, and such distribution, together with any interest earned thereon, and shall return to and revert in the Reorganized Debtor.

G. Saturday, Sunday or Legal Holiday.

If any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the following Business Day, but shall be deemed to have been completed as of the required date.

H. Setoffs and Recoupment.

Subject to the terms of the Plan and pursuant to Section 553 of the Code or applicable non-bankruptcy law, the Debtor or Reorganized Debtor, as appropriate, may but shall not be required to, setoff against or recoup from any Claim on which payments are to be made pursuant to the Plan, any Claims of any nature whatsoever the Debtor may have against the Holder of such Claim.

I. Fractional Cents and *De Minimis* Distributions.

Notwithstanding any other provisions of the Plan to the contrary, no payment of fractional cents will be made under the Plan. Cash will be issued to Holders entitled to receive a distribution

of Cash in whole cents (rounded to the nearest whole cent when and as necessary). Any distribution of less than \$25.00 will be considered *de minimis*, and Holders of Allowed Claims that are entitled to an interim or final distribution of less than \$25.00 will not receive any distribution. Such funds will remain with and revest in the Reorganized Debtor.

J. Prepayment.

Except as otherwise provided herein or the Confirmation Order, the Plan Administrator shall have the right to prepay, without penalty, all or any portion of an Allowed Claim.

K. Allowance and Disallowance of Claims.

(a) **Allowance of Claims.** Except as expressly provided in the Plan, no Claims shall be deemed Allowed by virtue of the Plan or the Confirmation Order unless and until such Claim is deemed Allowed under the Code, or the Court enters a Final Order in the Chapter 11 Case allowing such Claim. Notwithstanding the foregoing, any Claim included in the Debtor's Schedules that is not listed as contingent, unliquidated, and/or disputed shall be an Allowed Claim. Any Proof of Claim Filed in an unliquidated amount shall be deemed Allowed in the amount listed in the Debtor's Schedules as liquidated, not contingent and not disputed. The Allowance and disallowance of Claims shall be in all respects subject to the provisions of Section 502 of the Code.

(b) **Disallowance of Claims.** All Claims held by Persons against whom the Debtor or Reorganized Debtor, as appropriate, have filed or commenced or may in the future file or commence a Claim under Sections 542, 543, 544, 547, 548, 549, 550, 551, 553 or 724(a) of the Code shall be deemed disallowed pursuant to Section 502(d) of the Code. The Holders of any and all Claims filed with the Court after the Bar Date shall be deemed disallowed without further action by the Debtor or Reorganized Debtor and without any further notice to or action, order, or approval of the Court. The Holders of any and all Claims Filed with the Court after the relevant bar date shall not be entitled to a distribution, unless otherwise allowed by Final Order of the Court.

L. Resolution of Disputed Administrative Expense Claims and Disputed Claims.

(a) **Prosecution of Objections to Claims.** Except as otherwise set forth herein, prior to the Effective Date, the Debtor shall have standing and the right to commence and pursue objections to Claims, and the Reorganized Debtor shall have such standing after the Effective Date. As set forth above, after the Effective Date, the Trust Administrator shall be the sole party with the right to object to Class 5 Claims. All objections to Claims shall be Filed with the Court by the Claims Objection Deadline and served upon the Holders of each of the Claims to which objections are made. The Debtor, Reorganized Debtor or Trust Administrator, as applicable, shall have the right, after notice and a hearing, to seek an extension of the Claim Objection Deadline and such an extension shall not be deemed a material modification of the Plan.

(b) **Objections to Claims.** An objection to the allowance of a Claim shall be in writing and shall be Filed with the Court by the Debtor, Reorganized Debtor, or Trust Administrator, as applicable. Except as expressly set forth herein, nothing herein, in the Confirmation Order or in any Order in aid of Confirmation, shall constitute, or be deemed to constitute, a waiver or release of any Claim, including any Avoidance Action, right of setoff or recoupment or other legal or equitable defense which the Debtor had immediately prior to the commencement of the Chapter

11 Case against or with respect to any Claim. Except as set forth herein, upon Confirmation, the Debtor and Reorganized Debtor shall have, retain, reserve and be entitled to assert all such Claims, rights of setoff and recoupment and other legal or equitable defenses that the Debtor had immediately prior to the commencement of the Chapter 11 Case against or with respect to any Claim.

M. Controversy Concerning Impairment.

If a controversy arises as to whether any Claims or any Class of Claims or Interests are Impaired under the Plan, the Court, after notice and a hearing, shall determine such controversy before approving the Disclosure Statement.

ARTICLE XVII.
TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

A. Executory Contracts and Unexpired Leases.

On the Effective Date, all Executory Contracts and unexpired leases not rejected on or before the Confirmation Date will be deemed assumed. The Confirmation Order shall constitute an order approving such assumption as of the Effective Date. No cure payments or adequate assurance of future performance shall be due.

B. Bar to Rejection Damages.

All Proofs of Claim for Claims arising from said rejection must be filed with the Court within the earlier of (i) the date set forth for filing claims in any order of the Court approving such rejection; (ii) the date set forth in D.N.J. LBR 3003-1(b) or (ii) thirty (30) days after the Confirmation Date. Any Proofs of Claim that are not filed timely, shall be barred forever from assertion.

ARTICLE XVIII.
CONFIRMATION AND CONSUMMATION OF THE PLAN

A. Conditions Precedent to Confirmation.

Confirmation of the Plan shall not occur unless all of the following conditions precedent have been satisfied:

- (a) the Confirmation Order is in form and substance acceptable to the Debtor and the Settling Insurers;
- (b) the Confirmation Order shall approve and implement the Channeling Injunction and Supplemental Settling Insurer Injunction set forth in Article 10 of the Plan; and
- (c) the Plan Documents shall be in form and substance acceptable to the Debtor and the Settling Insurers.

B. Conditions Precedent to the Effective Date.

The Effective Date shall not occur, and this Plan shall not be consummated, unless and until each of the following conditions have been satisfied:

- (a) the Court shall have entered the Confirmation Order in form and substance satisfactory to the Debtor and Settling Insurers, the Confirmation Order shall be a Final Order, and no stay of the Confirmation Order shall then be in effect;
- (b) all Insurance Settlement Agreements shall have been duly executed by all parties thereto and filed with the Court, in each case in form and substance satisfactory to the Debtor and Settling Insurers;
- (c) the Trust Administrator and the Reorganized Debtor shall have executed the Trust Agreement;
- (d) all Approval Orders shall have become Final Orders;
- (e) the payments discussed in Article 6.2.3 of the Plan shall have been received by the Trust;
- (f) the Plan has not been materially amended, altered, or modified as confirmed by the Confirmation Order, unless such material amendment, alteration, or modification has been made with consent of the Debtor and Settling Insurers; and
- (g) the Debtor shall have filed a notice of occurrence of the Effective Date.

C. Waiver of Conditions Precedent to the Effective Date.

Each of the conditions precedent to the occurrence of the Effective Date set forth in Section 13 may only be waived in whole or in part by the Debtor with the written consent of the Settling Insurers without notice to or leave or order of the Court or any formal action other than proceedings to confirm or consummate the Plan.

D. Effect of Non-Occurrence of Conditions.

If substantial consummation of the Plan does not occur, the Plan will be null and void in all respects and nothing contained in the Plan or the Disclosure Statement will: (a) constitute a waiver or release of any Claims by or against the Covered Parties or Settling Insurers; (b) prejudice in any manner the rights of the Covered Parties, the Trust, or Settling Insurers; (c) constitute an admission, acknowledgement, offer, or undertaking by the Covered Parties or Settling Insurers in any respect, including but not limited to, in any proceeding or case against the Debtor; or (d) be admissible in any action, proceeding, or case against the Covered Parties or Settling Insurers in any court or other forum.

ARTICLE XIX.
EFFECTS OF CONFIRMATION

A. Authority to Effectuate Plan.

Upon the Effective Date, all matters provided under the Plan shall be deemed to be authorized and approved without the requirement of further approval from the Court or the Debtor. The Debtor and/or Reorganized Debtor shall be authorized, without further application to or order of the Court, to take whatever action necessary to achieve consummation and carry out the Plan and to effectuate the transactions provided for thereunder.

B. Binding Effect.

Except as otherwise expressly provided in the Plan, on and after the Effective Date, the Plan shall bind all Holders of Claims and Interests. Subject to the terms of the Plan, upon the Effective Date, every Holder of a Claim or Interest shall be precluded and permanently enjoined from asserting against the Debtor and/or Reorganized Debtor any Claim based on any document, instrument, judgment, award, order, act, omission, transaction or other activity of any kind or nature that occurred before the Petition Date.

C. Discharge of the Debtor.

(a) Upon the Effective Date, the Debtor shall be deemed discharged and released under Section 1141(d)(1)(A) of the Code from any and all Claims, including, but not limited to, demands and liabilities that arose before the Effective Date, and all debts of the kind specified in Section 502 of the Code, whether or not (i) a Proof of Claim based upon such debt is filed or deemed filed under Section 501 of the Code, (ii) a Claim based upon such debt is Allowed under Section 502 of the Code, (iii) a Claim based upon such debt is or has been disallowed by order of the Court, or (iv) the Holder of a Claim based upon such debt accepted the Plan.

(b) As of the Effective Date, except as provided in the Plan or the Confirmation Order, all Persons shall be precluded from asserting against the Debtor, the Reorganized Debtor and their respective members, shareholders, officers, directors, partners, attorneys or advisors, any other or further Claims relating to the Debtor based upon any act, omission, transaction, occurrence, or other activity of any nature that occurred prior to the Effective Date. In accordance with the foregoing, except as provided in the Plan or the Confirmation Order, the Confirmation Order shall be a judicial determination of discharge of all Claims against the Debtor, pursuant to Sections 524 and 1141 of the Code, and such discharge shall void any judgment obtained against the Debtor and/or Reorganized Debtor at any time, to the extent that such judgment relates to a discharged Claim.

D. Release and Discharge of the Trade Committee.

Effective on the Effective Date, the Trade Committee and its professionals shall be deemed disbanded and released from their duties and obligations.

E. Release and Discharge of the Tort Committee.

Effective on the Effective Date, the Tort Committee and its professionals shall be deemed disbanded and released from their duties and obligations.

ARTICLE XX.
EFFECT OF PLAN ON CLAIMS AND INTERESTS

A. Disclosure Regarding Injunctions and Releases.

a. Third Party Releases.

The Debtor seeks approval of releases of claims and causes of action against every “Released Party” which is defined in the Plan to mean collectively and in each case in their capacity as such: (i) the Debtor and Reorganized Debtor; and (ii) all Persons listed on Exhibit H of the Disclosure Statement as may be amended prior to Confirmation; and (iii) with respect to each of the foregoing Persons in clauses (i) through (ii), such Persons’, successors and assigns, Affiliates, and its and their current and former officers, directors, principals, shareholders and their Affiliates, and Agents.

The Debtor believes that the release of the Released Parties by the Debtor and each Holder of a Claim that is entitled to receive a distribution pursuant to the Plan (collectively, the “Releasing Parties”) and the corresponding injunctions are critically important to the success of the Debtor’s Plan and implements the concessions, compromises and commitments made by the Released Parties.

Each of the Released Parties, whether directly or indirectly through the concessions, compromises and commitments made by such Released Parties, afforded value to the Debtor and has aided in the Debtor’s reorganization process. The Released Parties have played an integral role in the formulation of the Plan, have expended and will continue to expend significant time and resources analyzing and negotiating the issues presented by the Plan and, in exchange for receiving the releases and injunctions set forth in the Plan, are making critical financial contributions to Plan that are necessary to make the Plan feasible, including, but not limited to contribution to Plan payments.

Further, the Released Parties will not make any of the concessions, compromises and commitments outlined in the Plan unless the releases, including those that are required from the Holders of Claims are approved. Accordingly, the releases and related injunctions are an integral part of the consideration to be provided in exchange for the concessions, compromises and commitments embodied in the Plan that the Debtor believes maximizes recoveries to the Debtor’s creditors. Absent the expeditious implementation of the Plan, the Debtor could face a longer, costlier and uncertain Chapter 11 process mired with contentious litigation, which could materially delay and reduce distributions to creditors.

The Debtor believes that the release to the Released Parties is a sound exercise of its business judgment and that the Debtor’s release of third parties pursuant to the Plan is appropriate and reasonable under the circumstances, particularly where, as here, the relative strength of the claims being released are more than offset by the significant benefits the Debtor is receiving under

the Plan from the Released Parties. In light of the foregoing, the Debtor believes, in its sound business judgment, that the release falls well within the range of reasonableness and, thus, satisfies the applicable provisions of the Code and Bankruptcy Rules relating to the approval of settlements.

The “Third-Party Release” provides for the release by consenting Holders of Claims against the Released Parties. The Debtor believes the Third-Party Release is fair and necessary to confirm the Plan. The Released Parties are contributing significant, new consideration in the form of cash and other concessions. The Third-Party Release is essential because without it, there would be no contribution by the Released Parties, and thus, no ability to propose and consummate the Plan, which provides for a recovery to Holders of Claims. Quite simply, without the Third-Party Release, there would be no contribution; and, without contribution, there would be no Plan. Accordingly, the Debtor has demonstrated that there is a relationship between the Debtor’s successful confirmation and the Third-Party Release and that the Released Parties have provided a critical financial contribution to the Debtor’s plan that is necessary to make the plan feasible in exchange for receiving a release of liability.

The Plan provides that entry of the Confirmation Order shall constitute the Court’s approval, pursuant to Bankruptcy Rule 9019 and Section 105 of the Code, of the releases, which includes by reference each of the related provisions and definitions contained in the Plan, and related injunctions and further, shall constitute the Court’s finding that the releases are: (i) in exchange for the good and valuable consideration provided by the Released Parties, (ii) a good faith settlement and compromise of the claims released by the Released Parties; (iii) in the best interests of the Debtor and all Holders of Claims; (iv) fair, equitable, reasonable and necessary for the Debtor’s reorganization as, among other things, the concessions, compromises and commitments provided by or on behalf of the Released Parties constitute critical financial contributions to Plan that are necessary to make the Plan feasible; (v) given and made after notice and opportunity for hearing; and (vi) a bar to the Releasing Parties, the Debtor or any party on its behalf asserting any claim released by the Releasing Parties against any of the Released Parties.

The Debtor submits that the concessions made by the Released Parties are the “lynch-pin” of the Debtor’s Plan. In addition, the released parties are critical to the Diocese’s mission and future operations. Therefore, the Debtor submits the releases are appropriate under the circumstances.

As set forth more fully in the Tort Committee Statement, the Tort Committee believes these nonconsensual third-party releases are inequitable, unreasonably broad, not in exchange for a substantial contribution, or any contribution at all with respect to certain Released Parties, and cannot be approved under applicable Third Circuit law. The Tort Committee intends to object to these releases.

b. Channeling Injunction.

The Debtor further seeks approval of a Channeling Injunction to prevent claims against “Covered Parties” which is defined to mean any (i) the Debtor and Reorganized Debtor, as applicable; (ii) the Parishes; (iii) the Schools; (iv) the Other Insured Parties; (v) each of the foregoing Persons’ respective past, present, and future Affiliates, related companies, divisions, and acquired companies; (vi) each of the foregoing Persons’ respective

predecessors, successors and assigns; and (vii) solely to the extent of and in their capacity as such, any and all of the foregoing Persons' respective Agents. Nothing in the foregoing is intended to suggest that such Persons are "employees" or agents of the Debtor or subject to its control. An individual who perpetrated an act of Abuse that forms the basis of a Tort Claim is not a Covered Party. The Channeling Injunction also includes any Settling Insurers.

Further, a "Channeled Claim" subject to the Channeling Injunction means the Claims channeled to the Trust by the Channeling Injunction, including all (a) Tort, Direct Action, and Indirect Claims; (b) Contribution Claims; (c) Medicare Claims; and (d) Extra-Contractual Claims, for which the Trust assumes liability, pursuant to the Plan, *provided, however*, that "Channeled Claims" shall not include any Claim against: (x) an individual who perpetrated an act of Abuse; or (y) any religious order, diocese (other than the Debtor), or archdiocese, except to the extent expressly set forth in this Plan.

The Covered Parties and Settling Insurers made significant concessions and compromises that provide a material benefit to the Plan. The Debtor submits that it will be able to demonstrate at confirmation that the Channeling Injunction is proper under In re Continental Airlines, 203 F.3d 203 (3rd Cir. 2000).

Further, the Covered Parties and Settling Insurers will not make any of the concessions, compromises and commitments outlined in the Plan unless the Channeling Injunction is approved. Accordingly, the releases and related injunctions are an integral part of the consideration to be provided in exchange for the concessions, compromises and commitments embodied in the Plan that the Debtor believes maximizes recoveries to the Debtor's creditors. Absent the expeditious implementation of the Plan, the Debtor could face a longer, costlier and uncertain Chapter 11 process mired with contentious litigation, which could materially delay and reduce distributions to creditors.

The Debtor believes that the "Channeling Injunction" to the Covered Parties and Settling Insurers is a sound exercise of its business judgment is appropriate and reasonable under the circumstances, particularly where, as here, the relative strength of the claims being released are more than offset by the significant benefits the Debtor is receiving under the Plan from the Covered Parties. In light of the foregoing, the Debtor believes, in its sound business judgment, that the "Channeling Injunction" falls well within the range of reasonableness and, thus, satisfies the applicable provisions of the Code and Bankruptcy Rules relating to the approval of settlements.

The Tort Committee asserts that the Channeling Injunction is inequitable and cannot be approved by the Court under applicable law. In particular, the Channeling Injunction abrogates the rights of Tort Claimants to a jury trial, and does not require the Covered Parties to contribute substantially, or even fairly, to fund the Trust in satisfaction for the benefits of the Channeling Injunction. The Tort Committee intends to object to the Channeling Injunction on these and other grounds.

B. General Injunction.

EXCEPT AS OTHERWISE PROVIDED IN THE PLAN, THE CONFIRMATION ORDER WILL PROVIDE THAT ALL PERSONS AND ENTITIES WHO HAVE HELD, HOLD, OR MAY HOLD CLAIMS AGAINST THE DEBTOR ARE PERMANENTLY ENJOINED, ON AND AFTER THE CONFIRMATION DATE, FROM (A) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND WITH RESPECT TO ANY SUCH CLAIM OR TAKING ANY ACT TO RECOVER SUCH CLAIM OUTSIDE OF THE CLAIMS ALLOWANCE PROCEDURE DISCUSSED IN THE PLAN AND THE CODE AND BANKRUPTCY RULES, (B) THE ENFORCEMENT, ATTACHMENT, COLLECTION OR RECOVERY BY ANY MANNER OR MEANS OF ANY JUDGMENT, AWARD, DECREE OR ORDER AGAINST THE DEBTOR ON ACCOUNT OF ANY SUCH CLAIM, (C) CREATING, PERFECTING OR ENFORCING ANY ENCUMBRANCE OF ANY KIND AGAINST THE DEBTOR OR AGAINST THE PROPERTY OR INTERESTS IN PROPERTY OF THE DEBTOR ON ACCOUNT OF ANY SUCH CLAIM AND (D) ASSERTING ANY RIGHT OF SETOFF, SUBROGATION OR RECOUPMENT OF ANY KIND AGAINST ANY OBLIGATION DUE FROM THE DEBTOR OR AGAINST THE PROPERTY OR INTERESTS IN PROPERTY OF THE DEBTOR ON ACCOUNT OF ANY SUCH CLAIM.

C. Channeling Injunction.

(a) IN CONSIDERATION OF THE UNDERTAKINGS UNDER THE PLAN OF THE COVERED PARTIES AND SETTLING INSURERS, THEIR CONTRIBUTIONS TO THE TRUST, AND OTHER CONSIDERATION, AND PURSUANT TO THEIR RESPECTIVE SETTLEMENTS THE AND TO FURTHER PRESERVE AND PROMOTE THE AGREEMENTS AMONG THE COVERED PARTIES AND THE SETTLING INSURERS AND TO SUPPLEMENT WHERE NECESSARY THE INJUNCTIVE EFFECT OF THE DISCHARGE AS PROVIDED IN SECTIONS 524 AND 1141 OF THE CODE, AND PURSUANT TO SECTIONS 105 AND 363 OF THE CODE:

- a. ANY AND ALL CHANNELED CLAIMS ARE CHANNELED INTO THE TRUST AND SHALL BE TREATED, ADMINISTERED, DETERMINED, AND RESOLVED UNDER THE PROCEDURES AND PROTOCOLS AND IN THE AMOUNTS AS ESTABLISHED UNDER THE PLAN AND THE TRUST AGREEMENT AS THE SOLE AND EXCLUSIVE REMEDY FOR ALL HOLDERS OF CHANNELED CLAIMS; AND**
- b. ALL PERSONS WHO HAVE HELD OR ASSERTED, HOLD OR ASSERT, OR MAY IN THE FUTURE HOLD OR ASSERT ANY CHANNELED CLAIMS ARE HEREBY PERMANENTLY STAYED, ENJOINED, BARRED AND RESTRAINED FROM TAKING ANY ACTION, DIRECTLY OR INDIRECTLY, FOR THE PURPOSES OF ASSERTING, ENFORCING, OR ATTEMPTING TO ASSERT OR ENFORCE ANY CHANNELED CLAIM AGAINST THE COVERED PARTIES AND THE SETTLING INSURERS, INCLUDING:**

- i. COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND WITH RESPECT TO ANY CHANNELED CLAIM AGAINST ANY OF THE COVERED PARTIES OR THE SETTLING INSURERS OR AGAINST THE PROPERTY OF ANY OF THE COVERED PARTIES OR THE SETTLING INSURERS;**
- ii. ENFORCING, ATTACHING, COLLECTING OR RECOVERING, BY ANY MANNER OR MEANS, FROM ANY OF THE COVERED PARTIES OR THE SETTLING INSURERS OR THE PROPERTY OF ANY OF THE COVERED PARTIES OR THE SETTLING INSURERS, ANY JUDGMENT, AWARD, DECREE, OR ORDER WITH RESPECT TO ANY CHANNELED CLAIM AGAINST ANY OF THE COVERED PARTIES OR THE SETTLING INSURERS;**
- iii. CREATING, PERFECTING OR ENFORCING ANY LIEN OF ANY KIND RELATING TO ANY CHANNELED CLAIM AGAINST ANY OF THE COVERED PARTIES OR THE SETTLING INSURERS OR THE PROPERTY OF THE COVERED PARTIES OR THE SETTLING INSURERS;**
- iv. ASSERTING, IMPLEMENTING OR EFFECTUATING ANY CHANNELED CLAIM OF ANY KIND AGAINST:**
 - 1. ANY OBLIGATION DUE ANY OF THE COVERED PARTIES OR THE SETTLING INSURERS;**
 - 2. ANY OF THE COVERED PARTIES OR THE SETTLING INSURERS; OR**
 - 3. THE PROPERTY OF ANY OF THE COVERED PARTIES OR THE SETTLING INSURERS.**
- v. TAKING ANY ACT, IN ANY MANNER, IN ANY PLACE WHATSOEVER, THAT DOES NOT CONFORM TO, OR COMPLY WITH, THE PROVISIONS OF THE PLAN; AND**
- vi. ASSERTING OR ACCOMPLISHING ANY SETOFF, RIGHT OF INDEMNITY, SUBROGATION, CONTRIBUTION OR RECOUPMENT OF ANY KIND AGAINST ANY OBLIGATION DUE TO ANY OF THE COVERED PARTIES OR THE SETTLING INSURERS.**

(b) THE CHANNELING INJUNCTION IS AN INTEGRAL PART OF THE PLAN AND IS ESSENTIAL TO THE PLAN'S CONSUMMATION AND IMPLEMENTATION. IT IS INTENDED THAT THE CHANNELING OF THE CHANNELED CLAIMS AS PROVIDED IN THIS SECTION SHALL INURE TO THE BENEFIT OF THE COVERED PARTIES AND THE SETTLING INSURERS.

IN A SUCCESSFUL ACTION TO ENFORCE THE INJUNCTIVE PROVISIONS OF THIS SECTION IN RESPONSE TO A WILLFUL VIOLATION THEREOF, THE MOVING PARTY MAY SEEK AN AWARD OF COSTS (INCLUDING REASONABLE ATTORNEYS' FEES) AGAINST THE NON-MOVING PARTY, AND SUCH OTHER LEGAL OR EQUITABLE REMEDIES AS ARE JUST AND PROPER, AFTER NOTICE AND A HEARING.

- (c) FOR THE AVOIDANCE OF DOUBT, THE CHANNELING INJUNCTION WILL NOT BE FOR THE BENEFIT OF ANY NON-SETTLING INSURER, INCLUDING THE INSOLVENT INSURERS, EXCEPT TO THE EXTENT NON-SETTLING INSURER BECOMES A SETTLING INSURER.**

D. Supplemental Settling Insurer Injunction.

PURSUANT TO SECTIONS 105(A) AND 363 OF THE CODE, AND IN CONSIDERATION OF THE UNDERTAKINGS OF THE SETTLING INSURERS PURSUANT TO THE INSURANCE SETTLEMENT AGREEMENTS, INCLUDING CERTAIN SETTLING INSURERS' PURCHASE OF THE APPLICABLE SETTLING INSURER POLICIES FREE AND CLEAR OF ALL CLAIMS AND INTERESTS PURSUANT TO SECTION 363(F) OF THE CODE, ANY AND ALL PERSONS WHO HAVE HELD, NOW HOLD, OR WHO MAY IN THE FUTURE HOLD ANY CLAIMS OR INTERESTS (INCLUDING ALL DEBT HOLDERS, ALL EQUITY HOLDERS, ALL PERSONS HOLDING A CLAIM, GOVERNMENTAL, TAX AND REGULATORY AUTHORITIES, LENDERS, TRADE AND OTHER CREDITORS, TORT CLAIMANTS, NON-SETTLING INSURERS, PERPETRATORS AND ALL OTHERS HOLDING INTERESTS OF ANY KIND OR NATURE WHATSOEVER, INCLUDING THOSE CLAIMS RELEASED OR TO BE RELEASED PURSUANT TO AN INSURANCE SETTLEMENT AGREEMENT) AGAINST ANY OF THE COVERED PARTIES OR THE SETTLING INSURERS, WHICH, DIRECTLY OR INDIRECTLY, ARISE FROM, RELATE TO, OR ARE IN CONNECTION WITH ANY TORT CLAIMS THAT ARE COVERED OR ALLEGED TO BE COVERED UNDER THE SETTLING INSURER POLICIES, OR ANY CONTRIBUTION CLAIMS, ARE HEREBY PERMANENTLY STAYED, ENJOINED, BARRED, AND RESTRAINED FROM TAKING ANY ACTION, DIRECTLY OR INDIRECTLY, TO ASSERT, ENFORCE OR ATTEMPT TO ASSERT OR ENFORCE ANY SUCH CLAIM OR INTEREST AGAINST THE SETTLING INSURERS, SETTLING INSURER POLICIES, OR COVERED PARTIES TO THE EXTENT SUCH CLAIMS OR INTERESTS ARISE FROM THE SAME INJURY OR DAMAGES ASSERTED IN CONNECTION WITH A TORT CLAIM, INCLUDING:

- 1. COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING, WHETHER LEGAL, EQUITABLE OR OTHERWISE, AGAINST THE COVERED PARTIES OR THE SETTLING INSURERS OR THE PROPERTY OF THE COVERED PARTIES OR THE SETTLING INSURERS;**
- 2. ENFORCING, ATTACHING, COLLECTING, OR RECOVERING, OR SEEKING TO DO ANY OF THE PRECEDING, BY ANY MANNER OR**

MEANS, ANY JUDGMENT, AWARD, DECREE OR ORDER AGAINST THE COVERED PARTIES OR THE SETTLING INSURERS OR THE PROPERTY OF THE COVERED PARTIES OR THE SETTLING INSURERS;

- 3. CREATING, PERFECTING, OR ENFORCING, OR SEEKING TO DO ANY OF THE PRECEDING, ANY LIEN OF ANY KIND AGAINST THE COVERED PARTIES OR THE SETTLING INSURERS OR THE PROPERTY OF THE COVERED PARTIES OR THE SETTLING INSURERS;**
- 4. ASSERTING OR ACCOMPLISHING ANY SETOFF, RIGHT OF INDEMNITY, SUBROGATION, CONTRIBUTION, OR RECOUPMENT OF ANY KIND AGAINST ANY OBLIGATION DUE TO THE COVERED PARTIES OR THE SETTLING INSURERS OR THE PROPERTY OF THE COVERED PARTIES OR THE SETTLING INSURERS; AND**
- 5. TAKING ANY ACT, IN ANY MANNER, IN ANY PLACE WHATSOEVER, THAT DOES NOT CONFORM TO, OR COMPLY WITH, THE PROVISIONS OF THE PLAN.**

THE SUPPLEMENTAL SETTLING INSURER INJUNCTION WILL BE EFFECTIVE WITH RESPECT TO A SETTLING INSURER ONLY AS OF THE DATE THAT THE TRUST RECEIVES THE SETTLEMENT AMOUNT AS DEFINED IN THE INSURANCE SETTLEMENT AGREEMENT FOR SUCH SETTLING INSURER. THE FOREGOING INJUNCTIVE PROVISIONS ARE AN INTEGRAL PART OF THIS PLAN AND ARE ESSENTIAL TO ITS IMPLEMENTATION.

FOR THE AVOIDANCE OF DOUBT, THE SUPPLEMENTAL SETTLING INSURER INJUNCTION WILL NOT BE FOR THE BENEFIT THE NON-SETTLING INSURERS, INCLUDING THE INSOLVENT INSURERS, EXCEPT TO THE EXTENT A NON-SETTLING INSURER BECOMES A SETTLING INSURER.

E. Release by Debtor.

EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS PLAN OR THE CONFIRMATION ORDER, AND TO THE FULLEST EXTENT AUTHORIZED BY APPLICABLE LAW, FOR GOOD AND VALUABLE CONSIDERATION, THE ADEQUACY OF WHICH IS HEREBY CONFIRMED, THE RELEASED PARTIES AND THE SETTLING INSURERS ARE DEEMED RELEASED AND DISCHARGED BY THE DEBTOR, ITS ESTATE AND ANY PERSON SEEKING TO EXERCISE THE RIGHTS OF THE DEBTOR OR ITS ESTATE AND ITS PROPERTY (AND EACH SUCH RELEASED PARTY SHALL BE DEEMED RELEASED BY THE DEBTOR AND ITS ESTATE AND ITS RESPECTIVE PROPERTY) FROM ANY AND ALL CLAIMS RELATING TO THE DEBTOR, ITS ESTATE OR ITS AFFILIATES, THE CONDUCT OF THE DEBTOR'S BUSINESS, THE FORMULATION, PREPARATION, SOLICITATION, DISSEMINATION, NEGOTIATION, OR FILING OF THE

DISCLOSURE STATEMENT OR PLAN OR ANY CONTRACT, INSTRUMENT, RELEASE, OR OTHER AGREEMENT OR DOCUMENT CREATED OR ENTERED INTO IN CONNECTION WITH OR PURSUANT TO THE DISCLOSURE STATEMENT, THIS PLAN, THE FILING AND PROSECUTION OF THE CHAPTER 11 CASE, THE PURSUIT OF CONSUMMATION OF THIS PLAN, THE SUBJECT MATTER OF, OR THE TRANSACTIONS OR EVENTS GIVING RISE TO, ANY CLAIM OR INTEREST THAT IS TREATED IN THIS PLAN, THE BUSINESS OR CONTRACTUAL ARRANGEMENTS BETWEEN THE DEBTOR, ITS ESTATE OR ITS AFFILIATES, ON THE ONE HAND, AND ANY RELEASED PARTY, ON THE OTHER HAND, OR ANY OTHER ACT OR OMISSION, TRANSACTION, AGREEMENT, EVENT, OR OTHER OCCURRENCE TAKING PLACE BEFORE THE EFFECTIVE DATE; *PROVIDED* THAT, TO THE EXTENT THAT A CLAIM IS DETERMINED BY A FINAL ORDER TO HAVE RESULTED FROM FRAUD, GROSS NEGLIGENCE, OR WILLFUL MISCONDUCT OF A RELEASED PARTY, SUCH CLAIM SHALL NOT BE SO RELEASED AGAINST SUCH RELEASED PARTY; *PROVIDED FURTHER* THAT, THE FOREGOING “DEBTOR RELEASE” SHALL NOT OPERATE TO WAIVE OR RELEASE ANY CLAIMS OF THE DEBTOR OR ITS CHAPTER 11 ESTATE AGAINST A RELEASED PARTY (OR OF A RELEASED PARTY AGAINST THE DEBTOR AND ITS CHAPTER 11 ESTATE) ARISING UNDER ANY CONTRACTUAL OBLIGATION OWED TO THE DEBTOR THAT IS ENTERED INTO OR ASSUMED PURSUANT TO THE PLAN.

DEBTOR SHALL RELEASE ALL OF SETTLING INSURERS RESPECTIVE CURRENT AND FORMER OFFICERS, DIRECTORS, PRINCIPALS, STOCKHOLDERS (AND ANY FUND MANAGERS, FIDUCIARIES OR OTHER AGENTS OF STOCKHOLDERS WITH ANY INVOLVEMENT WITH THE DEBTORS), MEMBERS, PARTNERS, EMPLOYEES, AGENTS, ADVISORY BOARD MEMBERS, FINANCIAL ADVISORS, ATTORNEYS, ACCOUNTANTS, INVESTMENT BANKERS, CONSULTANTS, REPRESENTATIVES, MANAGEMENT COMPANIES, FUND ADVISORS AND OTHER PROFESSIONALS, SOLELY TO THE EXTENT SUCH PERSONS AND ENTITIES ACTED ON THE BEHALF OF THE RELEASED PARTIES IN CONNECTION WITH THE MATTERS AS TO WHICH EXCULPATION OR RELEASES ARE PROVIDED IN THE PLAN.

F. Release by Holders of Claims.

EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS PLAN OR THE CONFIRMATION ORDER, AND TO THE FULLEST EXTENT AUTHORIZED BY APPLICABLE LAW, THE RELEASING PARTIES SHALL BE DEEMED TO PROVIDE A FULL RELEASE TO THE RELEASED PARTIES AND THE SETTLING INSURERS AND THEIR RESPECTIVE PROPERTY FROM ANY AND ALL CLAIMS RELATING TO THE DEBTORS, ITS ESTATE OR ITS AFFILIATES, THE CONDUCT OF THE DEBTORS’ BUSINESS, THE FORMULATION, PREPARATION, SOLICITATION, DISSEMINATION, NEGOTIATION, OR FILING OF THE DISCLOSURE STATEMENT OR PLAN OR ANY CONTRACT, INSTRUMENT, RELEASE, OR OTHER AGREEMENT OR DOCUMENT CREATED OR ENTERED INTO IN CONNECTION WITH OR PURSUANT TO THE DISCLOSURE STATEMENT, THIS PLAN OR THE

PURCHASE AGREEMENT, THE FILING AND PROSECUTION OF THE CHAPTER 11 CASE, THE PURSUIT OF CONSUMMATION OF THE PURCHASE AGREEMENT AND THIS PLAN, THE SUBJECT MATTER OF, OR THE TRANSACTIONS OR EVENTS GIVING RISE TO, ANY CLAIM OR INTEREST THAT IS TREATED IN THIS PLAN, THE BUSINESS OR CONTRACTUAL ARRANGEMENTS AMONG THE RELEASING PARTIES AND ANY RELEASED PARTY, OR ANY OTHER ACT OR OMISSION, TRANSACTION, AGREEMENT, EVENT, OR OTHER OCCURRENCE TAKING PLACE BEFORE THE EFFECTIVE DATE; *PROVIDED THAT*, TO THE EXTENT THAT A CLAIM IS DETERMINED BY A FINAL ORDER TO HAVE RESULTED FROM FRAUD, GROSS NEGLIGENCE, OR WILLFUL MISCONDUCT OF A RELEASED PARTY, SUCH CLAIM SHALL NOT BE SO RELEASED AGAINST SUCH RELEASED PARTY.

HOLDERS OF CLAIMS SHALL RELEASE ALL OF SETTLING INSURERS RESPECTIVE CURRENT AND FORMER OFFICERS, DIRECTORS, PRINCIPALS, STOCKHOLDERS (AND ANY FUND MANAGERS, FIDUCIARIES OR OTHER AGENTS OF STOCKHOLDERS WITH ANY INVOLVEMENT WITH THE DEBTORS), MEMBERS, PARTNERS, EMPLOYEES, AGENTS, ADVISORY BOARD MEMBERS, FINANCIAL ADVISORS, ATTORNEYS, ACCOUNTANTS, INVESTMENT BANKERS, CONSULTANTS, REPRESENTATIVES, MANAGEMENT COMPANIES, FUND ADVISORS AND OTHER PROFESSIONALS, SOLELY TO THE EXTENT SUCH PERSONS AND ENTITIES ACTED ON THE BEHALF OF THE RELEASED PARTIES IN CONNECTION WITH THE MATTERS AS TO WHICH EXCULPATION OR RELEASES ARE PROVIDED IN THE PLAN.

G. Exculpation; Limitation of Liability.

FROM AND AFTER THE EFFECTIVE DATE, NONE OF THE EXCULPATED PARTIES SHALL HAVE OR INCUR ANY LIABILITY FOR, AND EACH EXCULPATED PARTY SHALL BE RELEASED FROM, ANY CLAIM TO ANY OTHER EXCULPATED PARTY, TO ANY HOLDER OF A CLAIM, OR TO ANY OTHER PARTY IN INTEREST, FOR ANY ACT OR OMISSION THAT OCCURRED DURING AND IN CONNECTION WITH THIS CHAPTER 11 CASE OR IN CONNECTION WITH THE PREPARATION AND FILING OF THIS CHAPTER 11 CASE, THE FORMULATION, NEGOTIATION, OR PURSUIT OF CONFIRMATION OF A PLAN, THE CONSUMMATION OF THE PLAN, AND THE ADMINISTRATION OF THE PLAN OR THE PROPERTY TO BE DISTRIBUTED UNDER THE PLAN, EXCEPT FOR CLAIMS ARISING FROM THE GROSS NEGLIGENCE, WILLFUL MISCONDUCT, FRAUD, OR BREACH OF THE FIDUCIARY DUTY OF LOYALTY OF ANY EXCULPATED PARTY, IN EACH CASE SUBJECT TO DETERMINATION OF SUCH BY FINAL ORDER OF A COURT OF COMPETENT JURISDICTION AND PROVIDED THAT ANY EXCULPATED PARTY SHALL BE ENTITLED TO REASONABLY RELY UPON THE ADVICE OF COUNSEL WITH RESPECT TO ITS DUTIES AND RESPONSIBILITIES (IF ANY) UNDER THE PLAN. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, THE COMMITTEES AND THE DIOCESE AND THEIR RESPECTIVE OFFICERS, BOARD AND COMMITTEE MEMBERS, EMPLOYEES, ATTORNEYS, FINANCIAL ADVISORS, AND OTHER PROFESSIONALS SHALL BE ENTITLED TO

AND GRANTED BENEFITS OF SECTION 1125(E) OF THE CODE AND THE CHANNELING INJUNCTION.

H. Vesting of Assets in Reorganized Debtor.

Except as otherwise provided in the Plan or the Trust Agreement, other agreement, instrument, or other document incorporated therein, on the Effective Date, all property in the Estate, all Causes of Action, and any property acquired by the Debtor pursuant to the Plan shall vest in the Reorganized Debtor, free and clear of all Liens, Claims, charges or other encumbrances (except for Liens expressly preserved and continued under the Plan). On and after the Effective Date, except as otherwise provided in the Plan, the Reorganized Debtor may operate its businesses and may use, acquire or dispose of property and compromise or settle any Claims, Interests or Causes of Action without supervision or approval by the Court and free of any restrictions of the Code or Bankruptcy Rules. Without limiting any of the foregoing, the Reorganized Debtor may pay the charges incurred on or after the Effective Date for Professionals' fees, disbursements, expenses, or related support services without application to the Court.

I. Causes of Action.

Except as set forth otherwise herein, the Reorganized Debtor, on behalf of and for the benefit of the Debtor's estate, shall be vested with and shall retain and may enforce any and all Claims and Interests of any kind or nature whatsoever held by, through or on behalf of the Debtor and/or its Estate against any other Person, arising before the Effective Date that have not been fully resolved or disposed of prior to the Effective Date whether or not such Claims and Interests are specifically identified in the Disclosure Statement accompanying this Plan and whether or not litigation with respect to same has been commenced prior to the Effective Date.

ARTICLE XXI.
RETENTION OF JURISDICTION

The Court shall retain jurisdiction of this case pursuant to the provisions of chapter 11 of the Code, pending the final allowance or disallowance of all Claims affected by the Plan, to make such orders as are necessary or appropriate to carry out the provisions of this Plan, and with respect to the following matters:

- (a) To enable the Debtor to consummate the Plan and to resolve any disputes arising therefrom;
- (b) To adjudicate all controversies concerning the classification, estimation or allowance of any Claim herein;
- (c) To make such Orders as are necessary or appropriate to implement the provisions of this Plan;
- (d) To determine the classification, estimation and priority of all claims against the Debtor and to re-examine any Claims which may have been allowed;

(e) To determine applications for the rejection or assumption of executory contracts or unexpired leases pursuant to the provisions of this Plan which are not determined prior to the Confirmation date and to determine allowance of Claims for damages with respect to rejection of any such executory contracts or unexpired leases within such time as the Court may direct;

(f) To oversee and issue further appropriate orders respecting disbursement of amounts deposited as may be required by this Plan;

(g) To conduct hearings on valuation, as necessary, and to determine whether any party in interest is entitled to recover against any Person any Claim, whether arising under section 506(c) of the Code, or arising out of a voidable preference, a fraudulent transfer, or otherwise;

(h) To hear and determine all applications for compensation and other Administrative Expenses;

(i) To hear and determine any and all pending adversary proceedings or contested matters;

(j) To determine all causes of action which may exist in favor of the Debtor;

(k) To determine any modification of the Plan after confirmation pursuant to section 1127 of the Code;

(l) To enter any order, including injunctions, necessary to establish and enforce the rights and powers of the Debtor under the Plan;

(m) To enter a final decree pursuant to Rule 3022 of the Bankruptcy Rules.

(n) To hear and determine all controversies, suits and disputes, if any, as may arise in connection with the interpretation or enforcement of the Plan;

(o) To hear and determine all controversies, suits and disputes, if any, as may arise with regard to orders of Court in the Chapter 11 Case entered on or before the Confirmation Date;

(p) To hear and determine any and all controversies and disputes arising under, or in connection with, the Plan;

(q) To hear and determine any and all objections to payments under the Plan;

(r) To liquidate damages in connection with any disputed, contingent or unliquidated Claims;

(s) To adjudicate all Claims to a security or ownership interest in any property of the Debtor or in any proceeds thereof;

(t) To adjudicate all causes of action to recover all assets and properties of the Debtor wherever located;

(u) To enter any order, including injunctions necessary to enforce the title, rights and powers of the Debtor, and to impose such limitations, restrictions, terms and conditions on such title rights and powers as the Court may deem necessary or appropriate; and

(v) To make such orders as are necessary or appropriate to carry out the provisions of the Plan, including but not limited to orders interpreting, or enforcing the provisions thereof.

In addition, this Court shall retain jurisdiction to implement the provisions of the Plan in the manner as provided under section 1142, sub-paragraphs (a) and (b) of the Code. If the Court abstains from exercising, or declines to exercise jurisdiction, or is otherwise without jurisdiction over any matter set forth in this Section, or if the Debtor elects to bring an action or proceeding in any other forum, then this section shall have no effect upon and shall not control, prohibit or limit the exercise of jurisdiction by any other court, public authority or commission having competent jurisdiction over such matters.

ARTICLE XXII.
MISCELLANEOUS PROVISIONS OF THE PLAN

A. Amendment or Modification of this Plan.

On or before the Effective Date, this Plan or any exhibits hereto may be amended, modified, or supplemented by the Debtor in the manner provided for by section 1127 of the Code or as otherwise permitted by law without additional disclosure pursuant to section 1125 of the Code. In addition, after the Confirmation Date, the Debtor or Trust Administrator, as applicable, may institute proceedings in the Court to remedy any defect or omission or reconcile any inconsistencies in this Plan or the Confirmation Order with respect to such matters as may be necessary to carry out the purposes and effects of this Plan. The Debtor may make appropriate technical adjustments and modifications to this Plan prior to the Effective Date without further order or approval of the Court.

B. Revocation or Withdrawal of this Plan.

The Debtor reserves the right to revoke or withdraw this Plan before the Confirmation Date. If the Debtor revokes or withdraws this Plan before the Confirmation Date, then this Plan shall be deemed null and void. In such event, nothing contained herein shall constitute or be deemed a waiver or release of any Claims by or against the Debtor or the Trust Administrator or to prejudice in any manner the rights of the Debtor or the Trust Administrator in any further proceedings.

C. Reports.

Until a Final Decree is entered, the Debtor shall submit all post-Confirmation quarterly reports to the U.S. Trustee as required by the U.S. Trustee guidelines (with a copy served on the

Office of the U.S. Trustee) setting forth all receipts and disbursements of the Debtor. The first report shall be filed within thirty (30) days after the end of the quarter in which the Effective Date occurs. The Debtor shall be responsible to request that a Final Decree be entered in this Bankruptcy Case. The Debtor shall also be responsible for any quarterly fees due to the U.S. Trustee from and after the Effective Date until the Bankruptcy Case are closed.

D. Severability of Plan Provisions.

If, prior to Confirmation, any term or provision of the Plan is held by the Court to be invalid, void or unenforceable, the Court, at the request of the Debtor or Reorganized Debtor, shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of the Plan shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such holding, alteration or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may be altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

E. No Interest.

Except as expressly stated in the Plan, no interest, penalty or late charge is allowed or shall be paid on any Claim.

F. Allocation of Distributions Between Principal and Interest.

To the extent that any Allowed Claim entitled to a Distribution under this Plan comprises indebtedness and accrued but unpaid interest thereon, such Distribution shall be allocated to the principal amount of the Claim first and then, to the extent the consideration exceeds the principal amount of the Claim, to accrued but unpaid prepetition interest.

G. Notices.

All notices, requests or demands with respect to this Plan shall be in writing and shall be deemed to have been received within five (5) days of the date of mailing, provided they are sent by registered mail or certified mail, postage prepaid, return receipt requested, and if sent to the Debtor, addressed to Richard D. Trenk, Esq. and Robert S. Roglieri, Esq., Trenk Isabel P.C., 235 Mt. Pleasant Avenue, Suite 2350, Livingston, New Jersey 07037.

H. Controlling Documents.

Notwithstanding anything to the contrary contained herein or in the Disclosure Statement, in the event and to the extent that any provision of the Plan is inconsistent with any provision of the Disclosure Statement, the provisions of the Plan shall control and take precedence. In the event of any inconsistency between the Plan and the Confirmation Order, the Confirmation Order shall control. In the event of any inconsistency among the Plan Documents, the Confirmation Order and any Insurance Settlement Agreement, the Insurance Settlement Agreement shall control.

I. Filing of Additional Documents.

Prior to the Effective Date, the Debtor may File with the Court such agreements or other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan that are not inconsistent with the terms of the Plan. On or after the Effective Date, the Debtor and/or the Reorganized Debtor may file with the Court such agreements or other documents as may be necessary or appropriate to effectuate the terms and conditions of the Plan.

J. Reservation of Rights.

If the Plan is not confirmed by the Court for any reason, the rights of the Debtor and all parties in interest in the Bankruptcy Case shall and will be reserved in full. Statements and provisions made in the Plan or in the Disclosure Statement are made only for the purpose(s) of the Plan. If the Plan is withdrawn, the Confirmation Order is not entered, or if the Effective Date does not occur, no Person shall be bound by or deemed prejudiced by any such statement or provision.

K. Rules of Interpretation; Computation of Time.

For purposes of the Plan, (a) any reference in the Plan to a contract, instrument, release, indenture, or other agreement or document as being in a particular form or containing particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions, (b) any reference in the Plan to an existing document, schedule or exhibit filed or to be filed means such document or exhibit as it may have been or may be amended, modified, or supplemented, (c) unless otherwise specified, all references in the Plan to Sections, Articles, Schedules and Exhibits, if any, are references to Sections, Articles, Schedules and Exhibits of or to the Plan, (d) the words “herein” and “hereto” refer to the Plan in its entirety rather than to a particular portion of the Plan, (e) captions and headings to Articles and Sections are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of the Plan, and (f) the rules of construction set forth in Section 102 of the Code and in the Bankruptcy Rules shall apply. In computing any period of time prescribed or allowed by the Plan, unless otherwise specifically designated herein, the provisions of Bankruptcy Rule 9006(a) shall apply.

L. Successors and Assigns.

The rights, duties and obligations of any Person named or referred to in the Plan, including all Creditors, shall be binding on, and shall inure to the benefit of, the successors and assigns of such Person.

M. Waiver of Subordination.

Notwithstanding any provision of the Plan to the contrary, all holders of Claims shall be deemed to have waived any and all contractual subordination rights to which they may have with respect to the distributions made pursuant to the Plan, and the Confirmation Order shall permanently enjoin, effective as of the Effective Date, all holders of Claims from enforcing or attempting to enforce any such rights against any Person receiving distributions under the Plan.

N. Post-Effective Date Professional Fees.

The reasonable fees and actual and necessary expenses incurred after the Effective Date by professionals for the Debtor shall be paid by the Debtor or Reorganized Debtor upon the submission of an invoice to the Debtor or Reorganized Debtor without the need for further notice to any Person or approval by the Court.

O. Governing Law.

Unless a rule of law or procedure is supplied by federal law, including the Code and Bankruptcy Rules, (a) the construction and implementation of the Plan and any agreements, documents, and instruments executed in connection with the Plan, and (b) governance matters shall be governed by the laws of the State of New Jersey, without giving effect to the principles of conflict of law thereof.

P. Headings.

Headings are used in this Plan for convenience and reference only, and shall not constitute a part of this Plan for any other purpose.

Q. No Admissions.

Notwithstanding anything herein to the contrary, nothing contained in this Plan shall be deemed as an admission by any Entity with respect to any matter set forth herein.

**ARTICLE XXIII.
RISK FACTORS/TAX CONSEQUENCES**

HOLDERS OF CLAIMS AGAINST THE DEBTOR SHOULD READ AND CONSIDER CAREFULLY THE FACTORS SET FORTH BELOW, AS WELL AS THE OTHER INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT AND THE DOCUMENTS DELIVERED TOGETHER HERewith OR INCORPORATED BY REFERENCE, PRIOR TO VOTING TO ACCEPT OR REJECT THE PLAN. THESE FACTORS SHOULD NOT, HOWEVER, BE REGARDED AS CONSTITUTING THE ONLY RISKS INVOLVED IN CONNECTION WITH THE PLAN AND ITS IMPLEMENTATION. THERE ARE RISKS, UNCERTAINTIES, AND OTHER IMPORTANT FACTORS THAT COULD CAUSE THE DEBTOR'S ACTUAL PERFORMANCE OR ACHIEVEMENTS TO BE MATERIALLY DIFFERENT FROM THOSE THEY MAY PROJECT, AND THE DEBTOR UNDERTAKES NO OBLIGATION TO UPDATE ANY SUCH STATEMENT.

A. Tax Consequences of Plan

CIRCULAR 230 DISCLAIMER

To ensure compliance with requirements imposed by the Internal Revenue Service (the "IRS"), the Debtor informs all creditors that any U.S. federal tax advice contained in this communication (including any attachments) is not intended or written to be used, and

cannot be used, for the purpose of (i) avoiding tax-related penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending to another party any transaction or tax-related matter(s) addressed herein.

CREDITORS AND INTEREST HOLDERS CONCERNED WITH HOW THE PLAN MAY AFFECT THEIR TAX LIABILITY SHOULD CONSULT WITH THEIR OWN ACCOUNTANTS, ATTORNEYS, AND/OR ADVISORS. The following disclosure of possible tax consequences is intended solely for the purpose of alerting readers to possible tax issues this Plan may present to Debtor. The Debtor CANNOT and DOES NOT represent that the tax consequences contained below are the only tax consequences of the Plan because the Tax Code embodies many complicated rules which make it difficult to state completely and accurately all the tax implications of any action.

Confirmation may have federal income tax consequences for the Debtor and Holders of Claims. The Debtor has not obtained and does not intend to request a ruling from the Internal Revenue Service, nor has the Debtor obtained an opinion of counsel with respect to any tax matters. Any federal income tax matters raised by Confirmation of the Plan are governed by the Internal Revenue Code and the regulations promulgated thereunder. The following is intended to be a summary only and not a substitute for careful tax planning with a tax professional. The federal, state and local tax consequences of the Plan may be complex in some circumstances and, in some cases, uncertain. Accordingly, each Holder of a Claim or Interest is strongly urged to consult with his or her own tax advisor regarding the federal, state, local and foreign tax consequences of the Plan.

B. Bankruptcy Risk Factors

The following discussion is intended to be a non-exclusive summary of certain risks attendant upon the consummation of the Plan. You are encouraged to supplement this summary with your own analysis and evaluation of the Plan and Disclosure Statement, in their entirety, and in consultation with your own advisors. Based on the analysis of the risks summarized below, the Debtor believes that the Plan is viable and will meet all requirements of confirmation.

Any entity emerging from Chapter 11 faces risks. In particular, the Debtor herein faces the following risks: (i) the Diocese will need its parishioners and others to continue to support its mission and programs; and (ii) the general economic conditions of the Diocese territory may have a financial and service impact on its revenues and program needs.

a. Risk of Non-Confirmation of the Plan

Although the Debtor believes that the Plan satisfies all legal requirements necessary for confirmation by the Court, there can be no assurance that the Court will confirm the Plan as proposed. There can also be no assurance that modifications of the Plan will not be required for confirmation or that such modifications would not necessitate a solicitation of votes to accept or reject the Plan. If the Plan is not confirmed and consummated, there can be no assurance that the Chapter 11 Case will continue rather than be dismissed. The Court, which sits as a court of equity, may exercise substantial discretion with respect to the affairs of the Debtor during the Chapter 11 Case. Section 1129 of the Code sets forth the requirements for confirmation of a plan and requires,

among other things, that the value of distributions to dissenting creditors not be less than the value of distributions such creditors and shareholders would receive if the Debtor were liquidated under chapter 7 of the Code. Although the Debtor believes that the Plan will meet such tests, there can be no assurance that the Court will reach the same conclusion.

The Debtor could experience material adverse changes in its liquidity as a result of such delay and increased administrative fees and expenses. Further, since Chapter 7 is not an option, a dismissal will restart the “race to the courthouse” for Tort Claimants. In addition, the Diocese reserves the right to dismiss its Chapter 11 case. Such dismissal will jeopardize recoveries by many claimants.

b. The Debtor May Object to the Amount or Classification of a Claim

Except as otherwise provided in the Plan, the Debtor reserves the right to object to the amount or classification of any Claim under the Plan. The estimates set forth in this Disclosure Statement cannot be relied on by any Holder of a Claim where such Claim is subject to an objection. Any Holder of a Claim that is subject to an objection thus may not receive their expected share of the estimated distributions described in this Disclosure Statement.

c. Risk of Additional or Larger Claims

The Disclosure Statement and its attached exhibits necessarily include estimates, including estimates of future events. These estimates include, but are not limited to, estimates of future income and expenses, estimates as to the total amount of Claims that will be asserted against the Debtor and the outcome of Disputed Claims. The Debtor believes that the estimates presented are reasonable and appropriate under the circumstances. Nevertheless, there is a risk that unforeseen future events may cause one or more of these estimates to be materially inaccurate. Among the potential risks is that additional Administrative Expense Claims may be asserted, that Disputed Claims may be resolved at higher amounts than expected or that the resolution of such Claims may require the expenditure of unanticipated professional fees. If one or more of these estimates proves to be inaccurate, the amount of funds available for Distribution pursuant to the Plan may be reduced.

d. Other Parties in Interest Might be Permitted to Propose Alternative Plans of Reorganization

Under the Code, a debtor in possession initially has the exclusive right to propose and solicit acceptances of a plan of reorganization. However, such exclusivity period can be reduced or terminated upon order of the Court, or it may expire under the applicable provisions of the Code. If such an order were to be entered or such expiration were to occur, other parties in interest would then have the opportunity to propose alternative plans of reorganization.

If other parties in interest were to propose an alternative plan of reorganization following expiration or termination of the Debtor’s exclusivity period, such a plan may be less favorable to the Debtor, its Estate, and its stakeholders. In addition, if there were competing plans of reorganization, the Chapter 11 Cases would likely become longer, more complicated, and more expensive, thereby reducing recoveries to holders of Claims.

e. Non-Consensual Confirmation

If any Impaired Class of Claims does not accept or is deemed not to accept a plan of reorganization, a Court may nevertheless confirm such plan at the proponent's request if at least one Impaired Class has accepted the plan (with such acceptance being determined without including the vote of any "insider" in such class), and as to each impaired class that has not accepted the plan, the Court determines that the plan "does not discriminate unfairly" and is "fair and equitable" with respect to the dissenting impaired classes. If any Class votes to reject or is deemed to reject the Plan, then these requirements must be satisfied with respect to such rejecting Class. The Debtor believes that the Plan satisfies these requirements.

f. Parties in Interest May Object to the Debtor's Classification of Claims

Section 1122 of the Code provides that a plan may place a claim or an interest in a particular class only if the claim or interest is substantially similar to the other claims or interests in that class. Parties in interest may object to the classification of certain claims and interests both on the grounds that certain claims and interests have been improperly placed in the same Class and/or that certain claims have been improperly placed in different Classes. The Debtor believes that the classification of Claims under the Plan complies with the requirements of the Code because the Classes established under the Plan each encompass Claims that are substantially similar to similarly classified Claims. Nevertheless, there can be no assurance that the Court will reach the same conclusion. Parties in interest may object to the classification of certain Claims both on grounds that certain Claims have been improperly placed in the same Class and/or that certain Claims and Interests have been improperly placed in different Classes.

g. The Recovery to Holders of Allowed Claims and Tort Claims Cannot be Provided with Absolute Certainty

Due to the inherent uncertainties associated with projecting financial results, litigation outcomes, and the projected of number and amount of Tort Claims that will be liquidated pursuant to the Trust Distribution Procedures, the projections contained in this Disclosure Statement should not be considered assurances or guarantees of the amount of Claims that may be allowed in the various Classes or amounts that will be paid by the Trust on account of Tort Claims. While the Debtor believes that the projections and estimates contained in this Disclosure Statement are reasonable, including with respect to the number and valuation range related to Tort Claims, certain parties, such as the Tort Committee, have indicated that they believe that the projected number and value of the Tort Claims is much higher than the Debtor has projected. To the extent that Claims, including Tort Claims, are allowed at numbers or amounts that are higher than the total projected number or valuation ranges for each Class, distributions/recoveries to holders of Claims, including Tort Claim may be lower, and there can be no assurance that the distributions/recoveries set forth in the projections in the Disclosure Statement will be realized. Also, because the Liquidation Analysis, distribution projections, and other information contained herein and attached hereto are estimates only, the timing and amount of actual distributions to holders of Allowed Claims and Tort Claims satisfied by the Trust in accordance with the Trust Distribution Procedures, if applicable, may be affected by many factors that cannot be predicted.

h. Distributions Under the Trust Distribution Procedures

Tort Claims, including Unknown Tort Claims, will be resolved pursuant to the Trust Agreement, and their treatment will be based upon, among other things, estimates of the number, types, and amount of Tort Claims, the value of the assets of the Trust, the liquidity of the Trust, the Trust's expected future income and expenses, and other matters. There can be no certainty as to the precise amounts that will be distributed by the Trust in any particular time period or when Tort Claims will be resolved by the Trust. The Debtor believes that Tort Claims are unliquidated, contingent, and subject to objection. The outcome of such objections and ultimate allowance of Tort Claims, could have a dilutive effect on Tort Claims as a whole.

i. Amendment of Plan Prior to Confirmation by the Debtor

The Debtor, subject to the terms and conditions of the Plan, reserves the right to modify the terms and conditions of the Plan or waive any conditions thereto if and to the extent necessary or desirable for confirmation. The potential impact of any such amendment or waiver on holders of Claims cannot presently be foreseen but may include a change in the economic impact of the Plan on some or all of the proposed Classes or a change in the relative rights of such Classes.

j. Financial Projections

The Debtor has prepared financial projections based on certain assumptions, as set forth herein. The projections have not been compiled, audited, or examined by independent accountants, and neither the Debtor nor its advisors make any representations or warranties regarding the accuracy of the projections or the ability to achieve forecasted results.

Many of the assumptions underlying the projections are subject to significant uncertainties that are beyond the control of the Debtor, including the timing, Confirmation, and consummation of the Plan. Some assumptions may not materialize, and unanticipated events and circumstances may affect the actual results. Projections are inherently subject to substantial and numerous uncertainties and to a wide variety of significant economic, and operational risks, and the assumptions underlying the projections may be inaccurate in material respects. In addition, unanticipated events and circumstances occurring after the approval of this Disclosure Statement by the Court including any natural disasters, terrorist attacks, or health epidemics may affect the actual financial results achieved. Such results may vary significantly from the forecasts and such variations may be material. The Debtor's projections reflect expectations of continued donor support. However, the Debtor cannot state with certainty that such donation programs will achieve their targeted results.

k. Potential Settlements

The Debtor has been in negotiations with certain mediation parties in hopes of resolving certain controversies related to the structure of the Plan, level of contributions by Covered Parties and insurance-related issues, and the level of contribution by the Insurers, which may result in additional settlements pursuant to Bankruptcy Rule 9019 and may be included in the Plan. If a Settlement Agreement is reached, the Plan may be modified prior to the Confirmation Hearing to incorporate any number of resolutions. The potential impact of any such settlements or resolutions on holders of Claims cannot presently be foreseen but may include a change in the economic

impact of the Plan on some or all of the proposed Classes or a change in the relative rights of such Classes.

However, certain parties may object to such settlements, including with respect to the contribution amounts in such settlements. Additionally, there can be no assurance the Court will approve the Plan, including such settlements over objections. If the settlements are not approved, the amounts will not be contributed to the Trust.

Moreover, if the Debtor reaches settlements with Insurers, such insurers will provide contributions to the Trust in order to be treated as a “Covered Party” under the Plan. It is likely that such settlements may involve the sale of insurance policies issued by such insurance company back to such insurance company in exchange for a contribution to the Trust.

l. Insurance Contributions

If the Debtor is unable to reach a settlement with the Insurance Companies, there is a risk that the Trust may not realize contributions from Insurers, or that the Trust’s efforts to realize recoveries on account of the insurance coverage will be the subject of litigation that is expensive and time consuming and in which Insurers could raise meritorious coverage defenses that may reduce the amount of coverage available under the respective insurance policy.

m. Insurance Coverage Actions

In accordance with the Plan, the Debtor will contribute to the Trust, among other things, rights to its insurance policies (but not the policies themselves), which includes the pending Insurance Action. It is not currently known whether the Insurance Action will result in a favorable outcome for the Trust. Even if a favorable outcome is realized, the amounts awarded and the costs associated with pursuing such litigation cannot be determined at this time. Therefore, the ultimate value of the Insurance Action being contributed to the Trust is unknown.

n. Insurance Coverage Risks

The Debtor’s Insurers have reserved rights to contest various Tort Claims tendered to them based on various coverage defenses. While the Debtor believes these defenses have no merit and are working to resolve these disputes, to the extent any of these defenses prevail, rights to payment with respect to such insurance policies related to Tort Claims could be reduced or barred entirely.

Additionally, the obligation to pay certain deductibles or self-insured retentions under certain insurance policies is disputed. The Debtor may not be able to pay the deductibles or self-insured retentions. This could affect payments from the Insurers and whether the Debtor can access excess policy limits.

Any of the forgoing disputes could potentially reduce or eliminate the right to payment under certain insurance policies. Moreover, defenses, disputes, and other relevant circumstances could arise that could potentially reduce or eliminate the right to payment under certain insurance policies.

o. Insurance Assignment Risks

Pursuant to the Plan, the insurance rights of the Debtor, including the Parishes and Other Catholic Entities, under their insurance policies will be assigned and transferred to the Trust to be used to satisfy Tort Claims in accordance with the Trust Distribution Procedures. Certain parties in interest, including certain of the Debtor's insurance companies, contest the ability of the Debtor to assign those rights under these insurance policies to the Trust without insurer consent. To the extent that such assignment is not allowed, the assets contributed to the Trust to satisfy Tort Claims will be reduced or insurance coverage may be voided by the assignment.

p. Failure to Obtain Approval of Releases, Injunctions, and Exculpation, Including the Channeling Injunction

The Plan provides for certain Releases, Injunctions (including the Channeling Injunction), and exculpations, including third-party releases that may otherwise be asserted against the Debtor, the Reorganized Debtor, the Released Parties and their respective related parties, or Covered Parties, as applicable. The Releases, Injunctions, and exculpations (including, the Channeling Injunction) provided in the Plan are subject to objection by parties in interest and may not be approved.

In the Third Circuit, non-consensual third-party releases are permissible if they satisfy the Continental hallmarks of "fairness and necessity to the reorganization," which must be supported by specific factual findings. In re Millennium Lab Holdings II, LLC, 575 B.R. 252, 272 (Bankr. D. Del. 2017) (citing Gillman v. Cont'l Airlines (In re Cont'l Airlines), 203 F.3d 203, 214 (3d Cir. 2000)). In determining whether such a release satisfies this standard, courts apply the Master Mortgage factors: (1) an identity of interest between the debtor and the third party, such that a suit against the non-debtor is, in essence, a suit against the debtor or will deplete assets of the estate; (2) substantial contribution by the non-debtor of assets to the reorganization; (3) the essential nature of the injunction to the reorganization to the extent that, without the injunction, there is little likelihood of success; (4) an agreement by a substantial majority of creditors to support the injunction, specifically if the impacted class or classes 'overwhelmingly' votes to accept the plan; and (5) provision in the plan for payment of all or substantially all of the claims of the class or classes affected by the injunction. Id. (quoting In re Zenith Elecs. Corp., 241 B.R. 92, 110 (Bankr. D. Del. 1999)). "These factors are neither exclusive nor conjunctive requirements, but simply provide guidance in the Court's determination of fairness." In re Washington Mut. Inc., 442 B.R. 314, 346 (Bankr. D. Del. 2011).

If the Releases are not approved, including the non-consensual third-party releases, certain parties may not be considered Released Parties or Covered Parties, and certain of these parties could withdraw their support for the Plan and/or contributions to the Trust based on the Plan's failure, absent such releases, to release and enjoin claims against such parties.

q. The Channeling Injunction

The Channeling Injunction, which, among other things, bars the assertion of any Tort Claims against the Covered Parties, is a necessary element of the Plan. Although the Plan, the Trust Agreement, and the Trust Distribution Procedures all have been drafted with the intention of

complying with the Code, there is no guarantee that the validity and enforceability of the Channeling Injunction or the application of the Channeling Injunction to Tort Claims will not be challenged, either before or after Confirmation of the Plan. While the Debtor believes that the Plan satisfies the requirements of the Code, certain objections might be lodged on grounds that the requirements of the Code cannot be met given the unique facts of the Chapter 11 Cases. At this juncture, the Debtor believes that the Plan provides a sufficient basis for the issuance of the Channeling Injunction under section 105(a) of the Code.

r. Voting Requirements

If sufficient votes are not received, the Debtor may seek to confirm an alternative chapter 11 plan. There can be no assurance that the terms of any such alternative chapter 11 plan would be similar or as favorable to the holders of Allowed Claims and Tort Claims satisfied by the Trust in accordance with the Trust Distribution Procedures as those proposed in the Plan.

s. Time Risk

There is a material risk that failure to emerge from the Chapter 11 Case in a timely manner could endanger the future of the Diocese. In order to rebuild trust of its congregants, the Debtor must emerge from the cloud of this Chapter 11 Case. If the support of the Diocese's community is substantially reduced from projections, the Diocese could lack the means to meet their operational needs or otherwise emerge from bankruptcy. Timely emergence from Chapter 11 is essential to the Debtor's ability to maintain its operations and mission.

Substantial professional fees will continue to accrue until a plan is confirmed and becomes effective. At this time, the Debtor's bankruptcy estate bears the burden for the fees of the professionals and advisors to the Debtor, the Tort Committee, and the Trade Committee. In addition, the Debtor is required to pay the fees of its lender, PNC Bank. The length of the case also requires continued fees for the United States Trustee. Such fees are substantial. To date the Debtor has incurred more than \$7 million in professional fees related to this restructuring. By the end of December 2021, the Debtor estimates the professional fees in the Chapter 11 Cases will equal or exceed \$10 million. Each successive month costs the estate approximately \$1 million or more. The Debtor believes this is wholly inappropriate for a non-profit chapter 11 proceeding and seeks to emerge from bankruptcy as soon as possible to stop the accrual of additional professional fees. The potential for protracted litigation with insurance companies and the Tort Committee is great and will cause increased costs and expenses to the Debtor, including with respect to professional fees. If such litigation ensues, there is a material risk that professional fees could be much higher than the Debtor anticipates or is able to pay.

t. Parties in Interest May Object to the Plan Based on Section 1129(a)(7) of the Code

The Debtor may need to satisfy the "best interests of creditors" test, embodied in section 1129(a)(7) of the Code. As a threshold matter, the Debtor does not believe the best interests test applies to non-profit organizations such as the Debtor in light of the restrictions on the forced sale of a non-profit's assets under the Code and applicable state law. If the Court disagrees with this position, then the best interests test should apply only with respect to recoveries of claimants on

account of their claims against the Debtor in a hypothetical liquidation of the Debtor. However, to the extent the Court determines that the Plan must satisfy the best interests test, the Debtor will be prepared at confirmation to address those standards, including through the Liquidation Analysis, which shows that the Debtor satisfies the test, and/or through other expert testimony related to whether holders of Impaired Claims will receive or retain under the Plan property of a value, as of the Effective Date, that is not less than the value such holder would receive in a liquidation under chapter 7. If the Court determines that the Plan does not satisfy the requirements of the best interests test, to the extent it applies, the Plan may not be Confirmed or may only be Confirmed with modifications, including potential modifications to the nonconsensual third party releases included in the Plan. If the Plan cannot be Confirmed because of this issue, the Debtor's options going forward may be limited to: (1) reaching agreement on a fully consensual plan; (2) satisfying the best interest of creditors test; and (3) voluntary or involuntary dismissal.

u. Historical Financial Information of the Debtor

As a result of the consummation of the Plan and the transactions contemplated thereby, the financial condition and results of operations of the Reorganized Debtor from and after the Effective Date may not be comparable to the financial condition or results of operations reflected in the Debtor's historical financial statements.

C. Other Factors

a. Debtor Could Withdraw the Plan

Subject to, and without prejudice to, the rights of any party in interest, the Plan may be revoked or withdrawn before the Confirmation Date by the Debtor.

b. Debtor Has No Duty to Update

The statements contained in this Disclosure Statement are made by the Debtor as of the date hereof, unless otherwise specified herein, and the delivery of this Disclosure Statement after that date does not imply that there has been no change in the information set forth herein since that date. Additionally, the Debtor has no duty to update this Disclosure Statement unless otherwise ordered to do so by the Court.

c. No Representations Outside this Disclosure Statement Are Authorized

No representations concerning or related to the Debtor, the Chapter 11 Case, or the Plan are authorized by the Court or the Code, other than as set forth in this Disclosure Statement. Any representations or inducements made to secure your acceptance or rejection of the Plan that are other than those contained in, or included with, this Disclosure Statement should not be relied upon in making the decision to accept or reject the Plan.

d. No Legal or Tax Advice Is Provided by this Disclosure Statement

The contents of this Disclosure Statement should not be construed as legal, business, or tax advice. Each holder of a Claim should consult its own legal counsel and accountant as to legal, tax, and other matters concerning their Claim or Interest. This Disclosure Statement is not legal

advice to you. This Disclosure Statement may not be relied upon for any purpose other than to determine how to vote on the Plan or object to Confirmation of the Plan.

e. No Admission Made

Nothing contained herein or in the Plan shall constitute an admission of, or shall be deemed evidence of, the tax or other legal effects of the Plan on the Debtor or holders of Claims or Interests.

**ARTICLE XXIV.
FEASIBILITY OF THE PLAN**

As a condition to Confirmation, section 1129(a)(11) of the Code involves the feasibility of the Plan, which means that confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of Debtor or any successor to Debtor under the Plan.

There are at least two important aspects of a feasibility analysis. The first aspect considers whether Debtor will have enough cash on hand on the Effective Date of the Plan to pay all the claims and expenses that are entitled to be paid on such date. The Debtor maintains that this aspect of feasibility is satisfied as illustrated here, based upon the value of the Debtor's assets.

The second aspect considers whether the Debtor will have enough cash over the life of the Plan to make the required Plan payments. The Debtor believes that this second aspect of the feasibility requirement is met based on the work in progress and historical performance. A copy of the Debtor's projections is annexed hereto as **Exhibit B**. Accordingly, the Debtor believes, on the basis of the foregoing, that the Plan is feasible.

ALTHOUGH EVERY EFFORT WAS MADE TO BE ACCURATE, THE PROJECTIONS WERE NOT PREPARED WITH A VIEW TOWARD COMPLIANCE WITH THE GUIDELINES ESTABLISHED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTS OR IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPALS IN THE UNITED STATES, THE FINANCIAL ACCOUNTING STANDARDS BOARD, OR THE RULES AND REGULATIONS OF THE SECURITIES AND EXCHANGE COMMISSION REGARDING PROJECTIONS. FURTHERMORE, NEITHER THE DEBTOR'S ACCOUNTANTS, NOR ANY OTHER ACCOUNTANTS, HAVE COMPILED, EXAMINED, OR PERFORMED ANY PROCEDURES WITH RESPECT TO THE PROJECTIONS CONTAINED HEREIN, NOR HAVE THEY EXPRESSED ANY OPINION OR ANY OTHER FORM OF ASSURANCE ON SUCH INFORMATION OR ITS ACHIEVABILITY, AND ASSUME NO RESPONSIBILITY FOR, AND DISCLAIM ANY ASSOCIATION WITH, THE PROSPECTIVE FINANCIAL INFORMATION. WHILE PRESENTED WITH NUMERICAL SPECIFICITY, THE PROJECTIONS ARE BASED ON A VARIETY OF ASSUMPTIONS, WHICH MAY NOT BE REALIZED, AND ARE SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC AND COMPETITIVE UNCERTAINTIES AND CONTINGENCIES, WHICH ARE BEYOND THE CONTROL OF THE DEBTOR. CONSEQUENTLY, THE PROJECTIONS SHOULD NOT BE REGARDED AS A REPRESENTATION OR WARRANTY BY THE DEBTOR, OR ANY OTHER PERSON, THAT THE PROJECTIONS WILL BE REALIZED. ACTUAL RESULTS MAY VARY

MATERIALLY FROM THOSE PRESENTED IN THE PROJECTIONS. HOLDERS OF CLAIMS MUST MAKE THEIR OWN DETERMINATION AS TO THE REASONABLENESS OF SUCH ASSUMPTIONS AND THE RELIABILITY OF THE PROJECTIONS IN REACHING THEIR DETERMINATIONS OF WHETHER TO ACCEPT OR REJECT THE PLAN. THE DEBTOR'S FINANCIAL ADVISORS HAVE NOT EXPRESSED AN OPINION ON OR MADE A REPRESENTATION REGARDING THE ACHIEVABILITY OF THE FINANCIAL PROJECTIONS.

ARTICLE XXV.
BEST INTERESTS TEST

Another confirmation requirement is the "Best Interest Test," which requires a liquidation analysis. Under the Best Interest Test, if a claimant is in an impaired class and that claimant does not vote to accept the Plan, then that claimant must receive or retain under the Plan property of a value not less than the amount that such holder would receive or retain if the Debtor's assets were liquidated under Chapter 7 of the Code.

In a Chapter 7 case, the Debtor's assets are usually sold by a Chapter 7 trustee. Secured creditors are paid first from the sales proceeds of properties on which the secured creditor has a lien. Administrative claims are paid next. Next, unsecured creditors are paid from any remaining sales proceeds, according to their rights to priority. Unsecured creditors with the same priority share in proportion to the amount of their allowed claims.

In order for the Court to be able to confirm this Plan, the Court must find that all creditors who do not accept the Plan will receive at least as much under the Plan as such holders would receive under a Chapter 7 liquidation. The Debtor maintains that this requirement is met here for the following reasons:

Conversion of the case to Chapter 7 is not available because the Diocese is a nonprofit religious corporation. 11 U.S.C. § 303(a). Therefore, the only remedy available would be dismissal under 11 U.S.C. § 1112. If dismissal occurred, the "race to the courthouse" would ensue. In such event, it is highly likely that many creditors would be treated unfairly and inequitably because the first creditor(s) to obtain judgments would likely substantially deplete the available assets. In addition, the resources needed to adjudicate the claims would be substantial.

As such, the Debtor believes that secured, priority unsecured, and general unsecured creditors are better off by implementation of the Chapter 11 Plan of Reorganization, as opposed to dismissal of the case. A copy of the Debtor's liquidation analysis is annexed hereto as **Exhibit E**.

ARTICLE XXII.
TORT COMMITTEE RECOMMENDATION

AS SET FORTH IN DETAIL IN THE TORT COMMITTEE STATEMENT CIRCULATED HEREWITH, THE TORT COMMITTEE RECOMMENDS THAT TORT CLAIMANTS VOTE TO "REJECT" THE PLAN. THE TORT COMMITTEE BELIEVES THAT TREATMENT OF TORT CLAIMANTS UNDER THE PLAN IS PREJUDICIAL, AND INEQUITABLE.

ARTICLE XXVI.
DEBTOR RECOMMENDATION

THE DEBTOR RECOMMENDS THAT CREDITORS VOTE TO “ACCEPT” THE PLAN. THE DEBTOR BELIEVES THAT CONFIRMATION OF THE PLAN IS PREFERABLE TO ANY OF THE ALTERNATIVES DESCRIBED ABOVE AND THAT THE PLAN IS DESIGNED TO PROVIDE GREATER RECOVERIES THAN THOSE AVAILABLE IN ANY OTHER FORM OF LIQUIDATION. ANY OTHER ALTERNATIVE WOULD CAUSE SIGNIFICANT DELAY AND UNCERTAINTY, AS WELL AS ADDITIONAL ADMINISTRATIVE COSTS.

Dated: February 2, 2022

THE DIOCESE OF CAMDEN, NEW JERSEY

By: Reverend Robert E. Hughes
Reverend Robert E. Hughes,
Vicar General

- and -

Dated: February 2, 2022

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Chapter 11 Debtor and Debtor-in-Possession*

Exhibit A to Disclosure Statement

Second Amended Chapter 11 Plan

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*Counsel to The Diocese of Camden, New Jersey,
Chapter 11 Debtor and Debtor-in-Possession*

**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF NEW JERSEY**

In re:

THE DIOCESE OF CAMDEN, NEW JERSEY,

Debtor.

Chapter 11

Case No. 20-21257 (JNP)

SECOND AMENDED PLAN OF REORGANIZATION

The Diocese of Camden, New Jersey, the chapter 11 debtor and debtor-in-possession and the plan proponent respectfully submits its Second Amended Plan of Reorganization pursuant to chapter 11 of title 11 of the United States Code, in the form annexed hereto and made a part hereof.

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The Diocese of Camden, New Jersey (“Debtor”) is the debtor-in-possession in the instant bankruptcy case. On October 1, 2020, the Debtor commenced a bankruptcy case by filing a voluntary chapter 11 petition under the United States Bankruptcy Code, 11 U.S.C. § 301, et seq. This document is the Second Amended Chapter 11 Plan (the “Plan”) proposed by the Debtor. Sent to you in the same envelope as this document is the Second Amended Disclosure Statement which has been approved by the United States Bankruptcy Court for the District of New Jersey, and which is provided to help you understand the Plan.

For a discussion of the Debtor’s history, mission, risk factors associated with the Plan, and for a summary and analysis of the Plan and related matters, reference is made to the Disclosure Statement (as defined herein). Subject to the restrictions on modifications set forth in section 1127 of the Code and Bankruptcy Rule 3019 and any restrictions on modifications set forth herein, the Debtor expressly reserves the right to alter, amend, or modify this Plan, one or more times before substantial consummation thereof.

ARTICLE I.

DEFINITIONS AND CONSTRUCTION OF TERMS

Unless otherwise provided in the Plan, all terms used herein shall have the meanings assigned to such terms in the Code or the Bankruptcy Rules. For the purposes of the Plan, the following terms (which appear in the Plan in capitalized forms) shall have the meanings set forth below, and such meanings shall be equally applicable to the singular and to the plural form of the terms defined, unless the context otherwise requires.

1.1. Interpretation.

For purposes of the Plan:

1.1.1. any term that is not defined herein, but that is used in the Code or the Bankruptcy Rules, shall have the meaning assigned to that term in the Code or the Bankruptcy Rules, as applicable;

1.1.2. the terms “including” or “include(s)” are intended to be illustrative and not exhaustive, and shall be construed as “including, but not limited to” or “includes, but is not limited to”;

1.1.3. the phrase “relating to” or “relates to” means “with regard to, with respect to, by reason of, on account of, based on, arising out of, relating to, or in any way connected with”;

1.1.4. whenever the context requires, terms shall include the plural as well as the singular number, and the masculine gender shall include the feminine and the feminine gender shall include the masculine;

1.1.5. the rules of construction set forth in section 102 of the Code and in the Bankruptcy Rules shall apply;

1.1.6. unless the context should otherwise require, all references to documents to be filed shall refer to filing with the Court in accordance with the Code and Bankruptcy Rules;

1.1.7. any reference in the Plan to a contract, instrument, release, indenture, or other agreement or document being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions;

1.1.8. any reference in the Plan to an existing document or exhibit filed or to be filed means such document or exhibit, as it may have been or may be amended, modified or supplemented;

1.1.9. unless otherwise specified, all references in the Plan to “Articles,” “Sections,” “Schedules” and “Exhibits” are references to Articles, Sections, Schedules, and Exhibits of or to the Plan;

1.1.10. the words “herein,” “hereof,” and “hereto” refer to the Plan in its entirety rather than to a particular portion of the Plan;

1.1.11. captions and headings to Articles and Sections are inserted for ease of reference only and shall not be considered a part of the Plan or otherwise affect the interpretation of the Plan; and

1.1.12. the Plan supersedes all prior drafts of the Plan, and all prior negotiations, agreements, and understandings with respect to the Plan, evidence of which shall not affect the interpretation of any provision of the Plan.

1.2. **Defined Terms.**

For the purposes of the Plan, except as expressly provided, all capitalized terms not otherwise defined in this Plan have the meanings ascribed to them below:

1.2.1. **Abuse** means any actual, alleged or threatened sexual conduct, misbehavior, misconduct, abuse or molestation, any other sexually-related act, contact, or interaction, indecent assault and/or battery, rape, indecent or lascivious behavior, undue familiarity, harassment, pedophilia, ephebophilia, act that causes sexually-related physical, psychological, or emotional harm, or any other contacts, or interactions of a sexual nature between a minor and an adult, or an adult and a non-consenting adult, regardless of whether consensual or nonconsensual, assault, battery, corporal punishment, any other act causing physical, psychological, mental or emotional abuse, humiliation, or intimidation, incest, or use of a child in a sexual performance. Abuse may occur whether or not this activity involves explicit force, whether or not it involves genital or other physical contact, and whether or not there is physical, psychological, or emotional harm to the person.

1.2.2. **Action** means any lawsuit, proceeding, or other action in a court, or any arbitration.

1.2.3. **Administrative Expense Claim** means any Claim constituting an actual, necessary cost or expense of administering the Chapter 11 Case under sections 503(b)(1) through (8) and 507(a)(2) of the Code including, (a) any actual and necessary costs and expenses of preserving the Estate, (b) all compensation and reimbursement of expenses under sections 330 or

503 of the Code, (c) any fees or charges assessed against the Estate under section 1930 of chapter 123 of title 28 of the United States Code, and (d) all Claims arising under section 503(b)(9) of the Code.

1.2.4. **Affiliate** means any past, present, or future Person that controls, is controlled by, or is under control with, another Person, including parents, subsidiaries, merged Persons, consolidated Persons, holding Persons, and acquired Persons, or any predecessor to such Person.

1.2.5. **Agent** means any past and present employee, officer, director, agent, shareholder, principal, teacher, staff, stockholder, member, partner, board member, trustee, administrator, priest, deacon, religious brother, religious sister, nun, or other member of a religious order; clergy, Person bound by a monastic vow, volunteer, attorney, claim handling administrator, and representatives of a Person, in their capacity as such.

1.2.6. **Allowed** means, with reference to any Claim, proof of which was timely and properly filed or, if no Proof of Claim was filed, which has been or hereafter is listed by the Debtor in the Schedules, as liquidated in amount and not disputed or contingent and, in each case, as to which: (A) no objection to allowance has been interposed within the applicable period fixed by the Plan, the Code, the Bankruptcy Rules, or the Court, or (B) an objection has been interposed and such Claim has been allowed, in whole or in part, by a Final Order.

1.2.7. **Approval Order** means an order of the Court, approving one or more Insurance Settlement Agreements, which satisfies the requirement of an Approval Order as it is defined in the Insurance Settlement Agreement to which it applies, including the Confirmation Order if no other Approval Order is entered with respect to an Insurance Settlement Agreement.

1.2.8. **Avoidance Actions** means any and all rights to recover or avoid transfers or Liens under Chapter 5 of the Code or otherwise, including sections 506(d), 541, 542, 543, 544, 545, 547, 548, 549, 550, or 553 of the Code, or otherwise under the Code or under similar or related state or federal statutes and common law, including, all preference, fraudulent conveyance, fraudulent transfer, and/or other similar avoidance claims, rights, and causes of action, whether or not litigation has been commenced as of the Effective Date to prosecute such Avoidance Actions; subject, however, to any releases thereof provided in the Plan, the Confirmation Order, or any other Final Order of the Court.

1.2.9. **Bankruptcy Rules** means the Federal Rules of Bankruptcy Procedure, promulgated under 28 U.S.C. § 2075.

1.2.10. **Bar Date** means the last date for each Person to file a Proof of Claim pursuant to Bankruptcy Rule 3002 and the Court's *Order Granting the Diocese's Motion for Entry of an Order Establishing a Deadline for Filing Proofs of Claim and Approving the Form and Manner of Notice Thereof* [ECF 409] which set the following date, inter alia, **June 30, 2021 at 11:59 p.m.**

1.2.11. **Bar Order** means an order, in form and substance acceptable to the Settling Insurers, which shall automatically become effective on the Settlement Payment Date,

barring, estopping, and permanently enjoining all Persons from asserting any Barred Claims against the Certain Settling Insurers Entities.

1.2.12. **Barred Claims** means all Claims enjoined by the Bar Order, which shall include all Channeled, Direct Action, and Released Claims.

1.2.13. **Business Day** means any day except Saturday, Sunday, and any other day on which commercial banks in New Jersey or the United Kingdom are authorized by law to close.

1.2.14. **Buy-Back Payments** means, collectively, the payments by the Settling Insurers to the Trust to buy-back the Covered Party Insurance Policies that it issued, or to which it subscribed, or allegedly issued or subscribed.

1.2.15. **Cash** means legal tender of the United States of America and equivalents thereof.

1.2.16. **Channeled Claim** means the Claims channeled to the Trust by the Channeling Injunction, including all (a) Tort, Direct Action, and Indirect Claims; (b) Contribution Claims; (c) Medicare Claims; and (d) Extra-Contractual Claims, for which the Trust assumes liability, pursuant to the Plan, *provided, however*, that “Channeled Claims” shall not include any Claim against: (x) an individual who perpetrated an act of Abuse; or (y) any religious order, diocese (other than the Debtor), or archdiocese, except to the extent expressly set forth in this Plan.

1.2.17. **Channeling Injunction** means the injunction contained in Section 10.2 of the Plan.

1.2.18. **Chapter 11 Case** means the case under Chapter 11 of the Code in which the Diocese is the Debtor.

1.2.19. **Claim** means (a) a claim as that term is defined in § 101(5) of the Code; or (b) any claim, Action, assertion of right, complaint, cross-complaint, counterclaim, liabilities, obligations, rights, request, allegation, mediation, litigation, direct action, administrative proceeding, Cause of Action, Lien, encumbrances, indemnity, equitable indemnity, right of subrogation, equitable subrogation, defense, injunctive relief, controversy, contribution, exoneration, covenant, agreement, promise, act, omission, trespass, variance, damages, judgment, compensation, set-off, reimbursement, restitution, cost, expense, loss, exposure, execution, attorneys’ fee, obligation, order, affirmative defense, writ, demand, inquiry, request, directive, obligation, Proof of Claim in a bankruptcy proceeding or submitted to a trust established pursuant to the Code, government claim or Action, settlement, and/or any liability whatsoever, whether past, present or (to the extent it arises prior to the Plan Effective Date) future, known or unknown, asserted or unasserted, foreseen or unforeseen, fixed or contingent, matured or unmatured, liquidated or unliquidated, direct, indirect or otherwise consequential, whether in law, equity, admiralty, under the Code, or otherwise, whether currently known or unknown, whether compromised, settled or reduced to a consent judgment, that may exist now or hereinafter for property damages, compensatory damages (such as loss of consortium, wrongful death, survivorship, proximate, consequential, general and special damages), punitive damages, bodily injury, personal injury, public and private claims, or any other right to relief whether sounding in tort, contract, extra-contractual or bad faith, statute, strict liability, equity, nuisance, trespass,

statutory violation, wrongful entry or eviction or other eviction or other invasion of the right of private occupancy, and any amounts paid in respect of any judgment, order, decree, settlement, contract, or otherwise. A Person who holds a Claim is a **Claimant**.

1.2.20. **Class** means a grouping of substantially similar Claims for common treatment thereof pursuant to the terms of this Plan.

1.2.21. **Class 5 Claim** means a Tort Claim.

1.2.22. **Class 6 Claim** means an Unknown Tort Claim.

1.2.23. **CMS** means the Centers for Medicare and Medicaid Services of the United States Department of Health and Human Services, located at 7500 Security Boulevard, Baltimore, MD 21244-1850 and/or any other Agent or successor Person responsible for monitoring, assessing, or receiving reports made under MMSEA for reimbursement of Medicare Claims.

1.2.24. **Code** means title 11 of the United States Code, otherwise known as the Bankruptcy Code.

1.2.25. **Confirmation** means the entry of an Order by the Court approving the Plan in accordance with the provisions of the Code.

1.2.26. **Confirmation Hearing** means a hearing conducted by the Court for the purpose of considering Confirmation.

1.2.27. **Confirmation Order** shall mean an Order of the Court confirming the Plan in accordance with the provisions of chapter 11 of the Code. The wording of the Confirmation Order shall be mutually acceptable to the Debtor, the Parishes, and the Settling Insurers. The Confirmation Order shall contain all of the following provisions but no provision contrary to, or inconsistent with, an Insurance Settlement Agreement, without written waiver by the Insurers party to such Insurance Settlement Agreement:

- a. confirming the Plan;
- b. specifically, and individually, ordering all Persons, as set forth in the Plan, to act or refrain from acting as specified in the Plan;
- c. incorporating the terms and provisions of the Bar Order as though fully set forth therein;
- d. ordering the Trust Administrator to perform the obligations, if any, imposed upon the Trust Administrator by this Agreement;
- e. issuing the Channeling Injunction and the Settling Insurer Supplemental Injunction;
- f. discharging DOC from all Claims;

g. ordering all Channeled Claimants with pending state court Actions against any DOC Entity to dismiss such Claims and assert them against the Trust for resolution pursuant to the Trust Agreement; and

h. including the Reduction Clause set forth in Section 8.1, below; and,

i. incorporating the following factual findings and legal conclusions:

i. The Insurance Settlement Agreement is the result of long-term negotiations amongst the Debtor and the Settling Insurers, which began in July 2021, following the Court's order directing mediation;

ii. The Insurance Settlement Amount provides good and valuable consideration to the Estate, and enables distributions to the Channeled Claimants;

iii. The Tort Claimants propelled the Debtor into bankruptcy;

iv. The Insurance Settlement Agreement is therefore necessary to the Plan because it provides significant funding for the Plan;

v. The Covered Party Insurance Policies are property of the Estate and are therefore subject to the *in rem* jurisdiction of the Court;

vi. The Channeled Claims are within the jurisdiction of the Court because they seek property of the Estate;

vii. Because it would be impractical to divide the Covered Party Insurance Policies amongst the Debtor and the other Covered Parties, it was necessary for the Debtor to obtain the participation of the other Covered Parties in the Insurance Settlement Agreement;

viii. The Covered Parties, other than the Debtor, would not release their Interests in the Covered Party Insurance Policies unless they obtained the benefits of the Channeling Injunction, because to do so would have left them exposed to Tort Claims, whether or not such Claims be valid, and whether or not coverage exists under the Covered Party Insurance Policies for such Claims;

ix. Therefore, the Channeling Injunction is necessary to the Insurance Settlement Agreement;

x. The Channeling Injunction is narrowly tailored because it only requires Channeled Claims to be brought against the Trust;

xi. The Plan Payments are reasonable and fair consideration for the Enjoined Claims, which are above and beyond the Settling Insurers' liability for Tort Claims, which are satisfied by the Buy-Back Payments;

xii. The Settlement Amount is necessary to the success of the Debtor's reorganization, because it provides funds by which Tort Claimants may be compensated;

xiii. The Plan Payments provide a critical financial contribution that was necessary to make the Plan feasible in exchange for the Supplemental Settling Insurer Injunction, the Channeling Injunction, and the Bar Order;

xiv. The Coverage Claims are within the non-exclusive jurisdiction of the Court because such Claims could enhance the Estate;

xv. Certain of the Settling Insurers required that the Debtor obtain the benefits of the Settling Insurer Supplemental Injunction as a condition of entering into the Insurance Settlement Agreement and contributing the Settlement Amounts;

xvi. Therefore, the Settling Insurer Supplemental Injunction is necessary to the Insurance Settlement Agreement and the Plan;

xvii. The Settling Insurer Supplemental Injunction is narrowly tailored because it only enjoins the Enjoined Claims against the Settling Insurers;

xviii. The cash contribution by the Parishes and waiver of claims by the Parishes provides significant funding for the Plan constituting a substantial contribution to the success of the Plan; and

xix. The Parishes would not make a substantial contribution unless they obtained the benefits of the Channeling Injunction.

1.2.28. **Contribution Claims** means all Claims, most commonly expressed in terms of contribution, indemnity, equitable indemnity, subrogation, or equitable subrogation, allocation or reallocation, or reimbursement, or any other indirect or derivative recovery, by an Insurer against any Certain Settling Insurer Entity for the payment of money where such Insurer contends that it has paid more than its equitable or proportionate share of a Claim against a Covered Party.

1.2.29. **Court** means the United States Bankruptcy Court, or the District Court, for the District of New Jersey, as applicable.

1.2.30. **Coverage Claims** means all Claims against the Insurers (or any of them) under or relating to the Covered Party Insurance Policies or the rights and obligations thereunder, or the breach thereof, including Claims seeking insurance coverage.

1.2.31. **Covered Parties** means (i) the Debtor and Reorganized Debtor, as applicable; (ii) the Parishes, including the Schools and Missions; (iii) the Other Insured Parties; (iv) each of the foregoing Persons' respective past, present, and future Affiliates, related companies, divisions, and acquired companies; (v) each of the foregoing Persons' respective predecessors, successors and assigns; and (vi) solely to the extent of and in their capacity as such, any and all of the foregoing Persons' respective Agents. Nothing in the foregoing is intended to suggest that such Persons are "employees" or agents of the Debtor or subject to its control. An

individual who perpetrated an act of Abuse that forms the basis of a Tort Claim is not a Covered Party.

1.2.32. **Covered Party Insurance Policy** means any known or unknown contract, binder, certificate, or policy of insurance, in effect on or before the Effective Date, which actually, allegedly, or potentially insures any Covered Party, or any of their predecessors in interest, successors, or assigns, with respect to any Tort Claim.

1.2.33. **Creditor** means any person that has a Claim against the Debtor that arose on or before the Petition Date or a Claim against the Debtor's estate of any kind specified in section 502(g), 502(h) or 502(i) of the Code. This includes all Persons holding Claims against the Debtor.

1.2.34. **Debtor** means the Diocese.

1.2.35. **Diocese** means The Diocese of Camden, New Jersey, which is the diocesan not for profit religious corporation formed pursuant to New Jersey Statutes Annotated Title 16 that is the public juridic person of the Roman Catholic Diocese of Camden, as now constituted or as it may have been constituted, and the Estate (pursuant to section 541 of the Code). **Diocesan** is the adjectival form of **Diocese**.

1.2.36. **Direct Action Claims** means the same as Tort Claims, except that they are asserted against a Settling Insurer, instead of any Covered Party or the Trust, for the recovery of insurance proceeds

1.2.37. **Disclosure Statement** means the Second Amended Disclosure Statement for the Plan filed by the Debtor as required pursuant to section 1125, *et seq.* of the Code as approved by the Court.

1.2.38. **Distribution Plan Claimants** means Tort Claimants and Unknown Tort Claimants (a) whose Tort Claims do not implicate any Non-Settling Insurer Policy; (b) whom the Tort Claims Reviewer determines to be entitled to a distribution pursuant to the Trust Distribution Plan; and (c) who have released all their Tort Claims against the Settling Insurers and the Covered Parties as set forth in this Plan.

1.2.39. **Effective Date** means the date on which all of the conditions to Confirmation and conditions to the Effective Date have been satisfied or waived in accordance with the requirements of Article 13.

1.2.40. **Enjoined Claims** means all Claims enjoined by the Settling Insurer Supplemental Injunction, which shall include all Barred, Extra-Contractual, and Medicare Claims.

1.2.41. **Estate** means the estate of the Debtor created upon the commencement of the Chapter 11 Case pursuant to section 541 of the Code.

1.2.42. **Exculpated Parties** means collectively, (i) the Debtor, the Estate, the Tort Committee and the Trade Committee; (ii) the respective Agents, financial advisors, members of subcommittees of the board of directors, and members of consultative bodies and councils including with respect to their service or participation in an outside board on which they serve at

the request of the Debtor or the Bishop, in their capacity as such; and (iii) professionals of a Person identified in the preceding clauses (i) through (iii).

1.2.43. **Executory Contract** means any contract or unexpired lease entered into before the Petition Date between the Debtor and any other Person or Persons, pursuant to which parties to both sides of the contract or lease have remaining material duties such that the breach by one party would excuse the performance by the other parties thereto.

1.2.44. **Extra-Contractual Claim** means any Claim against any Settling Insurer, in its capacity as an Insurer, seeking any type of relief other than coverage or benefits under the Covered Party Insurance Policies. Extra-Contractual Claims include Claims for compensatory, exemplary, or punitive damages, or attorneys' fees, interests, costs or any other type of relief, alleging with respect to (i) any Covered Party Insurance Policy; (ii) any Claim allegedly or actually covered under a Covered Party Insurance Policy; or (iii) the conduct of a Settling Insurer with respect to (i) or (ii): (a) bad faith; (b) failure to provide insurance coverage under any Covered Party Insurance Policy; (c) failure or refusal to compromise and settle any Claim insured under any Covered Party Insurance Policy; (d) failure to act in good faith; (e) violation of any covenant or duty of good faith and fair dealing; (f) violation of any state insurance codes, state surplus lines statutes or similar codes or statutes; or (g) violation of any unfair claims practices act or similar statute, regulation or code; any type of misconduct; or (h) any other act or omission of any type by a Settling Insurer for which the claimant seeks relief other than coverage or benefits under a Covered Party Insurance Policy. Extra-Contractual Claims include all Claims relating to the Settling Insurers' (x) handling of any Coverage Claim under the Covered Party Insurance Policies, (y) conduct in negotiating Insurance Settlement Agreements and the Plan, and (z) conduct in the settlement of any Coverage Claim.

1.2.45. **Fee Claim** means a Claim under Sections 328, 330(a), 331, 363 or 503 of the Code for professional compensation.

1.2.46. **Final Order** means an order as to which the time to appeal, petition for *certiorari*, petition for review, or move for reargument or rehearing has expired and as to which no appeal, petition for *certiorari*, or other proceedings for reargument or rehearing shall then be pending and in the event that an appeal, *writ of certiorari*, petition for review, or reargument or rehearing thereof has been sought, such order shall have been affirmed by the highest court to which such order was appealed, or *certiorari* or review has been denied or from which reargument or rehearing was sought, and the time to take any further appeal, petition for *certiorari*, petition for review, or move for reargument or rehearing shall have expired; *provided, however*, that the possibility that a motion under Rule 59 or Rule 60 of the Federal Rules of Civil Procedure or any analogous rule under the Bankruptcy Rules may be filed with respect to such order shall not cause such order not to be a Final Order. If any appeal of the Confirmation Order becomes equitably moot due to Substantial Consummation, the Confirmation Order shall be considered a Final Order as of the date that the order determining such appeal to be moot has become a Final Order.

1.2.47. **General Unsecured Claim** means any Claim against the Debtor that arose or is deemed by the Code or Court, as applicable, to have arisen before the Petition Date and that is not: (i) an Administrative Expense Claim, (ii) a Priority Tax Claim, (iii) a Non-Tax Priority

Claim, (iv) a Secured Claim, (v) a Pension Claim; (vi) a Tort Claim; or (vii) an Unknown Tort Claim.

1.2.48. **Holder** means the beneficial holder of any Claim.

1.2.49. **Impaired** means, when used as an adjective preceding the words “Class of Claims”, that the Plan alters the legal, equitable, or contractual rights of the members of that class.

1.2.50. **Indirect Claims** means all Claims by a Joint Tortfeasor asserted against a Covered Party or a Settling Insurer for contribution, indemnity, equitable indemnity, subrogation, equitable subrogation, reimbursement, or any other indirect or derivative recovery.

1.2.51. **Insurance Assignment** means the assignment of the Transferred Insurance Interests to the Trust.

1.2.52. **Insurance Settlement Agreement** means a settlement agreement among any or all of the Covered Parties, and the Settling Insurers, which is listed on Exhibit K to the Disclosure Statement.

1.2.53. **Insurer** means a Person (including all of its Affiliates, successors, and assigns) that has, or is alleged to have, issued, subscribed any interest in, assumed any liability for, or underwritten any risk in a Covered Party Insurance Policy.

1.2.54. **Interests** means all Claims, including any “interests” as that term is used in 11 U.S.C. § 363, and other rights of any nature, whether at law or in equity, including all interests or other rights under New Jersey law or any other applicable law.

1.2.55. **Joint Tortfeasor** means any Person, who is not a Covered Party, and is alleged to be a joint tortfeasor with any Covered Party in connection with the Abuse relating to a Tort Claim.

1.2.56. **Lien** means any mortgage, pledge, deed of trust, assessment, security interest, lease, lien, adverse claim, levy, charge or other encumbrance of any kind, including any “lien” as defined in Section 101(37) of the Code, or a conditional sale contract, title retention contract or other contract to give any of the foregoing.

1.2.57. **Litigation Claim** means that part, or all, of a Tort Claim that might seek insurance proceeds from a Non-Settling Insurer Policy, or assert an Extra-Contractual Claim against a Non-Settling Insurer; for the avoidance of doubt, any part of any Tort Claim, which does not implicate the insurance coverage of a Non-Settling Insurer Policy, or could be asserted against a Settling Insurer but for the Court’s approval of an Insurance Settlement Agreement, is not a Litigation Claim.

1.2.58. **Medicare Claims** means all Claims by CMS, under MMSEA and MSP, which relate to any payments in respect of any Tort Claims, including Claims for reimbursement of payments made to Tort Claimants who recover or receive any distribution from the Trust and Claims by CMS relating to reporting obligations.

1.2.59. **Medicare Secondary Payer Act** or **MSP** means 42 U.S.C. § 1395y *et seq.*, or any other similar statute or regulation, and any related rules, regulations or guidance issued in connection therewith or amendments thereto.

1.2.60. **MMSEA** means § 111 of the Medicare, Medicaid, and SCHIP Extension Act of 2007 (P.L. 110-173), which imposes reporting obligations on those Persons with payment obligations under the MSP.

1.2.61. **Non-Settling Insurer** means any Insurer that is not a Settling Insurer by the Effective Date.

1.2.62. **Non-Settling Insurer Policy** means any Insurance Policy any Non-Settling Insurer issued, subscribed any interest in, or has underwritten any risk in.

1.2.63. **Other Insured Entities** means those Persons that are, or allegedly are, insured or covered, under a Covered Party Insurance Policy, but do not include the Debtor, or the Parishes. An individual who perpetrated an act of Abuse that forms the basis of a Tort Claim is not an Other Insured Entity

1.2.64. **Parishes** means all past and present parishes, missions, and Parish and Diocesan schools within Diocesan territory, including those Persons listed on Exhibit G-1 to the Disclosure Statement. Nothing in the foregoing is intended to suggest that such Persons are Agents of the Debtor or subject to its control.

1.2.65. **Person** means an individual or entity, a corporation, limited liability company, partnership, general partnership, limited partnership, limited liability partnership, limited liability limited partnership, proprietorship, association, joint stock company, joint venture, estate, trust, trustee, personal executor or personal representative, unincorporated organization or association, federal, international, foreign, state, or local governmental or quasi-governmental entity, body, or political subdivision or any agency or instrumentality thereof; and any other individual or entity within the definitions of (i) “person” in Section 101(41) of the Code or (ii) “entity” in Section 101(15) of the Code.

1.2.66. **Petition Date** means October 1, 2020, the date on which the Debtor filed its petition for relief commencing the Chapter 11 Case.

1.2.67. **Plan** means this Second Amended Plan of Reorganization, together with any additional modifications and amendments, as such may subsequently be amended.

1.2.68. **Plan Payments** means, collectively, the amounts paid by the Settling Insurers for the entry of the Channeling Injunction and the Settling Insurer Supplemental Injunction pursuant to an Insurance Settlement Agreement.

1.2.69. **Priority Non-Tax Claim** means a Claim entitled to priority under sections 507(a)(2), (3), (4), (5), (6), or (7) of the Code, but only to the extent it is entitled to priority in payment under any such subsection.

1.2.70. **Priority Tax Claim** means any Claim entitled to priority in payment under section 507(a)(8) of the Code, but only to the extent it is entitled to priority under such subsection.

1.2.71. **Priority Tax Creditor** means a Creditor holding a priority tax claim.

1.2.72. **Proceedings** means the Debtor's Chapter 11 Case.

1.2.73. **Proof of Claim** means a proof of Claim filed pursuant to Code Section 501 and/or pursuant to any order of the Court, together with supporting documents.

1.2.74. **Release** means the release of the Settling Insurers and Covered Parties from all Claims.

1.2.75. **Released Claims** means the Coverage and Extra-Contractual Claims released by the Covered Parties under the Insurance Settlement Agreement.

1.2.76. **Released Party** means collectively and in each case in their capacity as such: (i) the Debtor and Reorganized Debtor; and (ii) all Persons listed on Exhibit H of the Disclosure Statement as may be amended prior to Confirmation; and (iii) with respect to each of the foregoing Persons in clauses (i) through (ii), such Persons', successors and assigns, Affiliates, and its and their current and former officers, directors, trustees, principals, shareholders and their Affiliates, and Agents.

1.2.77. **Releasing Party** means collectively and in each case in their capacity as such: (i) each Holder of a Claim; (ii) the Debtor and the Debtor's Estate; and (iii) with respect to each of the foregoing Persons, such Persons' and the Debtor's Affiliates successors and assigns, and its and their current and former Agents, and such Persons' respective heirs, executors, estates, servants and nominees. For the avoidance of doubt, the Debtor is not releasing any claims relating to Parish loans or other accounts receivable.

1.2.78. **Secured Claim** means a Claim (i) that is secured by a Lien on property in which the Estate has an Interest, which Lien is not subject to avoidance under the Code or otherwise invalid under the Code or applicable state law, or a Claim that is subject to a valid right of the Creditor of setoff against amounts owed to the Debtor; (ii) to the extent of the value of the Holder's Interest in the Estate's Interest in such property or to the extent of the amount subject to a valid right of setoff, as applicable; and (iii) the amount of which (A) is undisputed by the Debtor or (B) if disputed by the Debtor, such dispute is settled by written agreement between the Debtor and the holder of such Claim or determined, resolved, or adjudicated by Final Order.

1.2.79. **Settlement Amounts** means the sum of the Buy-Back Payments and the Plan Payments.

1.2.80. **Settling Insurers** means the Persons listed on Exhibit L of the Disclosure Statement whose Insurance Settlement Agreements are approved by Approval Orders that become Final Orders. Any Non-Settling Insurer who enters into a final and binding Insurance Settlement Agreement with the Trust after the Effective Date is also a Settling Insurer.

1.2.81. **Substantial Consummation** means the substantial consummation of a chapter 11 plan as defined in § 1101(2) of the Code

1.2.82. **Tort Claim** means all Claims relating to, in whole or in part, directly or indirectly, Abuse committed by any Person before the Effective Date for which a Covered Party is allegedly responsible, including any such Claim asserted against any Covered Party in connection with the Chapter 11 Case. The term “**Tort Claims**” includes “**Unknown Tort Claims**”.

1.2.83. **Tort Committee** means the Official Committee of Tort Claimant Creditors of The Diocese of Camden, New Jersey, appointed by the U.S. Trustee in the Chapter 11 Case.

1.2.84. **Tort Claims Reviewer** means the Person, including such Person’s Agents, who will assess Class 5 and Class 6 Claims.

1.2.85. **Trade Committee** means the Official Committee of Unsecured Trade Creditors appointed by the U.S. Trustee in the Chapter 11 Case.

1.2.86. **Transferred Insurance Interests** means the following rights and interests of the Covered Parties in Non-Settling Insurer Policies in respect of actual or potential coverage for any Tort Claim or Unknown Tort Claim: (a) the proceeds of such Non-Settling Insurer Policies and all Claims for such proceeds; and (b) all Extra Contractual Claims against the Non-Settling Insurers.

1.2.87. **Trust** means the trust created for the benefit of Tort Claimants in accordance with the Plan, Confirmation Order, and the Trust Agreement.

1.2.88. **Trust Administrator** shall mean the Person appointed as the Trust Administrator of the Trust in accordance with the terms of the Plan, the Confirmation Order, and the Trust Agreement, or any successor appointed in accordance with such terms thereafter.

1.2.89. **Trust Agreement** means the trust agreement establishing the Trust, as may be amended.

1.2.90. **Trust Assets** means the Cash and other assets to be transferred to the Trust under the Plan.

1.2.91. **Trust Distribution Plan** means the Trust Distribution Plan attached as Exhibit F to the Disclosure Statement.

1.2.92. **Trust Documents** means the Trust Agreement, together with such additional documents as may be executed in connection with the Trust Agreement.

1.2.93. **Unknown Tort Claim** means (a) any Tort Claim that was neither filed, nor deemed filed by the Bar Date, nor otherwise allowed by the Court prior to the Effective Date; and (b) is held by (i) a Person who at the time of the Bar Date was under a disability recognized by any applicable law suspending the running of the limitation period, if any; or (iii) an individual

who has a Tort Claim that was barred by the statute of limitations as of the Effective Date but is no longer barred by the applicable statute of limitations for any reason after the Effective Date, including the enactment of legislation that revises previously time-barred Tort Claims.

1.2.94. **Unknown Tort Claims Reserve** means maximum amount not to exceed the lesser of: (i) the aggregate amount of all awards to Unknown Tort Claimants finally determined in accordance with the Plan, Trust Distribution Plan, Confirmation Order, and Trust Documents and (ii) \$500,000.

1.2.95. **U.S. Trustee** means the Office of the United States Trustee for Region 3, which includes the District of New Jersey.

1.2.96. **U.S. Trustee Fees** means any and all fees payable to the U.S. Trustee pursuant to section 1930 of title 28 of the United States Code and any interest thereupon.

**ARTICLE II.
CLASSIFICATION OF CLAIMS AND INTERESTS**

2.1. **Classification.** All Claims, as defined herein and in Section 101(5) of the Code, except the Fee Claims, Administrative Expense Claims, U.S. Trustee Fees, and Priority Tax Claims, are placed into the Classes set forth below. Pursuant to Section 1123(a)(1) of the Code, Fee Claims, Administrative Expense Claims, U.S. Trustee Fees, and Priority Tax Claims, as described below, are not classified in the Plan, and the treatment of such Claims is set forth in Article III below. A Claim is placed in a particular Class only to the extent that the Claim falls within the description of that Class and is classified in other Classes to the extent that any portion of such Claim falls within the description of such other Classes. A Claim is also placed in a particular Class for the purpose of receiving distributions pursuant to the Plan only to the extent that such Claim is an Allowed Claim in that Class and such Claim has not been paid, discharged, released or otherwise settled prior to the Effective Date.

2.2. **Unclassified Claims.** The following are the unclassified Claims: Fee Claims, Administrative Expense Claims, U.S. Trustee Fees, and Priority Tax Claims. Unclassified Claims are not Impaired by the Plan. Each Holder of an unclassified Claim is conclusively presumed to have accepted the Plan and, therefore, is not entitled to vote to accept or reject the Plan.

2.3. **Classified Claims.** As set forth in the table below, Class 1 is Unimpaired under the Plan, and, pursuant to Section 1126(f) of the Code, is conclusively presumed to have accepted the Plan. Classes 7A and 7B are fully Impaired and are not receiving any Distributions under the Plan and, pursuant to Section 1126(g) of the Code, are conclusively presumed to have rejected the Plan. Classes 2, 3, 4, 5, 6 and 8 are Impaired under the Plan and are entitled to vote on the Plan.

Class	Claims & Interest	Status	Voting Rights
1	Priority Non-Tax Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
2	PNC Bank, N.A.	Impaired	Entitled to Vote
3	Non-Abuse General Unsecured Claims	Impaired	Entitled to Vote

Class	Claims & Interest	Status	Voting Rights
4	Underfunded Pension Claims	Impaired	Entitled to Vote
5	Tort Claims Other Than Unknown Tort Claims	Impaired	Entitled to Vote
6	Unknown Tort Claims	Impaired	Entitled to Vote
7A	Abuse Related Contingent Claims	Impaired	Not Entitled to Vote
7B	Abuse Related Contingent Claims	Impaired	Not Entitled to Vote
8	Non-Abuse Litigation Claims	Impaired	Entitled to Vote

ARTICLE III.
TREATMENT OF UNCLASSIFIED CLAIMS

3.1. **Administrative Expenses Claims.** Administrative Expense Claims are Claims for costs or expenses of administering the Debtor’s Chapter 11 Case, which are allowed under Code section 503(b) or otherwise. The Code requires that all administrative expenses be paid on the Effective Date, unless a particular Claimant agrees to different treatment. The Debtor or Reorganized Debtor, as appropriate, shall pay each Holder of an Allowed Administrative Expense Claim in full, in cash, on the later of (i) fifteen (15) days after the Effective Date; or (ii) fifteen (15) days after the date on which such Claim becomes an Allowed Administrative Expense Claim. Notwithstanding anything in the Plan to the contrary, the Holder of an Allowed Administrative Claim may be paid on such other date and upon such other terms as may be agreed upon by the Holder of an Allowed Administrative Expense Claim and Debtor/Reorganized Debtor.

3.2. **Priority Tax Claim.** The Reorganized Debtor shall pay any Allowed Priority Tax Claims, in full, in Cash, without interest, as soon as practicable after the later of (i) fifteen (15) days after the Effective Date, (ii) fifteen (15) days after the date on which such Claim becomes an Allowed Priority Tax Claim, (iii) at the option of the Debtor prior to the Effective Date in accordance with Section 1129(a)(9)(C) of the Code, in Cash, in an aggregate amount of such Allowed Priority Tax Claim payable in regular quarterly installments over a period of not more than five (5) years from the Petition Date, or (iv) such other treatment agreed to by the Debtor and the Holder of such Allowed Priority Tax Claim; *provided, however*, that the Holder of an Allowed Priority Tax Claim will not be entitled to receive any payment on account of any penalty arising with respect to, or in connection with any Priority Tax Claim. Any demand for any such penalty will be deemed disallowed by Confirmation of the Plan. The Debtor is unaware of any Priority Tax Claims.

3.3. **U.S. Trustee Fees.** All outstanding U.S. Trustee Fees that the Debtor has not paid as of the Effective Date shall be paid by the Reorganized Debtor no later than fifteen (15) days after the Effective Date or when such U.S. Trustee Fees come due in the ordinary course.

3.4. **Fee Claims.** All Persons seeking an award by the Court of Fee Claims (i) shall file their respective final applications for allowance of compensation for services rendered and reimbursement of expenses incurred by the date that is 30 days after the Effective Date and (ii) shall be paid in full in such amounts as are Allowed by the Court (a) on the date upon which the Order relating to any such Allowed Fee Claim is entered, or (b) upon such other terms as may be mutually agreed upon between the holder of such an Allowed Fee Claim and the Debtor or Reorganized Debtor, as applicable. The Reorganized Debtor is authorized to pay compensation

for services rendered or reimbursement of expenses incurred after the Confirmation Date in the ordinary course and without the need for Court approval.

ARTICLE IV.
TREATMENT OF CLAIMS AND INTERESTS

4.1. **Class 1 (Priority Non-Tax Claims)**. Certain priority non-tax Claims that are referred to in Code Sections 507(a)(3), (4), (5), (6), and (7) are entitled to priority treatment. These Claims are to be treated as follows:

(a) **Classification.** Class 1 consists of the Priority Non-Tax Claims.

(b) **Impairment and Voting.** Class 1 is Unimpaired. Holders of Allowed Class 1 Priority Non-Tax Claims are deemed to have accepted this Plan and, thus, are not entitled to vote to accept or reject this Plan.

(c) **Treatment.** Except to the extent that a Holder of an Allowed Priority Non-Tax Claim and the Debtor shall have agreed in writing to a different treatment, each Holder of an Allowed Priority Non-Tax Claim shall receive, in full and final satisfaction of such Claim, payment in full in Cash, without interest, in an amount equal to such Allowed Priority Non-Tax Claim as soon as reasonably practicable after the later of (a) the Effective Date and (b) the date when such Priority Non-Tax Claim becomes an Allowed Priority Non-Tax Claim.

4.2. **Class 2 (PNC Bank)**.

(a) **Classification.** PNC Bank is an unsecured creditor of the Diocese but is secured by the Pledge Agreement and Guaranty by DOC Trusts. Accordingly, PNC Bank is entitled to separate treatment under the Plan. PNC Bank's Claim is approximately \$22.8 million.

(b) **Impairment and Voting.** Class 2 is Impaired, and each holder of a Class 2 Claim is entitled to vote to accept or reject the Plan.

(c) **Treatment.** The Diocese shall assume and reaffirm all loan documents with PNC and all such loan documents and provisions shall remain in full force and effect until all obligations of the Debtor have been indefeasibly paid in full conditioned on the following terms:

1. Confirmation of the Plan no later than May 31, 2022;
2. The Diocese shall continue to make interest only payments through the date of Confirmation;
3. 5-year term of repayment as follows: (i) first two years interest only payments; (ii) following three years with payments based on an amortization of 15 years until May 31, 2027; and (iii) a balloon payment of the balance of the loan on May 31, 2027;
4. The Diocese maintains the right to repay the balance of the loan at any time without penalty or premium;

5. Interest rate at BSBY plus 100 (1%) basis points; and

6. The Diocese and Other Catholic Entities shall keep total assets under management (AUM) at PNC at no less than \$250 million. If AUM falls below that level, the interest rate increases to BSBY plus 400 basis points (4%).

4.3. **Class 3 (General Unsecured Claims).**

(a) **Classification.** General Unsecured Claims are unsecured Claims not entitled to priority under Code section 507(a), which are not Tort Claims. The unsecured Creditors include trade Creditors and total approximately \$1,500,000.

(b) **Impairment and Voting.** Class 3 is Impaired, and each holder of a Class 3 Claim is entitled to vote to accept or reject the Plan.

(c) **Treatment.** The Diocese shall pay Class 3 Claims a 75% dividend over 5-years. Class 3 Claimants shall have the option to elect to receive a payment of 50% of their claim within 60 days after the Effective Date in full satisfaction of their respective Claims.

4.4. **Class 4 (Underfunded Pension Claims).**

(a) **Classification.** Underfunded Pension Claims are unsecured Claims that are based on the Debtor's underfunded pension plans: (i) Pension Plan for Priests of the Diocese of Camden; (ii) Pension Plan for Certain Lay Employees of the Diocese of Camden; and (iii) Post-Retirement Benefits Plan for Priests of the Diocese of Camden. The Debtor estimates that these claims are approximately \$45,439,291.

(b) **Impairment and Voting.** Class 4 is Impaired, and each holder of a Class 4 Claim is entitled to vote to accept or reject the Plan.

(c) **Treatment.** Allowed Class 4 Claims shall be paid \$2,000,000 a year for 20 years. Payments may be made quarterly.

4.5. **Class 5 (Tort Claims Other Than Unknown Tort Claims).**

(a) **Classification.** A Class 5 Claim means a Tort Claim other than an Unknown Tort Claim.

(b) **Summary.** The Plan creates a Trust to fund payments to Class 5 Claimants entitled to such payments under the Plan and Trust Agreement. Class 5 Claimants' share of the Trust Assets as provided by the Trust Distribution Plan is the only amount, if any, they will be entitled to receive from the Covered Parties and the Settling Insurers. Distribution from the Trust does not preclude Claims or recoveries by Tort Claimants against Persons who are not Covered Parties or Settling Insurers for the liability of such Persons not attributable to the causal fault or share of liability of Covered Parties. Any Person alleged to be a Joint Tortfeasor shall not be liable for any Covered Party's share of causal liability or fault nor have any Claim against the Covered Parties, and all such Claims are treated as Indirect Claims under the Plan.

(c) **Reservation.** Except with respect to the Covered Parties, nothing in the Plan is intended to affect in any way the rights of any Tort Claimant against any Joint Tortfeasor except that Tort Claimants may not collect, or obtain a reallocation of the share of any judgment initially allocated to a Covered Party, from any Joint Tortfeasor. Any Joint Tortfeasor shall not be liable for any Covered Party's share of liability or fault. Under no circumstances will the reservation of such Tort Claimant's rights against any other Person impair the discharge, Channeling Injunction, or Supplemental Settling Insurer Injunction with respect to any Covered Party or Settling Insurer.

(d) **Voting.** Class 5 is Impaired, and each holder of a Class 5 Claim is entitled to vote to accept or reject the Plan.

(e) **Treatment.** As of the Effective Date, the liability of Covered Parties and Settling Insurers for all Class 5 Claims shall be assumed fully by the Trust, without further act, deed, or court order, and, pursuant to the Channeling Injunction herein, shall be satisfied solely from the Trust as set forth in the Plan Documents and Confirmation Order; *provided, however*, such assumption shall not prevent Litigation Claimants from asserting Litigation Claims to obtain recoveries from Non-Settling Insurers for the Trust. No Class 5 Claimant who holds a Distribution Plan Claim shall receive any Trust Distribution unless and until he or she has executed the Release. Class 5 Claimants who hold a Litigation Claim may pursue the Litigation Claim only after he or she has signed a Release.

The Trust must provide copies of any such Releases to the (a) Covered Parties; (b) Settling Insurers; and upon request (c) the Joint Tortfeasors that have executed a confidentiality agreement. Nothing herein requires any Class 5 Claimant to release any Claim(s) against any Person that is not a Covered Party or Settling Insurer. No Joint Tortfeasor shall be liable for any Covered Party's share of liability or fault.

During the course of the Chapter 11 proceedings, two substantial Tort Claimants contacted the Diocese to resolve their Claims. The RH Claimants, represented by Carl Poplar, Esq. agreed to resolve their Claims, as follows: (i) an allowed Claim of One Hundred Thousand Dollars (\$100,000.00) paid in equal annual installments over ten years; and (ii) an allowed claim of Seventy-five Thousand Dollars (\$75,000.00) paid in equal annual installments over ten years. In connection with this resolution, the Diocese filed a *Motion for Entry of an Order to Approve Settlement of Controversy by and Among the Diocese and the RH Claimants Pursuant to Federal Rule of Bankruptcy 9019(a)* seeking approval of a settlement with the RH Claimants. After oral argument, the Court granted the RH Motion, without prejudice to all parties' rights in connection with the plan reorganization process.

4.6. **Class 6 (Unknown Tort Claims).**

(a) **Classification.** A Class 6 Claim means an Unknown Tort Claim.

(b) **Reservation.** Except with respect to the Reorganized Debtor and the Covered Parties, nothing in the Plan is intended to affect, in any way, the rights of any Unknown Tort Claimant against any Joint Tortfeasor, except that Unknown Tort Claimants may not collect, or obtain a reallocation of the share of any judgment initially allocated to a Covered Party, from

any Joint Tortfeasor. No Joint Tortfeasor shall be liable for any Covered Party's share of liability or fault. Under no circumstances will the reservation of such Tort Claimant's rights against any other Person impair the discharge, Channeling Injunction, or Supplemental Settling Insurer Injunction with respect to any Covered Party or Settling Insurer.

(c) **Treatment.** As of the Effective Date, the liability of the Covered Parties and Settling Insurers for all Class 6 Claims shall be assumed fully by the Trust, without further act, deed, or court order and pursuant to the Channeling Injunction in Article 10, shall be satisfied solely from the Unknown Tort Claims Reserve, as set forth in the Plan Documents and Confirmation Order. No Person is obligated to pay additional funds into the Unknown Tort Claims Reserve. Class 6 Claimants are enjoined from filing any future Claims against any Covered Party or Settling Insurer and may not proceed in any manner against any such Persons in any forum whatsoever.

No Class 6 Claimant who holds a Distribution Plan Claim shall receive any Trust Distribution unless and until he or she has executed the Release. Class 6 Claimants who hold a Litigation Claim may pursue the Litigation Claim only after he or she has executed a Release.

The Trust must provide copies of any such releases to the (a) Covered Parties; (b) Settling Insurers; and (c) Joint Tortfeasors that have executed a confidentiality agreement, upon request. Nothing herein requires any Class 6 Claimant to release any Claim(s) against any Person that is not a Covered Party or Settling Insurer. No Joint Tortfeasor shall be liable for any Covered Parties' share of liability or fault.

(d) **Voting.** Class 6 is Impaired, and each holder of a Class 6 Claim is entitled to vote to accept or reject the Plan.

4.7. **Class 7A (Abuse Related Contingent Claims).**

(a) **Classification.** A Class 7A Claim means any Claim for contribution, indemnity or reimbursement arising out of or related to the Diocese's liability to pay or defend any Class 5 Claim.

(b) **Impairment and Voting.** Class 7A is Impaired. Class 7A is not receiving a distribution under the Plan, provided that the Parishes receive the benefits of the Channeling Injunction, and, therefore, is deemed to reject the Plan.

(c) **Treatment.** Claims in Class 7A shall be allowed or disallowed in accordance with Section 502(e)(1) and (2) of the Bankruptcy Code, which will constitute Channeled Claims and shall be channeled to the Trust. For avoidance of doubt, it is anticipated that class 7A Claims shall be extinguished as a result of the terms of this Plan by the waiver of such claims by the Parishes in exchange for the release and Channeling Injunction provided in the Plan. As such, Class 7A Claims will receive no distribution under the Plan provided that the Parishes receive the benefits of the Channeling Injunction.

4.8. **Class 7B (Abuse Related Contingent Claims).**

(a) **Classification.** A Class 7B Claim means any Claim for contribution, indemnity or reimbursement arising out of or related to the Diocese's liability to pay or defend any Class 6 Claim.

(b) **Impairment and Voting.** Class 7B is Impaired by this Plan. Class 7B is not receiving a distribution under the Plan provided that the Parishes receive the benefits of the Channeling Injunction and, therefore, is deemed to reject the Plan.

(c) **Treatment.** Claims in Class 7B shall be allowed or disallowed in accordance with Section 502(e)(1) and (2) of the Bankruptcy Code, which will constitute Channeled Claims and shall be channeled to the Trust. For avoidance of doubt, it is anticipated Class 7B will be extinguished as a result of the terms of this Plan by the waiver of such claims by the Parishes in exchange for the releases and Channeling Injunction provided in the Plan. As such, Class 7B Claims will receive no distribution under the Plan provided that the Parishes receive the benefits of the Channeling Injunction.

4.9. **Treatment of Class 8 (Non-Abuse Tort Claims).**

(a) **Classification.** Non-Abuse Tort Claims are tort claims against the Diocese that are not Abuse claims.

(b) **Impairment and Voting.** Class 8 is Impaired, and each holder of a Class 8 Claim is entitled to vote to accept or reject the Plan.

(c) **Treatment.** Allowed Class 8 Claims shall be paid a *pro rata* portion of a \$100,000 distribution. The Diocese shall contribute \$50,000 to be designated for Class 8 Claims. Catholic Charities, Diocese of Camden, Inc. will transfer \$50,000 to the Diocese to be designated for Class 8 Claimants within two (2) business days after the Confirmation Order has become a Non-Appealable Order in exchange for a release of all Class 8 Claims against it. This contribution amount is contingent upon the receipt by Catholic Charities of releases from third party claims.

4.10. **Class of Equity Interests.** There are no equity interests in the Debtor.

**ARTICLE V.
ACCEPTANCE**

5.1. **Acceptance or Rejection of Plan.** Each impaired class of Creditors with Claims against the Debtor's estate shall be entitled to vote separately to accept or reject the Plan. A Class of Creditors shall have accepted the Plan if the Plan is accepted by at least two-thirds in the aggregate dollar amount, and more than one-half in number of holders, of the allowed Claims of such class that have accepted or rejected the Plan.

5.2. **Cramdown.** To the extent necessary, the Debtor shall request Confirmation of this Plan under section 1129(b) of the Code. The Debtor reserves the right to modify, amend, or withdraw this Plan to the extent, if any, that Confirmation pursuant to section 1129(b) of the Code requires modification.

5.3. **Deemed Acceptance if No Votes Cast.** If no Claimants eligible to vote in a particular Class vote to accept or reject the Plan, this Plan shall be deemed accepted by the Claimants in such Class.

5.4. **Modification of Treatment of Claims.** The Debtor reserves the right to modify the treatment of any Allowed Claim in any manner adverse only to the Holder of such Claim at any time after the Effective Date upon the consent of the Holder of the Claim whose Allowed Claim is being adversely affected, or as allowed by Court Order, through the Effective Date.

ARTICLE VI. **THE TRUST**

6.1. Establishment of Trust.

On the Effective Date, the Trust shall be established for the purposes of assuming liability of Covered Parties and Settling Insurers for Channeled Claims and receiving, liquidating, and distributing Trust Assets in accordance with this Plan and the Trust Distribution Plan.

On or before the Confirmation Date, the Trust shall be established in accordance with the Trust Documents. The Trust is intended to qualify as a “Designated” or “Qualified Settlement Fund” pursuant to Section 468B of the Internal Revenue Code and the Treasury Regulations promulgated thereunder. The Debtor is the “transferor” within the meaning of Treasury Regulation Section 1.468B-1(d)(1). The Trust Administrator shall be classified as the “administrator” within the meaning of Treasury Regulation Section 1.468B-2(k)(3). The Trust Documents, including the Trust Agreement, are incorporated herein by reference.

6.2. Funding of Trust.

6.2.1. Debtor Contributions.

Cash and other assets with a value of \$50,000,000 will be paid or transferred, as applicable, to the Trust Account as provided in the Plan and as described herein subject to reversion if any proceeds are not needed to fund the Trust.

6.2.1.1. Initial Debtor Contribution.

The Debtor will transfer \$20,000,000 to the Trust Account within two (2) business days after the Confirmation Order has become a Final Order (the “Initial Debtor Contribution”).

The Initial Debtor Contribution will be primarily comprised of funds from the following sources: (i) non-restricted cash accounts held by the Diocese; and/or (ii) a loan of non-restricted cash from DOC Trusts in exchange for a release of all Claims against it and a security interest in all real estate owned by the Diocese. In addition to the loan, DOC Trusts shall waive any Claims against the Diocese asserted in the Chapter 11 Case.

6.2.1.2. **Additional Debtor Contributions.**

The Debtor shall transfer \$10,000,000 to the Trust on the first, second, and third anniversaries of the Initial Debtor Contribution (the “Additional Debtor Contributions”).

The Additional Debtor Contributions will be primarily comprised of funds from the following sources: (i) non-restricted cash accounts held by the Diocese; and/or (ii) a loan of non-restricted cash from DOC Trusts in exchange for a release of all Claims against it and a security interest in all real estate owned by the Diocese. In addition to the loan, DOC Trusts shall waive any Claims against the Diocese asserted in the Chapter 11 Case.

The Trust shall be granted a Lien and security interest on the Revolving Fund to secure the Additional Debtor Contributions.

6.2.2. ***Parish, Schools, and Other Catholic Entities Contribution.***

The Parishes, and Other Catholic Entities will transfer \$10,000,000 to the Trust Account within two (2) business days after the Confirmation Order has become a Final Order (the “Parish Contribution Cash Amount”). In addition to the Parish Contribution Cash Amount, the Parishes shall waive any Claims against the Diocese asserted in the Chapter 11 Case, including, any rights to distributions under their Class 7A and 7B treatment. The Parish Contribution Cash Amount and waiver of Claims against the Diocese is contingent upon the receipt by the Parishes of releases from third party claims and the Court’s entry of the Channeling Injunction.

6.2.3. ***Settling Insurer Contributions.***

All rights to receive payment under the Insurance Settlement Agreements shall be assigned to the Trust, and each Settling Insurer will pay its Insurance Settlement Amount to the Trust within the time set forth in the Insurance Settlement Agreement.

6.2.4. ***Unknown Claims Reserve.***

For a period of sixty (60) months, the Debtor or Reorganized Debtor, as applicable, shall be obligated to maintain the Unknown Tort Claim Reserve for the benefit of Unknown Tort Claimants. The Unknown Tort Claims Reserve shall be administered as provided in the Trust Agreement and Trust Distribution Plan. At the expiration of the sixty (60) month period, neither the Debtor, Reorganized Debtor, Trust, nor any other Covered Party or Settling Insurer shall have any liability for Unknown Tort Claims.

6.2.5. ***Additional Trust Assets.***

The Insurance Assignment shall be automatically and without further act or deed effective on the Effective Date. The Insurance Assignment shall not be construed as an assignment and transfer of the Non-Settling Insurer Policies.

6.3. **Vesting.**

On the Effective Date, all Trust Assets shall vest in the Trust, and the Diocese and other Covered Parties shall be deemed for all purposes to have transferred all Interests in the Trust Assets to the Trust. On the Effective Date, or as soon as practicable thereafter, the Covered Parties, as applicable, shall take all actions reasonably necessary to transfer any Trust Assets to the Trust. Upon the transfer of the Trust Assets in accordance with this paragraph, the Covered Parties shall have no further interest in or with respect to the Trust Assets.

6.4. **Appointment of the Trust Administrator.**

The initial Trust Administrator will be identified ten (10) days before the Confirmation Date. The Trust Administrator shall commence serving as the Trust Administrator on the Effective Date; *provided, however*, that the Trust Administrator shall be permitted to act in accordance with the terms of the Trust Agreement from such earlier date, as authorized by the Diocese, and shall be entitled to seek compensation in accordance with the terms of the Trust Agreement and the Plan.

6.5. **Rights and Responsibilities of Trust Administrator.**

The Trust Administrator shall be deemed the Estate's representative in accordance with Section 1123 of the Code and shall have all rights, powers, authority, responsibilities, and benefits specified in the Plan and the Trust Agreement, including the powers of a trust administrator under Sections 704, 108 and 1106 of the Code and Bankruptcy Rule 2004 (including commencing, prosecuting or settling Causes of Action, enforcing contracts, and asserting Claims, defenses, offsets and privileges). If there is any inconsistency or ambiguity between the Confirmation Order and the Trust Agreement with respect to Trust Administrator's authority to act, the provisions of the Trust Agreement shall control. Among other things, the Trust Administrator: (1) shall liquidate and convert to cash the Trust Assets, make timely distributions and not unduly prolong the duration of the Trust; (2) may request an expedited determination of taxes of the Trust under Section 505(b) of the Code for all returns filed for, or on behalf of, the Trust for all taxable periods through the dissolution of the Trust; and (3) may retain professionals, including legal counsel, accountants, financial advisors, auditors, and other agents on behalf of the Trust, and at the Trust's sole expense, as reasonably necessary and to carry out the obligations of the Trust Administrator hereunder and under the Trust Agreement.

The Trust shall make Trust Distributions to the Tort Claimants. The Trust shall pursue Coverage Claims and Extra-Contractual Claims against any Non-Settling Insurers in respect of the Transferred Insurance Interests. Notwithstanding the foregoing, the Diocese, the Reorganized Debtor, and the Trust acting for itself and on behalf of the Estate, shall be deemed to have waived, effective upon the Effective Date:

(a) Any and all Claims under Sections 547, 548, 549, and 550 of the Code for the recovery of any sums paid to any Person who provided goods and services to the Diocese in the ordinary course of business prior to the Effective Date;

(b) Any and all Claims: (i) seeking the substantive consolidation of the Diocese and any other Person or an order deeming any such Person and the Diocese to be an "alter-ego" of

the other or any other similar Claim; (ii) to avoid, set aside or recover any payment or other transfer made to any Person under Sections 547, 548, 549, and 550 of the Code; and (iii) any proceeding to avoid or set aside any interest of a Person in property under Section 544 of the Code.

(c) The Confirmation Order shall state that, absent permission of the Court, no Cause of Action shall be commenced in any forum, other than the Court, against the Trust Administrator in its official capacity, with respect to its status, duties, powers, acts, or omissions as Trust Administrator.

The Trust shall fund the defense of the Covered Parties as against any Litigation Claims, but only to the extent any Covered Party is not defended or otherwise reimbursed for its defense expenses by a Non-Settling Insurer. The Trust shall indemnify the Covered Parties with respect to any judgments or settlements of any Litigation Claims, but only to the extent that such judgments or settlements are not funded by a Non-Settling Insurer. The Trust shall fund the costs and expenses in executing these functions, in accordance with this Plan, the Trust Agreement, and the Trust Distribution Plan, with the aim of preserving, managing, and maximizing Trust Assets to pay Tort Claimants and with no objective to continue or engage in the conduct of a trade or business.

Upon the Effective Date, the Trust may take any action required to enforce the Insurance Settlement Agreements.

6.6. **Transferred Insurance Interests.**

6.6.1. ***Enforcement of Transferred Insurance Interests Against Non-Settling Insurers.***

6.6.1.1. As set forth in this Article VI, by the Insurance Assignment, the Transferred Insurance Interests are assigned and transferred to the Trust. The Trust shall be entitled to all policy proceeds due by virtue of a judgment or settlement of a Class 4 Claim, Class 5 Claim, Class 6 Claim, or Class 7 Claim and to assert and/or assign to any Litigation Claimant all Coverage Claims and Extra-Contractual Claims that currently exist or may arise in the future against Non-Settling Insurers. The Trust shall also have the right to pursue judgment against Non-Settling Insurers to determine Coverage Claims relating to the Covered Parties' liability for Litigation Claims. The foregoing transfer shall not be construed to entitle any Person to insurance coverage other than those Persons entitled to such coverage from Non-Settling Insurers. The Trust may act in its own name, or in the name of any Covered Party, to enforce any right, title, or interest of any Covered Party in the Transferred Insurance Interests. No limitations on recovery from Non-Settling Insurers shall be imposed by virtue of the fact the Debtor is in bankruptcy or by any Trust Distribution. The Insurance Assignment shall not affect any Non-Settling Insurer's duty to defend, but to the extent that a failure to defend or a separate agreement between a Covered Party and any Non-Settling Insurer gives rise to a monetary obligation to reimburse defense costs in lieu of a duty to defend, the Trust shall be entitled to the benefit of such monetary obligation or policy proceeds. Any recovery by the Trust on Coverage Claims relating to the Covered Parties' liability for Litigation Claims shall become a Trust Asset and shall be distributed as provided in this Plan, the Trust Agreement, and the Trust Distribution Plan. The Trust's recourse to the Covered Parties shall be limited to the Transferred Insurance Interests and any other rights or interests expressly

granted to the Trust under this Plan. The Trust shall have no liability for Covered Non-Tort Claims and holders of Covered Non-Tort Claims shall have no recourse to the Trust with respect to such Claims.

6.6.1.2. The Trust shall have full access to coverage under the Non-Settling Insurer Policies to the greatest extent permitted by applicable non-bankruptcy law, in the same manner and to the same extent as the Covered Parties prior to the confirmation of the Plan and the Insurance Assignment, but Plan confirmation shall not relieve the Debtor (or the Trust if applicable) from any obligations under any Non-Settling Insurer Policy. The Non-Settling Insurers shall retain any and all coverage defenses, except any defense regarding or arising from the Insurance Assignment, but confirmation or effectuation of the Plan shall not trigger any coverage defense, or give rise to any additional coverage defense, that did not exist prior to the Debtor's filing for bankruptcy or plan confirmation, and no coverage defenses are created by the Debtor's bankruptcy or the negotiation, solicitation, or confirmation of the Plan, or the terms thereof, including any treatment of, or protections afforded to, any Covered Party or Settling Insurer under the Plan. The Plan is binding on Non-Settling Insurers as provided under this section.

6.6.1.3. The Insurance Assignment does not affect any Covered Party's, nor any Non-Settling Insurer's right to contest any Covered Party's liability or the amount of damages in respect of any Litigation Claims. Notwithstanding the Insurance Assignment, no Covered Party shall be relieved of any obligations or duties under any Non-Settling Insurer Policy (including any duty to cooperate) and shall continue to honor such duties and obligations as required by such applicable Non-Settling Insurer Policies and applicable law. The Insurance Assignment does not affect any Insurers' rights, obligations, or duties under applicable Non-Settling Insurer Policies or applicable law. If the Trust brings an Action against a Non-Settling Insurer to assert any Claim, the Non-Settling Insurer may raise any defense to coverage as if the Action had been brought by a Covered Party.

6.6.1.4. The Bankruptcy Court shall determine at the Confirmation Hearing (a) whether the Insurance Assignment is valid; and (b) whether Insurance Assignment or the discharge and injunctions set forth in the Release and this Plan, void, defeat, or impair the insurance coverage under the Non-Settling Insurer Policies. If any Person fails to timely file an objection to the proposed Insurance Assignment or other Plan terms related to the Non-Settling Insurer Policies, that Person shall be deemed to have irrevocably consented to the Insurance Assignment and such Plan terms and will be forever barred from asserting that the Insurance Assignment or other Plan terms affect the ability of the Trust or Litigation Claimants to pursue the Non-Settling Insurers, or any of them, for Coverage Claims and Extra-Contractual Claims.

6.6.1.5. In the event that the Bankruptcy Court enters a Final Order determining that the Insurance Assignment is valid, following the Effective Date, the Trust shall assume responsibility for, and be bound by, only such obligations of the Covered Parties under the Non-Settling Insurer Policies as are necessary to enforce the Transferred Insurance Interests; *provided, however*, the Covered Parties shall not be relieved of any obligations they may have under Non-Settling Insurer Policies. The Reorganized Debtor will cooperate and assist the Trust in enforcing any right or prosecuting any Claim based on the Transferred Insurance Interests. This cooperation includes providing access to documents and electronic information and providing its Agents to testify in depositions and at trial.

6.6.2. *Appointment of Trust Administrator as Representative to Enforce Insurance Interests and Obtain Insurance Recoveries.*

If the Bankruptcy Court does not enter a Final Order approving the Insurance Assignment, then the Insurance Assignment shall not occur and, pursuant to section 1123(b)(3)(B) of the Code, the Trust Administrator shall be appointed as the representative of the Estate for the purpose of retaining and enforcing all of the Debtor's and the Estate's Interests and Claims against the Non-Settling Insurers with respect to the Litigation Claims. Any recoveries on such Interests and Claims by the Trust Administrator will be paid to the Trust. The determination of whether the appointment of the Trust Administrator as the Debtor's and the Estate's representative provided for in this Section 6.6.2 is valid shall be made by the Bankruptcy Court at the Confirmation Hearing. If any Person fails to timely file an objection to the proposed appointment, that Person shall be deemed to have irrevocably consented to the appointment and will be forever barred from asserting that the appointment in any way affects the ability of the Trust Administrator to pursue any Non-Settling Insurers for insurance coverage. In the event that the Bankruptcy Court determines that the appointment is valid, then, following the Effective Date, the Trust Administrator shall assume responsibility for, and be bound by, only such obligations of the Covered Parties under the Non-Settling Insurer Policies as are necessary to act as the representative of the Debtor and the Estate for the purpose of retaining and enforcing their Interests and Claims, if any, against the Non-Settling Insurers; *provided, however*, the Trust Administrator's appointment shall not relieve the Covered Parties from any obligation that such entities may have under the Non-Settling Insurer Policies. Nothing contained in this Section 6.6.2 shall affect the rights and remedies of a Person who is not a Covered Party but is an insured or additional insured with the Debtor or is asserting rights under a Non-Settling Insurer Policy.

6.6.3. *Pursuit of Interests and Claims by Reorganized Debtor or Other Covered Parties.*

In the event that a Final Order is entered holding that (a) the Insurance Assignment or (b) the appointment of the Trust Administrator as the Debtor's and the Estate's representative are invalid then the assignment and/or appointment, as the case may be, will be deemed not to have been made, and each of the Covered Parties will retain their Interests under each Non-Settling Insurer Policy and:

- a. at the request of the Trust, the Covered Parties will assert their Interests and Claims against a Non-Settling Insurer, including by filing an Action for recovery of policy proceeds;
- b. all recoveries by the Covered Parties will be paid to the Trust;
- c. the Covered Parties will select and retain counsel to pursue their Interests and Claims against Non-Settling Insurers pursuant to this Section 6.6.3, subject to the Trust Administrator's approval, which approval shall not be unreasonably withheld;
- d. the Trust shall pay the reasonable attorneys' fees, costs and expenses that are incurred by the Covered Parties in pursuing, pursuant to this Section 6.6.3, their Interests and Claims against Non-Settling Insurers;

e. the Trust shall, in addition to reasonable attorneys' fees, costs and expenses provided for in this Section 6.6.3, reimburse Covered Parties for any reasonable out of pocket costs and expenses incurred as a direct consequence of pursuing their Interests and Claims against Non-Settling Insurers; *provided, however* no compensation shall be paid to any Covered Party for any time any of its employees expended; and

f. upon receipt by a Covered Party, all recoveries received from Non-Settling Insurers shall be remitted to the Trust as soon as practicable.

6.7. **Investment Powers; Permitted Cash Expenditures.**

All funds held by the Trust shall be invested in cash or short-term highly liquid investments that are readily convertible to known amounts of cash as more particularly described in the Trust Agreement. The Trust Administrator may expend the cash of the Trust.

6.8. **Registry of Beneficial Interests.**

To evidence the beneficial interest in the Trust of each holder of such an interest, the Trust Administrator shall maintain a registry of beneficiaries.

6.9. **Non-Transferability of Interests.**

Any transfer of an interest in the Trust shall not be effective until and unless the Trust Administrator receives written notice of such transfer.

6.10. **Tax Matters.**

The Trust shall not be deemed to be the same legal entity as the Diocese but only the assignee of certain assets of the Diocese and a representative of the Estate for delineated purposes within the meaning of Section 1123(b)(3) of the Code. The Trust is expected to be tax exempt. The Trust Administrator shall file such income tax and other returns and documents as are required to comply with the applicable provisions of the Internal Revenue Code of 1986, 26 U.S.C. §§ 1 et seq., as may be amended, and the regulations promulgated thereunder, 31 C.F.R. §§ 900 et seq., and New Jersey law and the regulations promulgated thereunder, and shall pay from the Trust all taxes, assessments, and levies upon the Trust, if any.

6.11. **Termination.**

The Trust shall terminate after its liquidation, administration, and distribution of the Trust Assets in accordance with the Plan and its full performance of all other duties and functions set forth herein or in the Trust Agreement. The Trust shall terminate no later than the fifth (5th) anniversary of the Effective Date.

6.12. **Immunity; Liability; Indemnification.**

6.12.1. ***No Liability for Reorganized Debtor or Trust Administrator.***

Neither the Reorganized Debtor nor its Agents, nor the Trust Administrator or any duly designated Agents, nor their respective employees, shall be liable for the acts or omissions of any other Agents of such Trust Administrator, except that the Trust Administrator shall be liable for its specific acts or omissions resulting from such Trust Administrator's misconduct, gross negligence, fraud, or breach of the fiduciary duty of loyalty. The Trust Administrator may, in connection with the performance of its functions and in its sole and absolute discretion, consult with its Agents, and shall not be liable for any act taken, omitted to be taken, or suffered to be done in accordance with advice or opinions rendered by such Persons. Notwithstanding such authority, the Trust Administrator shall not be under any obligation to consult with its Agents, and its determination not to do so shall not result in the imposition of liability on the Trust Administrator unless such determination is based on the Trust Administrator's recklessness, gross negligence, willful misconduct, or fraud.

6.12.2. ***No Recourse Against Trust Administrator.***

No recourse shall ever be had, directly or indirectly, against the Trust Administrator personally, or against any Agent retained in accordance with the terms of the Trust Agreement or the Plan by the Trust Administrator, by legal or equitable proceedings or by virtue of any statute or otherwise, nor upon any promise, contract, instrument, undertaking, obligation, covenant or Trust Agreement whatsoever executed by the Trust Administrator in implementation of this Trust Agreement or the Plan, or by reason of the creation of any indebtedness by the Trust Administrator under the Plan for any purpose authorized by the Trust Agreement or the Plan, it being expressly understood and agreed that all such Claims, and Trust Agreements of the Trust whether in writing or otherwise, shall be enforceable only against and be satisfied only out of the Trust Assets or such part thereof as shall under the term of any such Trust Agreement be liable therefore or shall be evidence only of a Claim against the Trust Assets. Notwithstanding the foregoing, the Trust Administrator may be held liable for its recklessness, gross negligence, willful misconduct, knowing and material violation of law, or fraud; and if liability on such grounds is established, recourse may be had directly against the Trust Administrator. The Trust shall not be covered by a bond.

6.12.3. ***Indemnification by Trust.***

The Trust shall defend, indemnify, and hold harmless the Trust Administrator and its Agents to the fullest extent permitted under the laws of New Jersey in the performance of their duties hereunder.

Additionally, each Covered Party and Settling Insurer, and each of their respective Agents, who was or is a party, or is threatened to be made a party to any threatened or pending Action, by reason of any act or omission of the Trust or Trust Administrator or respective agents, with respect to: (i) the Chapter 11 case and any act or omission undertaken by them prior to the commencement thereof; (ii) the assessment or liquidation of any Class 5 Claims and Class 6 Claims; (iii) the administration of the Trust and the implementation of the Trust Distribution Plan; or (iv) any and

all activities in connection with the Trust Agreement, shall be indemnified, defended, and held harmless by the Trust against all Claims relating to such Action, provided such expenditures have been approved by the Trust in advance such approval not be unreasonably withheld.

Reasonable expenses, costs, and fees (including attorneys' fees and costs) incurred by or on behalf of a Trust Administrator, the Covered Parties, the Settling Insurers, and their respective Agents, relating to any Action, from which they are entitled to be indemnified by the Trust, shall be paid by the Trust in advance of the final disposition thereof upon receipt of an undertaking, by or on behalf of such Trust Administrator, the Covered Parties, the Settling Insurers, and their respective Agents, to repay such amount in the event that it shall be ultimately determined by Final Order that such Trust Administrator, the Debtor, the Reorganized Debtor, and their respective Agents are not entitled to be indemnified by the Trust.

ARTICLE VII. **TORT CLAIMS**

7.1. Allocations Within and Distribution and Payments from the Trust.

(a) **General Corpus.** The following distributions and payments will be made from the general corpus of the Trust.

(b) **Distributions.** Distributions on Class 5 Claims as determined by the Tort Claims Reviewer in accordance with this Plan, the Trust Agreement, and the Trust Distribution Plan.

(c) **Tort Claims Reviewer.** The Trust Administrator shall retain the Tort Claims Reviewer. Fees payable to the Tort Claims Reviewer for review of Class 5 and Class 6 Claims shall be paid from the Trust.

(d) **Trust Administrative Fees.** All fees, costs, and expenses of administering the Trust as provided in the Plan and the Trust Agreement shall be paid by the Trust, including: (i) as reasonably necessary to meet current liabilities and to maintain the value of the respective Assets of the Trust; (ii) to pay reasonable administrative expenses (including any taxes imposed on the Trust and any professional fees); and (iii) to satisfy other liabilities incurred by the Trust in accordance with the Plan or the Trust Agreement.

(e) **Indemnity.** The Trust's obligations, if any, to defend, indemnify, or hold harmless any Person expressly set out in the Plan shall be made from the Trust corpus.

(f) **Unknown Tort Claim Reserve Fund.** The Debtor shall establish the Unknown Tort Claims Reserve as provided for herein.

7.2. Assessment of Tort Claims.

Each Tort Claim will be assessed by the Tort Claims Reviewer in accordance with the Trust Distribution Plan to determine whether the Tort Claimant is entitled to a Trust Distribution. The Covered Parties shall reasonably cooperate with the Tort Claims Reviewer and the Trust Administrator in connection with any inquiries by either in the administration of the Trust

Distribution Plan, but shall not be required to act in any way that violates any duty to cooperate with a Non-Settling Insurer. Under no circumstance shall the Tort Claims Reviewer's review of a Tort Claim or a determination regarding a Trust Distribution thereon have any effect on the rights of a Non-Settling Insurer. Any payment on a Tort Claim constitutes payment for damages on account of personal physical injuries or sickness arising from an occurrence, within the meaning of Section 104(a)(2) of the Internal Revenue Code of 1986, as amended.

7.2.1. *Distribution Plan Claimants.*

All Distribution Plan Claimants must execute a Release, as applicable to receive a Trust Distribution.

7.2.2. *Litigation Claimants.*

All Litigation Claimants may pursue his or her Litigation Claim (a) in order to determine the liability of any Covered Party for purposes of recovering only against the Non-Settling Insurers; and (b) by proceeding in a direct Action against any Non-Settling Insurer to the extent allowed by applicable law. A Litigation Claimants' recovery on a Litigation Claim is limited as provided herein. The Settling Insurers shall not be obligated to defend or indemnify any Person in connection with a Litigation Claim and the Settling Insurers shall not have any other duties or obligations to any Person in connection with a Litigation Claim. Under no circumstances will a Tort Claimant or any other Person be able to recover any amount from a Settling Insurer in connection with a Litigation Claim. Litigation Claimants will have rights, to the extent set forth in the Trust Distribution Plan, to initial and future distributions from the Trust.

If necessary in the Trust Administrator's discretion, the Trust Administrator may establish a reserve for payment of a Litigation Claim in the amount that would have been awarded to the Litigation Claimant if such Litigation Claimant was a Distribution Plan Claimant. The creation and existence of this reserve is not a settlement, release, accord, or novation of any Litigation Claim and cannot be used by any Joint Tortfeasor as a defense to liability. The creation and existence of any such reserve shall not affect in any way a Litigation Claimant's rights to collect a judgment, including a judgment based on joint and several liability, against any Non-Settling Insurer or Person that is not a Covered Party, except as expressly provided herein. The Trust Administrator may establish one reserve for all Litigation Claims, but no Litigation Claimant shall have any Interest in any portion of the reserve in excess of the amount determined by the Trust Administrator, unless the Litigation Claimant prevails on a Litigation Claim. Neither the Trust's payment of, or reserving monies on account of, the Litigation Claims nor the Tort Claims Reviewer's review of a Litigation Claim, shall: (a) constitute a trial, an adjudication on the merits, or evidence of liability or damages in any litigation with the Covered Parties, Non-Settling Insurers, or any other Person; or (b) constitute, or be deemed, a determination of the reasonableness of the amount of any Litigation Claim, either individually or in the aggregate with other Litigation Claims, in any coverage litigation with any Non-Settling Insurers.

7.3. Legal Effect of Estimation of Claims and Distributions Under Trust Distribution Plan.

The Tort Claims Reviewer's determinations are for estimation purposes only and shall not be a finding or fixing of the fact or liability or the amount payable for any Tort Claim with any binding legal effect, other than for distribution purposes by the Trust pursuant to the Trust Distribution Plan. The determination of qualification, estimation of Claims, and payment of Trust Distributions is not an admission of liability by any Covered Party or the Trust with respect to any Tort Claims and has no *res judicata* or collateral estoppel effect on any Covered Party, the Trust, any Non-Settling Insurer or Settling Insurer. Trust Distributions do not release the Debtor nor are Trust Distributions an accord or novation of the Debtor's liability on account of the Tort Claims. The Trust's act of making a distribution is immaterial to, and shall not be construed as, a determination or admission of any Covered Party's liability for, or damages with respect to, any Tort Claim. The determination of qualification, estimation of Claims, and payment of distributions is not a settlement, release, accord, or novation of any Tort Claims and cannot be used by any Joint Tortfeasor as a defense to any alleged joint liability. The determination of qualification, estimation of claims, and payment of partial distributions does not impair a Litigation Claimant's rights to obtain a judgment, including a judgment based on joint and several liability, against a Covered Party or any Non-Settling Insurer, for purposes of establishing the Covered Party's liability on the Litigation Claim, but any such judgment awarded to a Litigation Claimant will be reduced by the amount of Trust Distributions already paid by the Trust to such Litigation Claimant on his or her Litigation Claim(s). Neither the Tort Claims Reviewer's review of a Tort Claim and determination of qualification, nor the Trust's estimation of Claims or payment of distributions shall: (a) constitute a trial, an adjudication on the merits, or evidence of liability or damages in any litigation with the Covered Parties, Non-Settling Insurers, Settling Insurers, or any other Person; or (b) constitute, or be deemed, a determination of the reasonableness of the amount of any Litigation Claim, either individually or in the aggregate with other Litigation Claims, in any coverage litigation with any Non-Settling Insurers. The Trust's estimation of Tort Claims and payment of Trust Distributions does not constitute a triggering event for liability under any Non-Settling Insurer Policy nor does it create an admission of the fact of liability or the extent of damages on behalf of the Covered Parties.

7.4. Litigation Claims.

In the event any settlement is achieved with a Non-Settling Insurer(s) as to a Litigation Claim, or a Litigation Claimant obtains a judgment against a Covered Party and the Trust or the Litigation Claimant obtains a recovery from any Non-Settling Insurer(s) as to such judgment, then such recovery shall be paid to the Trust for handling pursuant to this Plan. Such recovery shall first go to reimburse the Trust or the Litigation Claimant, as the case may be, for all costs (including attorneys' fees) incurred in connection with pursuing the recovery against the Non-Settling Insurer(s) relating to the Litigation Claim, so long as such amounts are reasonable and were agreed in advance by the Trust. Any amount remaining shall be distributed in a manner consistent with the Trust Distribution Plan.

The Trust's payment to a Litigation Claimant that has recovered a judgment or settlement does not affect in any way the Trust's right to collect policy proceeds from any Non-Settling

Insurer, nor does it affect in any way the Trust's right to bring any Claims against the Non-Settling Insurer that have been assigned to the Trust or that belong to the Trust by operation of law.

If a Non-Settling Insurer has refused to defend a Covered Party with respect to any Litigation Claim, the Trust will advance or reimburse the Covered Party for reasonable and necessary attorneys' fees and other expenses incurred in defending the Litigation Claim. If any Non-Settling Insurer has refused to indemnify a Covered Party with respect to any settlement or judgment of a Litigation Claim, the Trust will advance or reimburse the Covered Party for any judgment or settlement incurred by the Covered Party on such Litigation Claim, provided the Trust has consented in advance to any such settlement, such consent shall not be withheld unreasonably. If any judgment on any Litigation Claim is within the retention of any Non-Settling Insurer Policy, and all insurers have denied indemnity for such judgment, then the Trust will fund the judgment. The Trust's advancement or reimbursement of the Covered Party for such defense costs and/or judgment or settlement payments, and any distributions made by the Trust to the Litigation Claimant and other Tort Claimants, will not affect in any way the Trust's right to bring any Claims against any Non-Settling Insurers for refusing to defend and/or indemnify the Covered Party, including Extra-Contractual Claims.

7.5. Distributions to Tort Claimants.

A Tort Claimant whom the Tort Claims Reviewer determines to be entitled to a distribution, will receive a distribution from the Trust in the amount(s) and at the time(s) provided for in the Trust Distribution Plan. Any payment on a Tort Claim constitutes payments for damages on account of personal physical injuries or sickness arising from an occurrence, within the meaning of Section 104(a)(2) of the Internal Revenue Code of 1986, as amended. For the avoidance of doubt, Tort Claimants' recovery on their Class 5 Claims shall be limited to the distributions they are entitled to, if any, from the Trust under the Trust Distribution Plan, and they shall not be entitled to collect personally or otherwise any additional amounts whatsoever on their Tort Claims from any Covered Party or any Covered Party's assets, even if they are denied a distribution pursuant to the Trust Distribution Plan. For the avoidance of doubt, the Unknown Tort Claims Reserve Fund established and maintained by the Trust shall be the sole source of payment to Class 6 Claimants on account of Class 6 Claims. Tort Claimants' recovery on their Class 5 Claims shall be limited to the distributions they are entitled to, if any, from the Trust determined under the Trust Distribution Plan, and they shall not be entitled to collect personally or otherwise any additional amounts whatsoever on their Tort Claims from the Reorganized Debtor, any Covered Party, or any Covered Party's assets, even if they are denied a distribution pursuant to the Trust Distribution Plan. Similarly, Class 6 Claimants shall be limited to the distributions they are entitled to, if any, from the Unknown Tort Claims Reserve Fund established and maintained by the Trust, and they shall not be entitled to collect personally or otherwise any additional amounts whatsoever on their Tort Claims from the Reorganized Debtor, any Covered Party, or any Covered Party's assets, even if they are denied a distribution pursuant to the Trust Distribution Plan.

7.6. Dismissal of Pending Litigation.

Within twenty (21) days after the Effective Date, all Claims arising out of, or related to, Tort Claims asserted in any lawsuit against any Covered Party currently pending in any state or federal or territorial court whether in the United States of America or in any other country or

jurisdiction shall be dismissed with prejudice and without fees and costs being recoverable against any Covered Party or by any Covered Party against the Tort Claimant. Nothing in this Section shall require the dismissal of any Litigation Claim currently pending in any court, except, for the avoidance of doubt, allegations in the Litigation Claim against a Settling Insurer.

7.7. **Objections and Litigation After the Effective Date.**

As of the Effective Date, the Trust Administrator shall have the sole and exclusive right to object to Class 5 and Class 6 Claims. The Reorganized Debtor shall have no right to object to any Class 5 and Class 6 Claims after confirmation of the Plan. The Trust and the Reorganized Debtor shall each have the right to object to any Class 6 Claims after confirmation of the Plan.

7.8. **Claim Withdrawal.**

A Tort Claimant may withdraw his or her Tort Claim at any time on written notice to the Trust Administrator. If withdrawn, (a) the Tort Claim will be withdrawn with prejudice and may not be reasserted, and such Tort Claimant shall still be subject to the Discharge Injunction, the Channeling Injunction and the Supplemental Settling Insurer Injunction, as provided by this Plan; and (b) any reserve maintained by the Trust on account of such Tort Claim shall revert to the Trust as a Trust Asset for distribution in accordance with the Plan and Trust Distribution Plan.

7.9. **Non-Settling Insurers.**

7.9.1. ***Trust Rights Against Non-Settling Insurers.***

The Trust retains the right to pursue Non-Settling Insurers for the Covered Parties' liability for Tort Claims regardless of whether a Tort Claimant holds a Distribution Plan Claims, Litigation Claim, or both.

7.9.2. ***Insurance Coverage Adversary Proceeding.***

As of the Effective Date, the Trust Administrator will be deemed to have the right to join or intervene in the Insurance Coverage Adversary Proceeding and to pursue recoveries against any Non-Settling Insurers.

7.9.3. ***Non-Settling Insurer Rights.***

Nothing in the Plan, Confirmation Order, or any Plan Document shall impose any obligation on any Non-Settling Insurer to provide a defense for, settle, or pay any judgment with respect to, any Tort Claim, or grant to any Person any right to sue any Non-Settling Insurer directly, relating to a Tort Claim. All such obligations with respect to Non-Settling Insurers shall be determined by and in accordance with the terms of the Non-Settling Insurer Policies and with applicable non-bankruptcy law.

7.10. **Medicare Procedures.**

With respect to all Tort Claims, the Trust shall maintain sufficient funds to pay any Medicare Claims and to perform the following duties:

7.10.1. It is the position of DOC that none of DOC Entities, the Trust, or the Settling Insurers will have any reporting obligations in respect of their contributions to the Trust, or in respect of any payments, settlements, resolutions, awards, or other Claim liquidations by the Trust, under the reporting provisions of MSP or MMSEA. Prior to making any payments to any claimants, the Trust shall seek a statement or ruling from the United States Department of Health and Human Services (“HHS”) that none of the Trust, DOC Entities, or Settling Insurers has any reporting obligations under MMSEA with respect to payments to the Trust by the DOC Entities or Settling Insurers or payments by the Trust to Claimants. Unless and until there is definitive regulatory, legislative, or judicial authority (as embodied in a final non-appealable decision from the United States Court of Appeals for the Third Circuit or the United States Supreme Court), or written confirmation from HHS that none of the DOC Entities or the Settling Insurers has any reporting obligations under MMSEA with respect to any settlements, payments, or other awards made by the Trust or with respect to the contributions the DOC Entities and the Settling Insurers have made or will make to the Trust, the Trust shall, at its sole expense, in connection with the implementation of the Plan, act as a reporting agent for the DOC Entities and Settling Insurers, and shall timely submit all reports that would be required to be made by any DOC Entity or Settling Insurer under MMSEA on account of any Claims settled, resolved, paid, or otherwise liquidated by the Trust or with respect to contributions to the Trust, including reports that would be required if the payments to the Trust by a DOC Entity or Settling Insurer were determined to be made pursuant to “applicable plans” for purposes of MMSEA, or any DOC Entity or Settling Insurer were otherwise found to have MMSEA reporting requirements. The Trust, in its role as reporting agent for the DOC Entities and Settling Insurers, shall follow all applicable guidance published by CMS to determine whether or not, and, if so, how, to report to CMS pursuant to MMSEA.

7.10.2. If the Trust is required to act as a reporting agent for any DOC Entity or Settling Insurer pursuant to Section 7.10.1, the Trust shall provide a written certification to each DOC Entity and Settling Insurer within twenty-one (21) days following the end of each calendar quarter, confirming that all reports to CMS required by Section 7.10.1 have been submitted in a timely fashion, and identifying (a) any reports that were rejected or otherwise identified as noncompliant by CMS, along with the basis for such rejection or noncompliance; and (b) any payments to Medicare Beneficiaries that the Trust did not report to CMS.

7.10.3. With respect to any reports rejected or otherwise identified as noncompliant by CMS, the Trust shall, upon request by any DOC Entity or Settling Insurer, promptly provide copies of the original reports submitted to CMS, as well as any response received from CMS with respect to such reports; *provided, however*, that the Trust may redact from such copies the Redacted Information. With respect to any such reports, the Trust shall reasonably undertake to remedy any issues of noncompliance identified by CMS, resubmit such reports to CMS, and, upon request by any DOC Entity or Settling Insurer, provide each DOC Entity and Settling Insurer copies of such resubmissions; *provided, however*, that the Trust may redact the Redacted Information. If the Trust is unable to remedy its noncompliance, the provisions of Section 7.10.7 shall apply.

7.10.4. If the Trust is required to act as a reporting agent for a DOC Entity or Settling Insurer pursuant to the provisions of Section 7.10.1, with respect to each Channeled Claim of a Medicare Beneficiary paid by the Trust and not disclosed to CMS, the Trust shall, upon request by any DOC Entity or Settling Insurer, promptly provide the last four digits of the claimant’s

Social Security number, the year of the claimant's birth and any other information in the possession or control of the Trust that may be necessary in the reasonable judgment of any DOC Entity or Settling Insurer to satisfy their obligations, if any, under MMSEA, as well as the basis for the Trust's failure to report the payment. In the event any DOC Entity or Settling Insurer informs the Trust that it disagrees with the Trust's decision not to report a Claim paid by the Trust, the Trust shall promptly report the payment to CMS. All documentation relied upon by the Trust in making a determination that a payment did not have to be reported to CMS shall be maintained for a minimum of six (6) years following such determination.

7.10.5. If the Trust is required to act as a reporting agent for any DOC Entity, or Settling Insurer pursuant to the provisions of Section 7.10.1 the Trust shall make the reports and provide the certifications required by Section 7.10 until such time as such DOC Entity or Settling Insurer determines, in its reasonable judgment, that it has no further legal obligation under MMSEA or otherwise to report any settlements, resolutions, payments, or liquidation determinations made by the Trust or contributions to the Trust. Furthermore, following any permitted cessation of reporting, or if reporting has not previously commenced due to the satisfaction of one or more of the conditions set forth in Section 7.10.1, and if any DOC Entity or Settling Insurer reasonably determines, based on subsequent legislative, administrative, regulatory, or judicial developments, that reporting is required, then the Trust shall promptly perform its obligations under Section 7.10.

7.10.6. Section 7.10 is intended to be purely prophylactic in nature, and does not imply, and shall not constitute an admission, that the DOC Entities and/or Settling Insurers have made payments pursuant to "applicable plans" within the meaning of MMSEA, or that they have any legal obligation to report any acts undertaken by the Trust or contributions to the Trust under MMSEA or any other statute or regulation.

7.10.7. If CMS concludes that reporting done by the Trust in accordance with Section 7.10 is or may be deficient in any way, and has not been corrected to the satisfaction of CMS in a timely manner, or if CMS communicates to the Trust, any DOC Entity or Settling Insurer a concern with respect to the sufficiency or timeliness of such reporting, or there appears to any DOC Entity or Settling Insurer a reasonable basis for a concern with respect to the sufficiency or timeliness of such reporting or non-reporting based upon the information received pursuant to Section 7.10, or other credible information, then each DOC Entity and Settling Insurer shall have the right to submit its own reports to CMS under MMSEA, and the Trust shall provide to any Entity that elects to file its own reports such information in its possession or control as the electing party may reasonably require in order to comply with MMSEA, including the full reports filed by the Trust pursuant to Section 7.10, without any redactions. The DOC Entities and Settling Insurers shall keep any information they receive from the Trust pursuant to this Section 7.10 confidential and shall not use such information for any purpose other than meeting obligations under MMSEA.

7.10.8. Notwithstanding any other provisions hereof, the Trust shall not be required to report as required by this Section 7.10 until the Person on whose behalf the Trust is required to report shall have provided its Medicare Reporting Number, if one exists. Moreover, the Trust shall have no indemnification obligation under this Section 7.10 to such Person for any penalty, interest, or sanction with respect to a Claim that may arise on account of such Person's failure timely to provide its Medicare Reporting Number, if one exists, to the Trust in response to

a timely request by the Trust for such Medicare Reporting Number. However, nothing relieves the Trust from its reporting obligations with respect to each Person who provides the Trust with its Medicare Reporting Number. The Trust shall indemnify each DOC Entity and Settling Insurer for any failure to report payments to Medicare eligible Tort Claimants on behalf of Persons who have timely supplied Medicare Reporting Numbers, if any exists.

7.10.9. Prior to remittance of funds to any Channeled Claimant or counsel therefor, the Trust Administrator shall obtain in respect of any Channeled Claim a certification from the Claimant that said Claimant has or will provide for the payment and/or resolution of any obligations owing or potentially owing under MSP relating to such Channeled Claim. If the Trust receives no such certification, the Trust may withhold payment from any Claimant the funds sufficient to assure that all obligations owing or potentially owing under MSP relating to such Tort Claim are paid to CMS. The Trust shall provide a quarterly certification of its compliance with this Section 7.10.9 to each DOC Entity and Settling Insurer, and permit reasonable audits by such Persons, no more often than annually, to confirm the Trust's compliance with this Section 7.10.9. For the avoidance of doubt, the Trust shall be obligated to comply with the requirements of this Section 7.10.9 regardless of whether any DOC Entity or Settling Insurer elects to file its own reports under MMSEA pursuant to Section 7.10.7.

7.10.10. Compliance with the provisions of this Section 7.10 shall be a material obligation of the Trust under the Plan, in favor of the DOC Entities and Settling Insurers under the Plan.

7.10.11. The Trust shall defend, indemnify, and hold harmless the DOC Entities and Settling Insurers from any Medicare Claims reporting and payment obligations relating to its payment of Channeled Claims, including any obligations owing or potentially owing under MMSEA or MSP, and any Claims related to the Trust's obligations under Section 7.4.

7.10.12. The Social Security Administration may change (or may have already changed) its processes and/or procedures in a manner that is inconsistent with the foregoing. The Trust Administrator shall make best efforts to comply meaningfully with the foregoing while adhering to the Social Security Administration's most recent processes, procedures, and requirements.

7.11. **Medicare Claims Indemnity.**

The Trust shall defend, indemnify, and hold harmless the Covered Parties and the Settling Insurers from any Medicare Claims and any Claims related to the Trust's obligations under this Plan.

ARTICLE VIII.
SETTLING INSURERS

8.1. Litigation/Settlement Between an Alleged Insured or Tort Claimant and Non-Settling Insurers.

8.1.1. *Automatic Reduction.*

a. The Channeling Injunction shall channel all Contribution Claims to the Trust.

b. If, for any reason any court does not recognize the channeling of the Contribution Claims of Non-Settling Insurers to the Trust, or such Claims are not channeled for any reason, then the following shall apply:

i. The Certain Settling Insurers shall retain their Contribution Claims, subject to the following provisions; provided, however, that:

1. The Certain Settling Insurers shall not pursue any Contribution Claims against any Non-Settling Insurer (A) that asserts a Contribution Claim solely against the Trust; (B) whose Contribution Claim is satisfied and extinguished entirely by the application of this paragraph 8.a., or (C) that does not assert a Contribution Claim against them;

2. If a Non-Settling Insurer asserts its Contribution Claim only against the Trust, then the Certain Settling Insurers shall assign any Contribution Claims they may hold against such Non-Settling Insurer to the Trust, and the Trust shall be free to assert such Contribution Claims against such Non-Settling Insurer;

3. If a Non-Settling Insurer releases its Contribution Claims, if any such exist, that it may have against a Certain Settling Insurer, then such released Certain Settling Insurer shall release its Contribution Claims against such releasing Non-Settling Insurer.

4. If a Non-Settling Insurer asserts a Contribution Claim against any Certain Settling Insurer, and

a. the Trust fully indemnifies the Certain Settling Insurer, then the Certain Settling Insurer shall assign its Contribution Claim to the Trust; or

b. the Trust partially, but not fully, indemnifies the Certain Settling Insurer for such Claim, then the Certain Settling Insurer shall retain its Contribution Claims and may assert them against the Non-Settling Insurer asserting the Contribution Claim against the Certain Settling Insurer. Any recovery by the Certain Settling Insurer exceeding the amount necessary to satisfy the Trust's full indemnity obligation plus litigation costs shall be turned over to the Trust.

ii. In any Action, including the Insurance Coverage Action, involving a DOC Entity, the Reorganized Debtor, or the Trust (collectively, "Alleged Insured") or a Tort Claimant, as applicable, and one or more Non-Settling Insurers, where a Non-Settling Insurer has

asserted, asserts, or could assert any Contribution Claim against a Certain Settling Insurer Entity, then any judgment or award obtained by such Alleged Insured or Tort Claimant against such Non-Settling Insurer shall be automatically reduced by the amount, if any, that such Certain Settling Entity is liable to pay such Non-Settling Insurer as a result of its Contribution Claim, so that the Contribution Claim is thereby satisfied and extinguished entirely (“Reduction Amount”). In any Action involving an Alleged Insured or Tort Claimant against a Non-Settling Insurer, where such a Certain Settling Insurer Entity is not a party, such Alleged Insured or Tort Claimant shall obtain a finding from that court or arbitrator(s), as applicable, of the Reduction Amount before entry of judgment against such Non-Settling Insurer. In the event that such a reduction is not made as described above, then any Contribution Claim by any Non-Settling Insurer against any Certain Settling Insurer Entity shall be reduced by the Reduction Amount, as determined by the court or arbitrator(s) in which such Contribution Claim is filed. The Certain Settling Insurers shall be required to cooperate in good faith with DOC and/or the Trust to take commercially reasonable steps to defend against any Contribution Claim. In the event that application of the Reduction Amount eliminates the Non-Settling Insurer’s Contribution Claim, then such Non-Settling Insurer shall fully reimburse the Certain Settling Insurer Entities their costs and expenses, including legal fees, incurred in responding to the Contribution Claim Action, including all costs, expenses and fees incurred in seeking relief from the Court.

iii. If an Alleged Insured or Tort Claimant and a Non-Settling Insurer enter into an agreement settling one or more Claims relating to Abuse, such agreement shall include a provision whereby such Non-Settling Insurer releases Contribution Claims against the Certain Settling Insurers so long as the Certain Settling Insurers release their Contribution Claims against such Non-Settling Insurer. If such settlement agreement fails to include such a release provision, and the Non-Settling Insurer has asserted, asserts, or could assert a Contribution Claim against a Certain Settling Insurer Entity, then any settlement amount in such settlement agreement shall be deemed automatically reduced by the Reduction Amount. In such event, the settling parties shall obtain a finding from the applicable court or arbitrator(s) of the Reduction Amount. If (a) the settlement agreement was entered into without litigation or arbitration such that no judge or arbitrator can determine the Reduction Amount, or (b) such a reduction is not otherwise made as described above, then any Contribution Claim by any Non-Settling Insurer against any Certain Settling Insurer Entity shall be reduced by the Reduction Amount, as determined by the court or arbitrator(s) in which such Contribution Claim is filed. The Certain Settling Insurers shall be required to cooperate in good faith with DOC and/or the Trust to take commercially reasonable steps to defend against any Contribution Claim by a Non-Settling Insurer. In the event that the reduction eliminates the Non-Settling Insurer’s Contribution Claim, then such Non-Settling Insurer shall fully reimburse the Certain Settling Insurer Entities their costs and expenses, including legal fees, incurred in responding to the Contribution Claim Action, including all costs, expenses and fees incurred in seeking relief from the Court.

8.1.2. *Application of the Reduction.*

To ensure that the reduction contemplated in this Section 8 is accomplished, the Certain Settling Insurer Entities shall be entitled to: (i) notice, pursuant to Section 19, within a reasonable time of the initiation of any future Action against or future settlement negotiations with any Non-Settling Insurer that could give rise to the possibility of a Contribution Claim against any Certain Settling Insurer Entity, and periodic notices thereafter on at least an annual basis of the status of

such Action or negotiations; (ii) the opportunity to participate in the Action or settlement negotiations without objection by any party thereto, but only to the extent necessary to accomplish the reduction contemplated in this Section 8; (iii) the cooperation of the applicable Alleged Insured so that the Certain Settling Insurer Entities can assert this Section as a defense in any Action against any of them for any Contribution Claim; and (iv) have the court or appropriate tribunal issue such orders as are necessary to effectuate the judgment, award, or settlement reduction in order to protect the Certain Settling Insurer Entities from any Contribution Claim. The notice required above shall be given by (A) the Alleged Insured that is a party to such Action or settlement negotiations; or (B) if no Alleged Insured is such a party, the Non-Settling Insurer that is a party to such Action or settlement negotiations; or (C) if no Alleged Insured or Non-Settling Insurer is a party to such Action or settlement negotiations, the Tort Claimant bound by the Plan.

ARTICLE IX.

NON-SETTLING INSURERS

9.1. Preservation of Rights and Obligations.

9.1.1. In the event (a) a Litigation Claim is pursued in state or federal court by a Litigation Claimant against a Covered Party or Non-Settling Insurer; or (b) the Trust or the Reorganized Debtor asserts an objection to or otherwise seeks a determination of liability as to a Litigation Claim, then the Covered Parties, the Trust, and each Non-Settling Insurer shall retain any and all legal and factual defenses that may exist in respect to such Litigation Claim and, except as set forth in this Section 7.1, all coverage defenses. The rights, duties, and obligations of each Non-Settling Insurer under the Non-Settling Insurer Policies with respect to Litigation Claims are not affected in any way by: (a) the discharge in bankruptcy of the Debtor; (b) any Trust Distribution; (c) the Insurance Assignment. Non-Settling Insurers retain any defenses that they would be able to raise if the claim for coverage for a Litigation Claim were brought by any Covered Party, except any defense arising from the Insurance Assignment. Notwithstanding the foregoing, confirmation or effectuation of the Plan shall not trigger any coverage defense, or give rise to any additional coverage defense, that did not exist prior to the Debtor's filing for bankruptcy or plan confirmation, and no coverage defenses are created by the Debtor's bankruptcy or the negotiation, solicitation, or confirmation of the Plan, or the terms thereof, including any treatment of, or protections afforded to, any Covered Party or Settling Insurer under the Plan. The Plan is binding on Non-Settling Insurers as provided under this Section.

9.1.2. The rights and obligations of the Covered Parties and every Non-Settling Insurer under the terms of the Non-Settling Insurer Policies and at law (including any duty of an insured to cooperate) shall not be affected by the assessment of any Litigation Claim and shall be treated as if the Litigation Claim had never been assessed for distribution purposes by the Trust. Similarly, each Non-Settling Insurer shall be entitled to all rights as are provided under the terms of its Non-Settling Insurer Policies as if the Litigation Claim had never been assessed for distribution purposes by the Trust.

9.1.3. After the Effective Date, upon consent of the Trust Administrator, any Non-Settling Insurer may become a Settling Insurer if the Bankruptcy Court, after notice and hearing, approves the agreement between the Non-Settling Insurer, the Reorganized Debtor, and

the Trust Administrator. After the Effective Date, the Trust Administrator shall have the exclusive authority to seek approval of such agreement.

9.1.4. Upon the Bankruptcy Court's entry of a Final Order approving such agreement, Exhibit L shall be amended by the Trust Administrator to include such Non-Settling Insurer as a Settling Insurer. Any such Non-Settling Insurer shall have all of the rights, remedies, and duties of a Settling Insurer, including the Channeling Injunction and Supplemental Settling Insurer Injunction. The Bankruptcy Court's retained jurisdiction to approve an agreement under this Article IX shall include jurisdiction to determine the adequacy of notice of a motion to approve such an agreement.

9.2. **Estimations/Assessments of Litigation Claims Are Not Binding.**

Estimations of Litigation Claims for purposes of voting, and the determination of qualification, assignment of points, and payment of Trust Distributions:

(a) shall not (i) constitute an admission of liability by any Person with respect to such Litigation Claims; (ii) have any *res judicata* or collateral estoppel effect on any Person; (iii) constitute a settlement, release, accord, satisfaction, or novation of such Litigation Claims; (iv) be used by any third-party as a defense to any alleged joint liability; or (v) otherwise prejudice any rights of the Trust, Covered Parties, Settling Insurers, Non-Settling Insurers, or Litigation Claimants in all other contexts or forums;

(b) shall be without prejudice to any and all rights of the Trust, the, the Non-Settling Insurers, and Litigation Claimants in all other contexts and forums; and

(c) shall not be deemed to be a determination of liability of any Covered Party or a determination of whether, or the extent to which, such Litigation Claim is covered under any Non-Settling Insurer Policy.

The fact that a Claim has been estimated for distribution purposes has no *res judicata* or collateral estoppel effect and is not a binding determination on any issue. Assessments by the Tort Claims Reviewer under the Trust Distribution Plan shall have no effect upon any "no action" provisions contained in any Non-Settling Insurer Policy to the extent any such provision remains enforceable by a Non-Settling Insurer under applicable law. Rather, the liability of the Covered Parties and the amount owed by the Covered Parties, and any Non-Settling Insurer on any Litigation Claim, shall be determined by: (y) the amount of any court judgment obtained by the Litigation Claimant; or (z) through either (1) a settlement agreement pursuant to which such Non-Settling Insurer has consented; or (2) if such Non-Settling Insurer has not consented, a settlement agreement which does not breach any duty of the Trust, Trust Administrator, or any Covered Party to the Non-Settling Insurer under the respective Non-Settling Insurer Policy or applicable law.

9.3. **The Debtor's Obligations Survive.**

Notwithstanding the Insurance Assignment, the Debtor and Reorganized Debtor shall not be relieved of their duties or obligations under any Non-Settling Insurer Policies (except as to the contrary in any subsequent Insurance Settlement Agreement) and shall continue to perform such duties as required by such Non-Settling Insurer Policies and applicable law. If the Trust asserts

any Claim that the Debtor and Reorganized Debtor has breached such duties or obligations under the Non-Settling Insurer Policies resulting in a loss of coverage, it shall give the Reorganized Debtor notice and an opportunity to cure any alleged breach, and in any event, the Debtor and Reorganized Debtor shall not be liable for any alleged breach resulting in a loss of coverage except to the extent that (a) the breach relates to post-Effective Date conduct of the Debtor or Reorganized Debtor and (b) the Debtor or Reorganized Debtor willfully or intentionally fails to comply with its continuing obligations under the Non-Settling Insurer Policies. In addition, any such Claim will not be automatically allowed; the Reorganized Debtor will have the right to defend against such claim.

9.4. **Trust Powers With Respect to Litigation Claims and Non-Settling Insurers.**

9.4.1. Any Litigation Claimant or the Trust, as applicable, may enter into a settlement of a Litigation Claim allowed by applicable non-bankruptcy law, and may enter into an arrangement with the Litigation Claimant's counsel providing such counsel will receive reasonable compensation from any recovery from a Non-Settling Insurer.

9.4.2. The Trust Administrator may use the Trust assets to prosecute litigation against the Non-Settling Insurers.

9.4.3. If the Trust successfully resolves a Coverage Claim or otherwise receives a recovery of insurance proceeds relating to any Litigation Claim from a Non-Settling Insurer, such proceeds shall become Trust Assets available to pay, and shall increase the amount available to pay, Tort Claims, pursuant to the Trust Distribution Plan. In such event, and on a periodic basis accumulating all such recoveries, the Trust shall make supplemental Trust Distributions to Tort Claimants in accordance with the Trust Agreement and Trust Distribution Plan.

9.4.4. After the Effective Date, the Trust, with the approval of the Bankruptcy Court may enter into an Insurance Settlement Agreement with a Non-Settling Insurer and thereby resolve all Coverage Claims of the Trust and Covered Parties against such Non-Settling Insurer. Upon the due execution and delivery of such Insurance Settlement Agreement and the payment to the Trust of the Insurance Settlement amount due thereunder, such Non-Settling Insurer shall become a Settling Insurer protected by the Channeling Injunction and Supplemental Settling Insurer Injunction and become entitled to benefit from all releases executed by Claimants and the other rights and protections of a Settling Insurer under the Plan, the Trust Documents, and the Approval Orders.

ARTICLE X.
EFFECT OF PLAN ON CLAIMS AND INTERESTS

10.1. **General Injunction.**

EXCEPT AS OTHERWISE PROVIDED IN THE PLAN, THE CONFIRMATION ORDER WILL PROVIDE THAT ALL PERSONS AND ENTITIES WHO HAVE HELD, HOLD, OR MAY HOLD CLAIMS AGAINST THE DEBTOR ARE PERMANENTLY ENJOINED, ON AND AFTER THE CONFIRMATION DATE, FROM (A) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND WITH RESPECT TO ANY SUCH CLAIM OR TAKING

ANY ACT TO RECOVER SUCH CLAIM OUTSIDE OF THE CLAIMS ALLOWANCE PROCEDURE DISCUSSED IN THE PLAN AND THE CODE AND BANKRUPTCY RULES, (B) THE ENFORCEMENT, ATTACHMENT, COLLECTION OR RECOVERY BY ANY MANNER OR MEANS OF ANY JUDGMENT, AWARD, DECREE OR ORDER AGAINST THE DEBTOR ON ACCOUNT OF ANY SUCH CLAIM, (C) CREATING, PERFECTING OR ENFORCING ANY ENCUMBRANCE OF ANY KIND AGAINST THE DEBTOR OR AGAINST THE PROPERTY OR INTERESTS IN PROPERTY OF THE DEBTOR ON ACCOUNT OF ANY SUCH CLAIM AND (D) ASSERTING ANY RIGHT OF SETOFF, SUBROGATION OR RECOUPMENT OF ANY KIND AGAINST ANY OBLIGATION DUE FROM THE DEBTOR OR AGAINST THE PROPERTY OR INTERESTS IN PROPERTY OF THE DEBTOR ON ACCOUNT OF ANY SUCH CLAIM.

10.2. Channeling Injunction.

(a) IN CONSIDERATION OF THE UNDERTAKINGS UNDER THE PLAN OF THE COVERED PARTIES AND SETTLING INSURERS, THEIR CONTRIBUTIONS TO THE TRUST, AND OTHER CONSIDERATION, AND PURSUANT TO THEIR RESPECTIVE SETTLEMENTS THE DEBTOR AND TO FURTHER PRESERVE AND PROMOTE THE AGREEMENTS AMONG THE COVERED PARTIES AND THE SETTLING INSURERS AND TO SUPPLEMENT WHERE NECESSARY THE INJUNCTIVE EFFECT OF THE DISCHARGE AS PROVIDED IN SECTIONS 524 AND 1141 OF THE CODE, AND PURSUANT TO SECTIONS 105 AND 363 OF THE CODE:

i. ANY AND ALL CHANNELED CLAIMS ARE CHANNELED INTO THE TRUST AND SHALL BE TREATED, ADMINISTERED, DETERMINED, AND RESOLVED UNDER THE PROCEDURES AND PROTOCOLS AND IN THE AMOUNTS AS ESTABLISHED UNDER THE PLAN AND THE TRUST AGREEMENT AS THE SOLE AND EXCLUSIVE REMEDY FOR ALL HOLDERS OF CHANNELED CLAIMS; AND

ii. ALL PERSONS WHO HAVE HELD OR ASSERTED, HOLD OR ASSERT, OR MAY IN THE FUTURE HOLD OR ASSERT ANY CHANNELED CLAIMS ARE HEREBY PERMANENTLY STAYED, ENJOINED, BARRED AND RESTRAINED FROM TAKING ANY ACTION, DIRECTLY OR INDIRECTLY, FOR THE PURPOSES OF ASSERTING, ENFORCING, OR ATTEMPTING TO ASSERT OR ENFORCE ANY CHANNELED CLAIM AGAINST THE COVERED PARTIES AND THE SETTLING INSURERS, INCLUDING:

1. COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND WITH RESPECT TO ANY CHANNELED CLAIM AGAINST ANY OF THE COVERED PARTIES OR THE SETTLING INSURERS OR AGAINST THE PROPERTY OF ANY OF THE COVERED PARTIES OR THE SETTLING INSURERS;

2. ENFORCING, ATTACHING, COLLECTING OR RECOVERING, BY ANY MANNER OR MEANS, FROM ANY OF THE COVERED

PARTIES OR THE SETTLING INSURERS OR THE PROPERTY OF ANY OF THE COVERED PARTIES OR THE SETTLING INSURERS, ANY JUDGMENT, AWARD, DECREE, OR ORDER WITH RESPECT TO ANY CHANNELED CLAIM AGAINST ANY OF THE COVERED PARTIES OR THE SETTLING INSURERS;

3. CREATING, PERFECTING OR ENFORCING ANY LIEN OF ANY KIND RELATING TO ANY CHANNELED CLAIM AGAINST ANY OF THE COVERED PARTIES OR THE SETTLING INSURERS OR THE PROPERTY OF THE COVERED PARTIES OR THE SETTLING INSURERS;

4. ASSERTING, IMPLEMENTING OR EFFECTUATING ANY CHANNELED CLAIM OF ANY KIND AGAINST:

a. ANY OBLIGATION DUE ANY OF THE COVERED PARTIES OR THE SETTLING INSURERS;

b. ANY OF THE COVERED PARTIES OR THE SETTLING INSURERS; OR

c. THE PROPERTY OF ANY OF THE COVERED PARTIES OR THE SETTLING INSURERS.

5. TAKING ANY ACT, IN ANY MANNER, IN ANY PLACE WHATSOEVER, THAT DOES NOT CONFORM TO, OR COMPLY WITH, THE PROVISIONS OF THE PLAN; AND

6. ASSERTING OR ACCOMPLISHING ANY SETOFF, RIGHT OF INDEMNITY, SUBROGATION, CONTRIBUTION OR RECOUPMENT OF ANY KIND AGAINST ANY OBLIGATION DUE TO ANY OF THE COVERED PARTIES OR THE SETTLING INSURERS.

(b) THE CHANNELING INJUNCTION IS AN INTEGRAL PART OF THE PLAN AND IS ESSENTIAL TO THE PLAN'S CONSUMMATION AND IMPLEMENTATION. IT IS INTENDED THAT THE CHANNELING OF THE CHANNELED CLAIMS AS PROVIDED IN THIS SECTION SHALL INURE TO THE BENEFIT OF THE COVERED PARTIES AND THE SETTLING INSURERS. IN A SUCCESSFUL ACTION TO ENFORCE THE INJUNCTIVE PROVISIONS OF THIS SECTION IN RESPONSE TO A WILLFUL VIOLATION THEREOF, THE MOVING PARTY MAY SEEK AN AWARD OF COSTS (INCLUDING REASONABLE ATTORNEYS' FEES) AGAINST THE NON-MOVING PARTY, AND SUCH OTHER LEGAL OR EQUITABLE REMEDIES AS ARE JUST AND PROPER, AFTER NOTICE AND A HEARING.

(c) FOR THE AVOIDANCE OF DOUBT, THE CHANNELING INJUNCTION WILL NOT BE FOR THE BENEFIT OF ANY NON-SETTLING INSURER, INCLUDING THE INSOLVENT INSURERS, EXCEPT TO THE EXTENT NON-SETTLING INSURER BECOMES A SETTLING INSURER.

10.3. Supplemental Settling Insurer Injunction.

PURSUANT TO SECTIONS 105(A) AND 363 OF THE CODE, AND IN CONSIDERATION OF THE UNDERTAKINGS OF THE SETTling INSURERS PURSUANT TO THE INSURANCE SETTLEMENT AGREEMENTS, INCLUDING CERTAIN SETTling INSURERS' PURCHASE OF THE APPLICABLE SETTling INSURER POLICIES FREE AND CLEAR OF ALL CLAIMS AND INTERESTS PURSUANT TO SECTION 363(F) OF THE CODE, ANY AND ALL PERSONS WHO HAVE HELD, NOW HOLD, OR WHO MAY IN THE FUTURE HOLD ANY CLAIMS OR INTERESTS (INCLUDING ALL DEBT HOLDERS, ALL EQUITY HOLDERS, ALL PERSONS HOLDING A CLAIM, GOVERNMENTAL, TAX AND REGULATORY AUTHORITIES, LENDERS, TRADE AND OTHER CREDITORS, TORT CLAIMANTS, NON-SETTLING INSURERS, PERPETRATORS AND ALL OTHERS HOLDING INTERESTS OF ANY KIND OR NATURE WHATSOEVER, INCLUDING THOSE CLAIMS RELEASED OR TO BE RELEASED PURSUANT TO AN INSURANCE SETTLEMENT AGREEMENT) AGAINST ANY OF THE COVERED PARTIES OR THE SETTling INSURERS, WHICH, DIRECTLY OR INDIRECTLY, ARISE FROM, RELATE TO, OR ARE IN CONNECTION WITH ANY TORT CLAIMS THAT ARE COVERED OR ALLEGED TO BE COVERED UNDER THE SETTling INSURER POLICIES, OR ANY CONTRIBUTION CLAIMS, ARE HEREBY PERMANENTLY STAYED, ENJOINED, BARRED, AND RESTRAINED FROM TAKING ANY ACTION, DIRECTLY OR INDIRECTLY, TO ASSERT, ENFORCE OR ATTEMPT TO ASSERT OR ENFORCE ANY SUCH CLAIM OR INTEREST AGAINST THE SETTling INSURERS, SETTling INSURER POLICIES, OR COVERED PARTIES TO THE EXTENT SUCH CLAIMS OR INTERESTS ARISE FROM THE SAME INJURY OR DAMAGES ASSERTED IN CONNECTION WITH A TORT CLAIM, INCLUDING:

(a) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING, WHETHER LEGAL, EQUITABLE OR OTHERWISE, AGAINST THE COVERED PARTIES OR THE SETTling INSURERS OR THE PROPERTY OF THE COVERED PARTIES OR THE SETTling INSURERS;

(b) ENFORCING, ATTACHING, COLLECTING, OR RECOVERING, OR SEEKING TO DO ANY OF THE PRECEDING, BY ANY MANNER OR MEANS, ANY JUDGMENT, AWARD, DECREE OR ORDER AGAINST THE COVERED PARTIES OR THE SETTling INSURERS OR THE PROPERTY OF THE COVERED PARTIES OR THE SETTling INSURERS;

(c) CREATING, PERFECTING, OR ENFORCING, OR SEEKING TO DO ANY OF THE PRECEDING, ANY LIEN OF ANY KIND AGAINST THE COVERED PARTIES OR THE SETTling INSURERS OR THE PROPERTY OF THE COVERED PARTIES OR THE SETTling INSURERS;

(d) ASSERTING OR ACCOMPLISHING ANY SETOFF, RIGHT OF INDEMNITY, SUBROGATION, CONTRIBUTION, OR RECOUPMENT OF ANY KIND AGAINST ANY OBLIGATION DUE TO THE COVERED PARTIES OR THE SETTling

INSURERS OR THE PROPERTY OF THE COVERED PARTIES OR THE SETTLING INSURERS; AND

(e) TAKING ANY ACT, IN ANY MANNER, IN ANY PLACE WHATSOEVER, THAT DOES NOT CONFORM TO, OR COMPLY WITH, THE PROVISIONS OF THE PLAN.

THE SUPPLEMENTAL SETTLING INSURER INJUNCTION WILL BE EFFECTIVE WITH RESPECT TO A SETTLING INSURER ONLY AS OF THE DATE THAT THE TRUST RECEIVES THE SETTLEMENT AMOUNT AS DEFINED IN THE INSURANCE SETTLEMENT AGREEMENT FOR SUCH SETTLING INSURER. THE FOREGOING INJUNCTIVE PROVISIONS ARE AN INTEGRAL PART OF THIS PLAN AND ARE ESSENTIAL TO ITS IMPLEMENTATION.

FOR THE AVOIDANCE OF DOUBT, THE SUPPLEMENTAL SETTLING INSURER INJUNCTION WILL NOT BE FOR THE BENEFIT OF THE NON-SETTLING INSURERS, INCLUDING THE INSOLVENT INSURERS, EXCEPT TO THE EXTENT A NON-SETTLING INSURER BECOMES A SETTLING INSURER.

10.4. Release by Debtor.

EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS PLAN OR THE CONFIRMATION ORDER, AND TO THE FULLEST EXTENT AUTHORIZED BY APPLICABLE LAW, FOR GOOD AND VALUABLE CONSIDERATION, THE ADEQUACY OF WHICH IS HEREBY CONFIRMED, THE RELEASED PARTIES AND THE SETTLING INSURERS ARE DEEMED RELEASED AND DISCHARGED BY THE DEBTOR, ITS ESTATE AND ANY PERSON SEEKING TO EXERCISE THE RIGHTS OF THE DEBTOR OR ITS ESTATE AND ITS PROPERTY (AND EACH SUCH RELEASED PARTY SHALL BE DEEMED RELEASED BY THE DEBTOR AND ITS ESTATE AND ITS RESPECTIVE PROPERTY) FROM ANY AND ALL CLAIMS RELATING TO THE DEBTOR, ITS ESTATE OR ITS AFFILIATES, THE CONDUCT OF THE DEBTOR'S BUSINESS, THE FORMULATION, PREPARATION, SOLICITATION, DISSEMINATION, NEGOTIATION, OR FILING OF THE DISCLOSURE STATEMENT OR PLAN OR ANY CONTRACT, INSTRUMENT, RELEASE, OR OTHER AGREEMENT OR DOCUMENT CREATED OR ENTERED INTO IN CONNECTION WITH OR PURSUANT TO THE DISCLOSURE STATEMENT, THIS PLAN, THE FILING AND PROSECUTION OF THE CHAPTER 11 CASE, THE PURSUIT OF CONSUMMATION OF THIS PLAN, THE SUBJECT MATTER OF, OR THE TRANSACTIONS OR EVENTS GIVING RISE TO, ANY CLAIM OR INTEREST THAT IS TREATED IN THIS PLAN, THE BUSINESS OR CONTRACTUAL ARRANGEMENTS BETWEEN THE DEBTOR, ITS ESTATE OR ITS AFFILIATES, ON THE ONE HAND, AND ANY RELEASED PARTY, ON THE OTHER HAND, OR ANY OTHER ACT OR OMISSION, TRANSACTION, AGREEMENT, EVENT, OR OTHER OCCURRENCE TAKING PLACE BEFORE THE EFFECTIVE DATE; *PROVIDED* THAT, TO THE EXTENT THAT A CLAIM IS DETERMINED BY A FINAL ORDER TO HAVE RESULTED FROM FRAUD, GROSS NEGLIGENCE, OR WILLFUL MISCONDUCT OF A RELEASED PARTY, SUCH CLAIM SHALL NOT BE SO

RELEASED AGAINST SUCH RELEASED PARTY; *PROVIDED FURTHER* THAT, THE FOREGOING “DEBTOR RELEASE” SHALL NOT OPERATE TO WAIVE OR RELEASE ANY CLAIMS OF THE DEBTOR OR ITS CHAPTER 11 ESTATE AGAINST A RELEASED PARTY (OR OF A RELEASED PARTY AGAINST THE DEBTOR AND ITS CHAPTER 11 ESTATE) ARISING UNDER ANY CONTRACTUAL OBLIGATION OWED TO THE DEBTOR THAT IS ENTERED INTO OR ASSUMED PURSUANT TO THE PLAN.

DEBTOR SHALL RELEASE ALL OF SETTLING INSURERS RESPECTIVE CURRENT AND FORMER OFFICERS, DIRECTORS, PRINCIPALS, STOCKHOLDERS (AND ANY FUND MANAGERS, FIDUCIARIES OR OTHER AGENTS OF STOCKHOLDERS WITH ANY INVOLVEMENT WITH THE DEBTORS), MEMBERS, PARTNERS, EMPLOYEES, AGENTS, ADVISORY BOARD MEMBERS, FINANCIAL ADVISORS, ATTORNEYS, ACCOUNTANTS, INVESTMENT BANKERS, CONSULTANTS, REPRESENTATIVES, MANAGEMENT COMPANIES, FUND ADVISORS AND OTHER PROFESSIONALS, SOLELY TO THE EXTENT SUCH PERSONS AND ENTITIES ACTED ON THE BEHALF OF THE RELEASED PARTIES IN CONNECTION WITH THE MATTERS AS TO WHICH EXCULPATION OR RELEASES ARE PROVIDED IN THE PLAN.

10.5. Release by Holders of Claims.

EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS PLAN OR THE CONFIRMATION ORDER, AND TO THE FULLEST EXTENT AUTHORIZED BY APPLICABLE LAW, THE RELEASING PARTIES SHALL BE DEEMED TO PROVIDE A FULL RELEASE TO THE RELEASED PARTIES AND THE SETTLING INSURERS AND THEIR RESPECTIVE PROPERTY FROM ANY AND ALL CLAIMS RELATING TO THE DEBTORS, ITS ESTATE OR ITS AFFILIATES, THE CONDUCT OF THE DEBTORS’ BUSINESS, THE FORMULATION, PREPARATION, SOLICITATION, DISSEMINATION, NEGOTIATION, OR FILING OF THE DISCLOSURE STATEMENT OR PLAN OR ANY CONTRACT, INSTRUMENT, RELEASE, OR OTHER AGREEMENT OR DOCUMENT CREATED OR ENTERED INTO IN CONNECTION WITH OR PURSUANT TO THE DISCLOSURE STATEMENT, THIS PLAN OR THE PURCHASE AGREEMENT, THE FILING AND PROSECUTION OF THE CHAPTER 11 CASE, THE PURSUIT OF CONSUMMATION OF THE PURCHASE AGREEMENT AND THIS PLAN, THE SUBJECT MATTER OF, OR THE TRANSACTIONS OR EVENTS GIVING RISE TO, ANY CLAIM OR INTEREST THAT IS TREATED IN THIS PLAN, THE BUSINESS OR CONTRACTUAL ARRANGEMENTS AMONG THE RELEASING PARTIES AND ANY RELEASED PARTY, OR ANY OTHER ACT OR OMISSION, TRANSACTION, AGREEMENT, EVENT, OR OTHER OCCURRENCE TAKING PLACE BEFORE THE EFFECTIVE DATE; *PROVIDED* THAT, TO THE EXTENT THAT A CLAIM IS DETERMINED BY A FINAL ORDER TO HAVE RESULTED FROM FRAUD, GROSS NEGLIGENCE, OR WILLFUL MISCONDUCT OF A RELEASED PARTY, SUCH CLAIM SHALL NOT BE SO RELEASED AGAINST SUCH RELEASED PARTY.

HOLDERS OF CLAIMS SHALL RELEASE ALL OF SETTLING INSURERS RESPECTIVE CURRENT AND FORMER OFFICERS, DIRECTORS, PRINCIPALS, STOCKHOLDERS (AND ANY FUND MANAGERS, FIDUCIARIES OR OTHER AGENTS OF STOCKHOLDERS WITH ANY INVOLVEMENT WITH THE DEBTORS), MEMBERS, PARTNERS, EMPLOYEES, AGENTS, ADVISORY BOARD MEMBERS, FINANCIAL ADVISORS, ATTORNEYS, ACCOUNTANTS, INVESTMENT BANKERS, CONSULTANTS, REPRESENTATIVES, MANAGEMENT COMPANIES, FUND ADVISORS AND OTHER PROFESSIONALS, SOLELY TO THE EXTENT SUCH PERSONS AND ENTITIES ACTED ON THE BEHALF OF THE RELEASED PARTIES IN CONNECTION WITH THE MATTERS AS TO WHICH EXCULPATION OR RELEASES ARE PROVIDED IN THE PLAN.

10.6. Exculpation; Limitation of Liability.

FROM AND AFTER THE EFFECTIVE DATE, NONE OF THE EXCULPATED PARTIES SHALL HAVE OR INCUR ANY LIABILITY FOR, AND EACH EXCULPATED PARTY SHALL BE RELEASED FROM, ANY CLAIM TO ANY OTHER EXCULPATED PARTY, TO ANY HOLDER OF A CLAIM, OR TO ANY OTHER PARTY IN INTEREST, FOR ANY ACT OR OMISSION THAT OCCURRED DURING AND IN CONNECTION WITH THIS CHAPTER 11 CASE OR IN CONNECTION WITH THE PREPARATION AND FILING OF THIS CHAPTER 11 CASE, THE FORMULATION, NEGOTIATION, OR PURSUIT OF CONFIRMATION OF A PLAN, THE CONSUMMATION OF THE PLAN, AND THE ADMINISTRATION OF THE PLAN OR THE PROPERTY TO BE DISTRIBUTED UNDER THE PLAN, EXCEPT FOR CLAIMS ARISING FROM THE GROSS NEGLIGENCE, WILLFUL MISCONDUCT, FRAUD, OR BREACH OF THE FIDUCIARY DUTY OF LOYALTY OF ANY EXCULPATED PARTY, IN EACH CASE SUBJECT TO DETERMINATION OF SUCH BY FINAL ORDER OF A COURT OF COMPETENT JURISDICTION AND PROVIDED THAT ANY EXCULPATED PARTY SHALL BE ENTITLED TO REASONABLY RELY UPON THE ADVICE OF COUNSEL WITH RESPECT TO ITS DUTIES AND RESPONSIBILITIES (IF ANY) UNDER THE PLAN. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, THE COMMITTEES AND THE DIOCESE AND THEIR RESPECTIVE OFFICERS, BOARD AND COMMITTEE MEMBERS, EMPLOYEES, ATTORNEYS, FINANCIAL ADVISORS, AND OTHER PROFESSIONALS SHALL BE ENTITLED TO AND GRANTED BENEFITS OF SECTION 1125(E) OF THE CODE AND THE CHANNELING INJUNCTION.

10.7. Vesting of Assets in Reorganized Debtor. Except as otherwise provided in the Plan or the Trust Agreement, other agreement, instrument, or other document incorporated therein, on the Effective Date, all property in the Estate, all Causes of Action, and any property acquired by the Debtor pursuant to the Plan shall vest in the Reorganized Debtor, free and clear of all Liens, Claims, charges or other encumbrances (except for Liens expressly preserved and continued under the Plan). On and after the Effective Date, except as otherwise provided in the Plan, the Reorganized Debtor may operate its businesses and may use, acquire or dispose of property and compromise or settle any Claims, Interests or Causes of Action without supervision or approval by the Court and free of any restrictions of the Code or Bankruptcy Rules. Without limiting any of the foregoing, the Reorganized Debtor may pay the charges incurred on or after the Effective

Date for Professionals' fees, disbursements, expenses, or related support services without application to the Court.

10.8. **Causes of Action.** Except as set forth otherwise herein, the Reorganized Debtor, on behalf of and for the benefit of the Debtor's estate, shall be vested with and shall retain and may enforce any and all Claims and Interests of any kind or nature whatsoever held by, through or on behalf of the Debtor and/or its Estate against any other Person, arising before the Effective Date that have not been fully resolved or disposed of prior to the Effective Date whether or not such Claims and Interests are specifically identified in the Disclosure Statement accompanying this Plan and whether or not litigation with respect to same has been commenced prior to the Effective Date.

ARTICLE XI.
PROVISIONS GOVERNING DISTRIBUTIONS GENERALLY

11.1. **Disbursing Agent.** The Reorganized Debtor shall be the Disbursing Agent for all aspects of the Plan except for payments made pursuant to the Trust. With respect to the Trust, the Trust Administrator shall be responsible for all distributions made under the Trust.

11.2. **Manner of Payment.** Any payment of Cash under the Plan may be made either by check drawn or by wire transfer from a domestic bank, at the option of the respective Disbursing Agent.

11.3. **Payments and Distributions on Disputed Claims.** As and when authorized by a Final Order, Disputed Claims that become Allowed Claims shall be paid from the Disputed Claim Reserve. No distribution shall be made on a Claim where only a portion of such Claim is disputed until such dispute is resolved by settlement or Final Order.

11.4. **Disputed Claim Reserve.** To the extent that a disbursing agent makes a distribution hereunder to a Class prior to the resolution of all Disputed Claims of such Class, the respective disbursing agent shall reserve an amount for any Disputed Claims in such Class equal to the amount that such Holders of Disputed Claims in such Class would be entitled to receive under the Plan if such Disputed Claims were Allowed in the asserted amount of the Claim.

11.5. **Transmittal of Distributions to Parties Entitled Thereto.** All distributions by check shall be deemed made at the time such check is deposited in the United States mail, postage prepaid. Any distributions by wire transfer shall be deemed made as of the date of the wire transfer is made. Except as otherwise agreed with the Holder of an Allowed Claim in respect thereof or provided in the Plan, any distribution required under the Plan on account of an Allowed Claim, shall be mailed to (i) the latest mailing address filed for the Holder of an Allowed Claim entitled to a distribution, (ii) the latest mailing address filed for a Holder of a filed power of attorney designated by the Holder of such Claim to receive distributions, (iii) the latest mailing address filed for the Holder's transferee as identified in a filed notice served on the Debtor pursuant to Bankruptcy Rule 3001(e), or (iv) if no such mailing address has been filed, the mailing address reflected on the Schedules or in the Debtor's books and records. The Holder of a Claim shall be required to promptly notify the Reorganized Debtor and the Court of any change in its mailing address.

11.6. **Distribution of Unclaimed Property.** Except as otherwise provided in the Plan, any distribution under the Plan which is unclaimed after three (3) months following any Distribution Date shall be forfeited, and such distribution, together with any interest earned thereon, and shall return to and revest in the Reorganized Debtor.

11.7. **Saturday, Sunday or Legal Holiday.** If any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the following Business Day, but shall be deemed to have been completed as of the required date.

11.8. **Setoffs and Recoupment.** Subject to the terms of the Plan and pursuant to Section 553 of the Code or applicable non-bankruptcy law, the Debtor or Reorganized Debtor, as appropriate, may but shall not be required to, setoff against or recoup from any Claim on which payments are to be made pursuant to the Plan, any Claims of any nature whatsoever the Debtor may have against the Holder of such Claim.

11.9. **Fractional Cents and De Minimis Distributions.** Notwithstanding any other provisions of the Plan to the contrary, no payment of fractional cents will be made under the Plan. Cash will be issued to Holders entitled to receive a distribution of Cash in whole cents (rounded to the nearest whole cent when and as necessary). Any distribution of less than \$25.00 will be considered *de minimis*, and Holders of Allowed Claims that are entitled to an interim or final distribution of less than \$25.00 will not receive any distribution. Such funds will remain with and revest in the Reorganized Debtor.

11.10. **Prepayment.** Except as otherwise provided herein or the Confirmation Order, the Plan Administrator shall have the right to prepay, without penalty, all or any portion of an Allowed Claim.

11.11. **Allowance and Disallowance of Claims.**

(a) **Allowance of Claims.** Except as expressly provided in the Plan, no Claims shall be deemed Allowed by virtue of the Plan or the Confirmation Order unless and until such Claim is deemed Allowed under the Code, or the Court enters a Final Order in the Chapter 11 Case allowing such Claim. Notwithstanding the foregoing, any Claim included in the Debtor's Schedules that is not listed as contingent, unliquidated, and/or disputed shall be an Allowed Claim. Any Proof of Claim Filed in an unliquidated amount shall be deemed Allowed in the amount listed in the Debtor's Schedules as liquidated, not contingent and not disputed. The Allowance and disallowance of Claims shall be in all respects subject to the provisions of Section 502 of the Code.

(b) **Disallowance of Claims.** All Claims held by Persons against whom the Debtor or Reorganized Debtor, as appropriate, have filed or commenced or may in the future file or commence a Claim under Sections 542, 543, 544, 547, 548, 549, 550, 551, 553 or 724(a) of the Code shall be deemed disallowed pursuant to Section 502(d) of the Code. The Holders of any and all Claims filed with the Court after the Bar Date shall be deemed disallowed without further action by the Debtor or Reorganized Debtor and without any further notice to or action, order, or approval of the Court. The Holders of any and all Claims Filed with the Court after the relevant bar date shall not be entitled to a distribution, unless otherwise allowed by Final Order of the Court.

11.12. **Resolution of Disputed Administrative Expense Claims and Disputed Claims.**

(a) **Prosecution of Objections to Claims.** Except as otherwise set forth herein, prior to the Effective Date, the Debtor shall have standing and the right to commence and pursue objections to Claims, and the Reorganized Debtor shall have such standing after the Effective Date. As set forth above, after the Effective Date, the Trust Administrator shall be the sole party with the right to object to Class 5 Claims. All objections to Claims shall be Filed with the Court by the Claims Objection Deadline and served upon the Holders of each of the Claims to which objections are made. The Debtor, Reorganized Debtor or Trust Administrator, as applicable, shall have the right, after notice and a hearing, to seek an extension of the Claim Objection Deadline and such an extension shall not be deemed a material modification of the Plan.

(b) **Objections to Claims.** An objection to the allowance of a Claim shall be in writing and shall be Filed with the Court by the Debtor, Reorganized Debtor, or Trust Administrator, as applicable. Except as expressly set forth herein, nothing herein, in the Confirmation Order or in any Order in aid of Confirmation, shall constitute, or be deemed to constitute, a waiver or release of any Claim, including any Avoidance Action, right of setoff or recoupment or other legal or equitable defense which the Debtor had immediately prior to the commencement of the Chapter 11 Case against or with respect to any Claim. Except as set forth herein, upon Confirmation, the Debtor and Reorganized Debtor shall have, retain, reserve and be entitled to assert all such Claims, rights of setoff and recoupment and other legal or equitable defenses that the Debtor had immediately prior to the commencement of the Chapter 11 Case against or with respect to any Claim.

11.13. **Controversy Concerning Impairment.** If a controversy arises as to whether any Claims or any Class of Claims or Interests are Impaired under the Plan, the Court, after notice and a hearing, shall determine such controversy before approving the Disclosure Statement.

ARTICLE XII.

TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

12.1. **Executory Contracts and Unexpired Leases.** On the Effective Date, all Executory Contracts and unexpired leases not rejected on or before the Confirmation Date will be deemed assumed. The Confirmation Order shall constitute an order approving such assumption as of the Effective Date. No cure payments or adequate assurance of future performance shall be due.

12.2. **Bar to Rejection Damages.** All Proofs of Claim for Claims arising from said rejection must be filed with the Court within the earlier of (i) the date set forth for filing claims in any order of the Court approving such rejection; (ii) the date set forth in D.N.J. LBR 3003-1(b) or (ii) thirty (30) days after the Confirmation Date. Any Proofs of Claim that are not filed timely, shall be barred forever from assertion.

ARTICLE XIII.
CONFIRMATION AND CONSUMMATION OF THE PLAN

13.1. Conditions Precedent to Confirmation.

Confirmation of the Plan shall not occur unless all of the following conditions precedent have been satisfied:

- (a) the Confirmation Order is in form and substance acceptable to the Debtor and the Settling Insurers;
- (b) the Confirmation Order shall approve and implement the Channeling Injunction and Supplemental Settling Insurer Injunction set forth in Article 10 of the Plan; and
- (c) the Plan Documents shall be in form and substance acceptable to the Debtor and the Settling Insurers.

13.2. Conditions Precedent to the Effective Date.

The Effective Date shall not occur, and this Plan shall not be consummated, unless and until each of the following conditions have been satisfied:

- (a) the Bankruptcy Court shall have entered the Confirmation Order in form and substance satisfactory to the Debtor and Settling Insurers, the Confirmation Order shall be a Final Order, and no stay of the Confirmation Order shall then be in effect;
- (b) all Insurance Settlement Agreements shall have been duly executed by all parties thereto and filed with the Bankruptcy Court, in each case in form and substance satisfactory to the Debtor and Settling Insurers;
- (c) the Trust Administrator and the Reorganized Debtor shall have executed the Trust Agreement;
- (d) all Approval Orders shall have become Final Orders;
- (e) the payments discussed in Article 6.2.3 shall have been received by the Trust;
- (f) the Plan has not been materially amended, altered, or modified as confirmed by the Confirmation Order, unless such material amendment, alteration, or modification has been made with consent of the Debtor and Settling Insurers; and
- (g) the Debtor shall have filed a notice of occurrence of the Effective Date.

13.3. Waiver of Conditions Precedent to the Effective Date.

Each of the conditions precedent to the occurrence of the Effective Date set forth in Section 13 may only be waived in whole or in part by the Debtor with the written consent of the Settling

Insurers without notice to or leave or order of the Bankruptcy Court or any formal action other than proceedings to confirm or consummate the Plan.

13.4. **Effect of Non-Occurrence of Conditions.**

If substantial consummation of the Plan does not occur, the Plan will be null and void in all respects and nothing contained in the Plan or the Disclosure Statement will: (a) constitute a waiver or release of any Claims by or against the Covered Parties or Settling Insurers; (b) prejudice in any manner the rights of the Covered Parties, the Trust, or Settling Insurers; (c) constitute an admission, acknowledgement, offer, or undertaking by the Covered Parties or Settling Insurers in any respect, including but not limited to, in any proceeding or case against the Debtor; or (d) be admissible in any action, proceeding, or case against the Covered Parties or Settling Insurers in any court or other forum.

ARTICLE XIV.
EFFECTS OF CONFIRMATION

14.1. **Authority to Effectuate Plan.** Upon the Effective Date, all matters provided under the Plan shall be deemed to be authorized and approved without the requirement of further approval from the Court or the Debtor. The Debtor and/or Reorganized Debtor shall be authorized, without further application to or order of the Court, to take whatever action necessary to achieve consummation and carry out the Plan and to effectuate the transactions provided for thereunder.

14.2. **Binding Effect.** Except as otherwise expressly provided in the Plan, on and after the Effective Date, the Plan shall bind all Holders of Claims and Interests. Subject to the terms of the Plan, upon the Effective Date, every Holder of a Claim or Interest shall be precluded and permanently enjoined from asserting against the Debtor and/or Reorganized Debtor any Claim based on any document, instrument, judgment, award, order, act, omission, transaction or other activity of any kind or nature that occurred before the Petition Date.

14.3. **Discharge of the Debtor.**

(a) Upon the Effective Date, the Debtor shall be deemed discharged and released under Section 1141(d)(1)(A) of the Code from any and all Claims, including, but not limited to, demands and liabilities that arose before the Effective Date, and all debts of the kind specified in Section 502 of the Code, whether or not (i) a Proof of Claim based upon such debt is filed or deemed filed under Section 501 of the Code, (ii) a Claim based upon such debt is Allowed under Section 502 of the Code, (iii) a Claim based upon such debt is or has been disallowed by order of the Court, or (iv) the Holder of a Claim based upon such debt accepted the Plan.

(b) As of the Effective Date, except as provided in the Plan or the Confirmation Order, all Persons shall be precluded from asserting against the Debtor, the Reorganized Debtor and their respective members, shareholders, officers, directors, partners, attorneys or advisors, any other or further Claims relating to the Debtor based upon any act, omission, transaction, occurrence, or other activity of any nature that occurred prior to the Effective Date. In accordance with the foregoing, except as provided in the Plan or the Confirmation Order, the Confirmation Order shall be a judicial determination of discharge of all Claims against the Debtor, pursuant to Sections 524 and 1141 of the Code, and such discharge shall void any judgment obtained against

the Debtor and/or Reorganized Debtor at any time, to the extent that such judgment relates to a discharged Claim.

14.4. **Release and Discharge of the Trade Committee.** Effective on the Effective Date, the Trade Committee and its professionals shall be deemed disbanded and released from their duties and obligations.

14.5. **Release and Discharge of the Tort Committee.** Effective on the Effective Date, the Tort Committee and its professionals shall be deemed disbanded and released from their duties and obligations.

ARTICLE XV. RETENTION OF JURISDICTION

The Court shall retain jurisdiction of this case pursuant to the provisions of chapter 11 of the Code, pending the final allowance or disallowance of all Claims affected by the Plan, to make such orders as are necessary or appropriate to carry out the provisions of this Plan, and with respect to the following matters:

(a) To enable the Debtor to consummate the Plan and to resolve any disputes arising therefrom;

(b) To adjudicate all controversies concerning the classification, estimation or allowance of any Claim herein;

(c) To make such Orders as are necessary or appropriate to implement the provisions of this Plan;

(d) To determine the classification, estimation and priority of all claims against the Debtor and to re-examine any Claims which may have been allowed;

(e) To determine applications for the rejection or assumption of executory contracts or unexpired leases pursuant to the provisions of this Plan which are not determined prior to the Confirmation date and to determine allowance of Claims for damages with respect to rejection of any such executory contracts or unexpired leases within such time as the Court may direct;

(f) To oversee and issue further appropriate orders respecting disbursement of amounts deposited as may be required by this Plan;

(g) To conduct hearings on valuation, as necessary, and to determine whether any party in interest is entitled to recover against any Person any Claim, whether arising under section 506(c) of the Code, or arising out of a voidable preference, a fraudulent transfer, or otherwise;

(h) To hear and determine all applications for compensation and other Administrative Expenses;

- (i) To hear and determine any and all pending adversary proceedings or contested matters;
- (j) To determine all causes of action which may exist in favor of the Debtor;
- (k) To determine any modification of the Plan after confirmation pursuant to section 1127 of the Code;
- (l) To enter any order, including injunctions, necessary to establish and enforce the rights and powers of the Debtor under the Plan;
- (m) To enter a final decree pursuant to Rule 3022 of the Bankruptcy Rules.
- (n) To hear and determine all controversies, suits and disputes, if any, as may arise in connection with the interpretation or enforcement of the Plan;
- (o) To hear and determine all controversies, suits and disputes, if any, as may arise with regard to orders of Court in the Chapter 11 Case entered on or before the Confirmation Date;
- (p) To hear and determine any and all controversies and disputes arising under, or in connection with, the Plan;
- (q) To hear and determine any and all objections to payments under the Plan;
- (r) To liquidate damages in connection with any disputed, contingent or unliquidated Claims;
- (s) To adjudicate all Claims to a security or ownership interest in any property of the Debtor or in any proceeds thereof;
- (t) To adjudicate all causes of action to recover all assets and properties of the Debtor wherever located;
- (u) To enter any order, including injunctions necessary to enforce the title, rights and powers of the Debtor, and to impose such limitations, restrictions, terms and conditions on such title rights and powers as the Court may deem necessary or appropriate; and
- (v) To make such orders as are necessary or appropriate to carry out the provisions of the Plan, including but not limited to orders interpreting, or enforcing the provisions thereof.

In addition, this Court shall retain jurisdiction to implement the provisions of the Plan in the manner as provided under section 1142, sub-paragraphs (a) and (b) of the Code. If the Court abstains from exercising, or declines to exercise jurisdiction, or is otherwise without jurisdiction over any matter set forth in this Section, or if the Debtor elects to bring an action or proceeding in any other forum, then this section shall have no effect upon and shall not control, prohibit or limit

the exercise of jurisdiction by any other court, public authority or commission having competent jurisdiction over such matters.

ARTICLE XVI.
MISCELLANEOUS PROVISIONS

16.1. **Amendment or Modification of this Plan.** On or before the Effective Date, this Plan or any exhibits hereto may be amended, modified, or supplemented by the Debtor in the manner provided for by section 1127 of the Code or as otherwise permitted by law without additional disclosure pursuant to section 1125 of the Code. In addition, after the Confirmation Date, the Debtor or Trust Administrator, as applicable, may institute proceedings in the Court to remedy any defect or omission or reconcile any inconsistencies in this Plan or the Confirmation Order with respect to such matters as may be necessary to carry out the purposes and effects of this Plan. The Debtor may make appropriate technical adjustments and modifications to this Plan prior to the Effective Date without further order or approval of the Court.

16.2. **Revocation or Withdrawal of this Plan.** The Debtor reserves the right to revoke or withdraw this Plan before the Confirmation Date. If the Debtor revokes or withdraws this Plan before the Confirmation Date, then this Plan shall be deemed null and void. In such event, nothing contained herein shall constitute or be deemed a waiver or release of any Claims by or against the Debtor or the Trust Administrator or to prejudice in any manner the rights of the Debtor or the Trust Administrator in any further proceedings.

16.3. **Reports.** Until a Final Decree is entered, the Debtor shall submit all post-Confirmation quarterly reports to the U.S. Trustee as required by the U.S. Trustee guidelines (with a copy served on the Office of the U.S. Trustee) setting forth all receipts and disbursements of the Debtor. The first report shall be filed within thirty (30) days after the end of the quarter in which the Effective Date occurs. The Debtor shall be responsible to request that a Final Decree be entered in this Bankruptcy Case. The Debtor shall also be responsible for any quarterly fees due to the U.S. Trustee from and after the Effective Date until the Bankruptcy Case are closed.

16.4. **Severability of Plan Provisions.** If, prior to Confirmation, any term or provision of the Plan is held by the Court to be invalid, void or unenforceable, the Court, at the request of the Debtor or Reorganized Debtor, shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of the Plan shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such holding, alteration or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may be altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

16.5. **No Interest.** Except as expressly stated in the Plan, no interest, penalty or late charge is allowed or shall be paid on any Claim.

16.6. **Allocation of Distributions Between Principal and Interest.** To the extent that any Allowed Claim entitled to a Distribution under this Plan comprises indebtedness and accrued but unpaid interest thereon, such Distribution shall be allocated to the principal amount of the Claim first and then, to the extent the consideration exceeds the principal amount of the Claim, to accrued but unpaid prepetition interest.

16.7. **Notices.** All notices, requests or demands with respect to this Plan shall be in writing and shall be deemed to have been received within five (5) days of the date of mailing, provided they are sent by registered mail or certified mail, postage prepaid, return receipt requested, and if sent to the Debtor, addressed to Richard D. Trenk, Esq. and Robert S. Roglieri, Esq., Trenk Isabel P.C., 235 Mt. Pleasant Avenue, Suite 2350, Livingston, New Jersey 07037.

16.8. **Controlling Documents.** Notwithstanding anything to the contrary contained herein or in the Disclosure Statement, in the event and to the extent that any provision of the Plan is inconsistent with any provision of the Disclosure Statement, the provisions of the Plan shall control and take precedence. In the event of any inconsistency between the Plan and the Confirmation Order, the Confirmation Order shall control. In the event of any inconsistency among the Plan Documents, the Confirmation Order and any Insurance Settlement Agreement, the Insurance Settlement Agreement shall control.

16.9. **Filing of Additional Documents.** Prior to the Effective Date, the Debtor may File with the Court such agreements or other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan that are not inconsistent with the terms of the Plan. On or after the Effective Date, the Debtor and/or the Reorganized Debtor may file with the Court such agreements or other documents as may be necessary or appropriate to effectuate the terms and conditions of the Plan.

16.10. **Reservation of Rights.** If the Plan is not confirmed by the Court for any reason, the rights of the Debtor and all parties in interest in the Bankruptcy Case shall and will be reserved in full. Statements and provisions made in the Plan or in the Disclosure Statement are made only for the purpose(s) of the Plan. If the Plan is withdrawn, the Confirmation Order is not entered, or if the Effective Date does not occur, no Person shall be bound by or deemed prejudiced by any such statement or provision.

16.11. **Rules of Interpretation; Computation of Time.** For purposes of the Plan, (a) any reference in the Plan to a contract, instrument, release, indenture, or other agreement or document as being in a particular form or containing particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions, (b) any reference in the Plan to an existing document, schedule or exhibit filed or to be filed means such document or exhibit as it may have been or may be amended, modified, or supplemented, (c) unless otherwise specified, all references in the Plan to Sections, Articles, Schedules and Exhibits, if any, are references to Sections, Articles, Schedules and Exhibits of or to the Plan, (d) the words “herein” and “hereto” refer to the Plan in its entirety rather than to a particular portion of the Plan, (e) captions and headings to Articles and Sections are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of the Plan, and (f) the rules of construction set forth in Section 102 of the Code and in the Bankruptcy Rules shall apply. In

computing any period of time prescribed or allowed by the Plan, unless otherwise specifically designated herein, the provisions of Bankruptcy Rule 9006(a) shall apply.

16.12. **Successors and Assigns.** The rights, duties and obligations of any Person named or referred to in the Plan, including all Creditors, shall be binding on, and shall inure to the benefit of, the successors and assigns of such Person.

16.13. **Waiver of Subordination.** Notwithstanding any provision of the Plan to the contrary, all holders of Claims shall be deemed to have waived any and all contractual subordination rights to which they may have with respect to the distributions made pursuant to the Plan, and the Confirmation Order shall permanently enjoin, effective as of the Effective Date, all holders of Claims from enforcing or attempting to enforce any such rights against any Person receiving distributions under the Plan.

16.14. **Post-Effective Date Professional Fees.** The reasonable fees and actual and necessary expenses incurred after the Effective Date by professionals for the Debtor shall be paid by the Debtor or Reorganized Debtor upon the submission of an invoice to the Debtor or Reorganized Debtor without the need for further notice to any Person or approval by the Court.

16.15. **Governing Law.** Unless a rule of law or procedure is supplied by federal law, including the Code and Bankruptcy Rules, (a) the construction and implementation of the Plan and any agreements, documents, and instruments executed in connection with the Plan, and (b) governance matters shall be governed by the laws of the State of New Jersey, without giving effect to the principles of conflict of law thereof.

16.16. **Headings.** Headings are used in this Plan for convenience and reference only, and shall not constitute a part of this Plan for any other purpose.

16.17. **No Admissions.** Notwithstanding anything herein to the contrary, nothing contained in this Plan shall be deemed as an admission by any Entity with respect to any matter set forth herein.

Dated: February 2, 2022

THE DIOCESE OF CAMDEN, NEW JERSEY

By: Rev. Robert E. Hughes
Reverend Robert E. Hughes,
Vicar General/Vice President

- and -

Dated: February 2, 2022

TRENK ISABEL P.C.

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*Counsel to The Diocese of Camden, New Jersey,
Chapter 11 Debtor and Debtor-in-Possession*

Exhibit B to Disclosure Statement

Financial Projections

Diocese of Camden, New Jersey

Date of Analysis:

February 2, 2022

The accompanying dated analysis was assembled for the Diocese of Camden, New Jersey (the "Debtor"). The analysis was developed by EisnerAmper LLP ("EisnerAmper") from, and supported by information, documentation and data furnished by the Debtor. We were not engaged to, and did not conduct an audit, review, compilation or valuation, the objective of which would be an expression of an opinion. In addition, we did not review this analysis in accordance with standards promulgated by the American Institute of Certified Public Accountants. As of the date of the analysis, EisnerAmper has not independently verified the viability of the underlying assumptions.

EISNERAMPER

Diocese of Camden, New Jersey
 Five year Cash Flow Projections
 February 2 2022

	Year 1 - Fiscal 2022					12 Mos Ending 6/30/2022	Year 2 FYE 6/30/2023	Year 3 FYE 6/30/2024	Year 4 FYE 6/30/2025	Year 5 FYE 6/30/2026
	Actual Q1 FY 2022	Actual Q2 FY 2022	Budget Adj to Est Cash Q3 FY 2022	Budget Adj to Est Cash Q4 FY 2022						
Cash Sources										
Unrestricted										
Accounts Receivable	\$ 2,909,188	\$ 3,481,531	\$ 3,487,697	\$ 3,492,676	\$ 13,371,092	\$ 14,574,491	\$ 14,865,980	\$ 15,163,300	\$ 15,466,566	
Miscellaneous Collections	1,621,424	802,061	375,873	375,860	3,175,218	2,849,570	2,878,066	2,906,846	2,935,915	
Stop Loss Reimbursement	159,861	167,085	212,502	212,494	751,942	804,578	860,898	921,161	985,643	
Catholic Strong	-	785,515	-	342,469	1,127,984	1,658,136	1,260,183	365,453	105,981	
Future Campaign	-	-	-	-	-	-	1,199,026	3,882,192	3,400,000	
Sacred Heart Residence	1,500	-	-	-	1,500	1,500	1,500	1,500	1,500	
Black Catholic Ministry	80	50	3,000	4,500	7,630	7,630	7,630	7,630	7,630	
Sale of Assets / Settlements	-	-	1,595,000	-	1,595,000	-	-	-	-	
Payroll	-	-	-	-	-	-	-	-	-	
Total Unrestricted Cash	\$ 4,692,054	\$ 5,236,242	\$ 5,674,072	\$ 4,427,998	\$ 20,030,366	\$ 19,895,904	\$ 21,073,283	\$ 23,248,083	\$ 22,903,235	
Restricted										
Health Insurance Reimbursement	\$ 3,259,677	\$ 3,801,477	\$ 3,941,004	\$ 3,941,007	\$ 14,943,165	\$ 19,426,115	\$ 21,368,726	\$ 22,437,163	\$ 23,559,021	
Trusts Receivable	447,000	1,447,500	1,072,439	1,092,937	4,059,876	3,897,481	3,897,481	3,897,481	3,897,481	
Priest Pension Receivable	67,481	118,114	45,000	45,000	275,595	286,619	298,084	310,007	322,407	
Cemeteries	1,441,953	1,542,930	3,449,740	1,144,635	7,579,258	5,327,000	5,380,270	5,434,073	5,488,414	
Bishop's Account	25,000	7,500	15,000	-	47,500	47,975	48,455	48,939	49,429	
Brazilian Mission	-	-	-	40,000	40,000	40,000	40,000	40,000	40,000	
Utility Escrow	-	-	-	22,480	22,480	-	-	-	-	
House of Charity	4,074,835	215,802	1,912,026	984,155	7,186,818	5,750,669	5,750,669	5,750,669	5,750,669	
HealthCare Foundation	345,000	345,000	345,048	345,054	1,380,102	1,393,903	1,407,842	1,421,920	1,436,140	
Total Restricted Cash	\$ 9,660,946	\$ 7,478,323	\$ 10,780,257	\$ 7,615,268	\$ 35,534,794	\$ 36,169,762	\$ 38,191,527	\$ 39,340,252	\$ 40,543,560	
Loan										
DOC Trusts, Inc.	\$ -	\$ -	\$ -	\$ 20,000,000	\$ 20,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ -	
Total Cash Inflows	\$ 14,352,999	\$ 12,714,565	\$ 16,454,330	\$ 32,043,266	\$ 75,565,160	\$ 66,065,666	\$ 69,264,810	\$ 72,588,335	\$ 63,446,794	
Cash Uses										
Operations										
Payroll Expenses	\$ 1,350,572.0	\$ 1,556,100.4	\$ 1,512,609.0	\$ 1,627,844.8	\$ 6,047,126.1	\$ 6,289,011.2	\$ 6,540,571.6	\$ 6,802,194.5	\$ 7,074,282.3	
Payroll taxes	118,992	137,371	128,289	138,994	523,646	544,592	566,376	589,031	612,592	
Communications	28,119	81,566	69,542	71,316	250,544	260,566	270,988	281,828	293,101	
Pastoral	81,919	388,971	174,196	175,582	820,669	853,495	887,635	923,140	960,066	
Religious Personnel Development	288,596	989,119	612,811	613,982	2,504,509	2,604,689	2,708,877	2,817,232	2,929,921	
Education	251,221	205,067	243,168	245,232	944,687	982,474	1,021,773	1,062,644	1,105,150	
Tribunal	41,697	64,242	60,411	60,569	226,918	235,995	245,435	255,252	265,462	
Insurance	936,031	2,108,883	2,169,311	2,170,054	7,384,280	8,122,708	8,934,979	9,828,476	10,811,324	
Employee Benefit Program	4,873,252	4,785,113	4,827,719	4,827,716	19,313,801	20,279,491	21,293,465	22,358,139	23,476,046	
Cemetery Operations	373,247	1,252,726	834,716	841,684	3,302,373	3,434,468	3,571,847	3,714,720	3,863,309	
Vitality	195,717	318,783	313,896	317,152	1,191,369	1,191,369	1,239,023	1,288,584	1,340,128	
Youth and Young Adult Ministry	5,900	48,030	31,081	31,457	116,468	121,126	125,971	131,010	136,251	
Office of Life & Social Justice	268	3,750	9,005	9,226	22,249	23,139	24,065	25,028	26,029	
Grant to Catholic Charities, DOC Inc.	563,450	532,950	459,435	446,349	2,002,184	2,062,250	2,062,250	2,062,250	2,062,250	
Grants to Other Catholic Entities	147,160	175,680	168,897	168,896	660,633	680,452	680,452	680,452	680,452	
Administration	(173,633)	2,518,724	873,348	900,819	4,119,258	4,284,028	4,455,389	4,633,605	4,818,949	
Development	31,053	263,113	219,501	221,216	734,882	764,277	794,848	826,642	859,708	
Total Operations	\$ 9,113,561	\$ 15,430,189	\$ 12,707,933	\$ 12,868,089	\$ 50,119,772	\$ 52,734,130	\$ 55,423,944	\$ 58,280,227	\$ 61,315,018	
Total Cash Inflows (Outflows) Before CapEx & Prof Fees	\$ 5,239,438	\$ (2,715,624)	\$ 3,746,397	\$ 19,175,177	\$ 25,445,387	\$ 13,331,536	\$ 13,840,866	\$ 14,308,107	\$ 2,131,776	

Diocese of Camden, New Jersey
 Five year Cash Flow Projections
 February 2 2022

	Year 1 - Fiscal 2022				12 Mos Ending 6/30/2022	Year 2 FYE 6/30/2023	Year 3 FYE 6/30/2024	Year 4 FYE 6/30/2025	Year 5 FYE 6/30/2026
	Actual Q1 FY 2022	Actual Q2 FY 2022	Budget Adj to Est Cash Q3 FY 2022	Budget Adj to Est Cash Q4 FY 2022					
Capital Expenditures and Cemetery Reserve									
Cemetery Reserve	\$ -	\$ -	\$ 2,530,191	\$ 75,064	\$ 2,605,255	\$ 309,264	\$ 312,356	\$ 315,480	\$ 318,635
Capital Expenditures	-	-	124,998	125,006	250,004	520,004	540,804	562,436	584,934
Total CapEx and Cemetery Reserve	\$ -	\$ -	\$ 2,655,189	\$ 200,070	\$ 2,855,259	\$ 829,268	\$ 853,161	\$ 877,916	\$ 903,569
Sources and Uses of Cash before Reorganizational Expenses	\$ 5,239,438	\$ (2,715,624)	\$ 1,091,208	\$ 18,975,107	\$ 22,590,128	\$ 12,502,268	\$ 12,987,705	\$ 13,430,191	\$ 1,228,207
Reorganizational Related Expenses									
Debtor's Counsel	\$ 292,119	\$ 361,947	\$ 525,000	\$ 525,000	\$ 1,704,066	\$ -	\$ -	\$ -	\$ -
Debtor's General Counsel	27,710	20,655	18,449	18,449	85,263	400,000	400,000	400,000	-
Debtor's Financial Advisor	62,429	116,384	150,000	150,000	478,813	-	-	-	-
Committee's Professionals	972,406	1,835,408	2,500,000	2,500,000	7,807,814	-	-	-	-
Claims Agent	191,132	38,389	34,289	34,289	298,099	-	-	-	-
Mediator Fee	129,607	293,640	262,284	-	685,530	-	-	-	-
US Trustee Fees	120,278	132,458	118,313	250,000	621,050	-	-	-	-
Binswanger	-	64,000	-	-	64,000	-	-	-	-
Finance Scholars Group	-	49,400	-	-	49,400	-	-	-	-
Child USA	-	8,175	-	-	8,175	-	-	-	-
J. Hasselberger	-	3,420	-	-	3,420	-	-	-	-
Total Reorganizational Expenses	\$ 1,795,682	\$ 2,923,875	\$ 3,608,335	\$ 3,477,738	\$ 11,805,630	\$ 400,000	\$ 400,000	\$ 400,000	\$ -
Plan Disbursements									
Payments to Unsecured Creditors (\$1.5m)	\$ -	\$ -	\$ -	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000
Payments to PNC	-	-	-	20,500	20,500	82,000	82,000	1,647,668	1,647,668
Payments to Plan (\$50m)	-	-	-	20,000,000	20,000,000	10,000,000	10,000,000	10,000,000	-
Total Plan Disbursements	\$ -	\$ -	\$ -	\$ 20,320,500	\$ 20,320,500	\$ 10,382,000	\$ 10,382,000	\$ 11,947,668	\$ 1,947,668
Net Cash Flow	\$ 3,443,756	\$ (5,639,499)	\$ (2,517,127)	\$ (4,823,132)	\$ (9,536,002)	\$ 1,720,268	\$ 2,205,705	\$ 1,082,523	\$ (719,461)
Cumulative Net Cash Flow					\$ (9,536,002)	\$ (7,815,734)	\$ (5,610,029)	\$ (4,527,506)	\$ (5,246,967)

Diocese of Camden, New Jersey
 Cash Flow Projection, Assumptions and Explanations
 February 2, 2022

Sources of Cash

Projection Increase /
 Decrease Assumption

- | | |
|---|---|
| <p># 1) Accounts Receivable consists primarily of Diocesan Assessments from Parishes and their proportionate non-premium share of the Insurance Program. Assessments are determined based upon prior-year collections, which were impacted due to COVID-19, and therefore lower than historical data. Assessments are due on a monthly basis and provide financial support for pastoral, education, religious personnel development, youth and administrative programs.</p> | <p>FY 2022 - 2%
 FY 2023 - 9%
 FY 2024 - 2%
 FY 2025 - 2%
 FY 2026 - 2%</p> |
| <p>2) Miscellaneous Income is for salary reimbursements from related entities for IT, HR and Payroll, as well as programs, workshops, printed materials, etc. The projections assume an increase of 1% each year through the fiscal year ending June 30, 2026.</p> | <p>1% annually</p> |
| <p>3) Stop Loss Reimbursement In the event a beneficiary of the Catholic Health Insurance Plan Diocese of Camden ("CHIP-DOC") requires extraordinary levels of medical care, the CHIP-DOC maintains a stop-loss policy with BCS, Inc., ("BCS") which provides coverage for claims of any individual in excess of \$350,000 per year. Premiums for the stop-loss policy are paid directly to BCS. Reimbursement for these payments are made to the Diocese. The projections assume a 7% increase in reimbursements each year through the fiscal year ending June 30, 2026.</p> | <p>7% annually</p> |
| <p>4) Catholic Strong ("CSC") was a capital campaign that sought to raise \$40 million primarily to benefit the parishes. Of the funds raised through the CSC, 70% was designated solely for the parishes from which these funds were raised. Their needs include updates to physical plant, new or expanded youth and pastoral ministries, and the hiring of staff to support the parish programs. 30% of the funds raised are designated for the Diocese for supporting stronger faith, stronger service and stronger Catholic schools. The projections assume a decrease of collections over years 2 & 3 and a further decrease in years 4 & 5 as the collections from the program taper off.</p> | <p>Based on Historical Trends,
 Pledge amounts, and
 uncollectible balances</p> |
| <p>5) Future Campaigns are collections relating to new campaigns that the Diocese anticipate in future periods. This assumption is based on the Diocese creating and implementing a new campaign(s). Historical trends support the assumptions of lower collections in the year implemented which increase as pledges are collected. Any future campaign will be impacted by the status and outcome of the reorganization. The projections anticipate a program(s) in year 3 with lower collections which increase through year 5 as pledges are collected.</p> | <p>Based on Historical Trends</p> |
| <p>6) Sale of Assets relate to the sale of property in Winslow that is projected to settle in the third quarter of fiscal 2022. The projections account for this as a one-time transaction that is not carried forward in the future years.</p> | <p>Not Carried to Future Years</p> |
| <p>7) Health Insurance Reimbursement the Diocese coordinates and administers the Catholic Health Insurance Plan Diocese of Camden, which provides voluntary self-insured medical coverage for Diocesan employees, employees of other Catholic entities, and their dependents. The CHIP-DOC utilizes a third-party administrator to assist the Diocese in processing claims and establishing appropriate financial contributions for the CHIP-DOC participants and their employees. Sources of cash relating to the Health Insurance Reimbursements are offset by outflows of Insurance and Employee Benefit Programs, to cover the cost of claims and contributions. The projections assume a catch up increase in year two with smaller increases in subsequent year.</p> | <p>Initial increase followed by
 moderate increases in years 3-
 5</p> |
| <p>8) Trusts Receivables the Diocese of Camden Trusts, Inc. ("DOC Trusts") is a separate legal entity from the Diocese, formed in 2001. DOC Trusts is organized for the purpose of assisting the Diocese in fulfilling its religious, charitable and educational mission by providing funding for education, religious personnel development, health care needs, canonically required offices and long-term capital needs. The Board of Trustees of DOC Trusts are responsible for the overall governance of DOC Trusts and determines all funding. All of the investments are managed based on the Diocese of Camden Trusts, Inc. Statement of Investment Policies and Objectives. The assumption is that the amount will remain at \$3,900,000.</p> | <p>\$3,900,000 annually</p> |
| <p>9) Priest Pension Receivable The Priest Post-Retirement Plan is a non-contributory defined benefit plan that provides health benefits and automobile insurance for all incardinated priests in good standing of the Diocese. Inflows relate to funding amounts for the operation of the Sacred Heart Residence for Retired Priests. The projections assume an increase of 4% each year through the fiscal year ending June 30, 2026.</p> | <p>4% annually</p> |

Diocese of Camden, New Jersey
 Cash Flow Projection, Assumptions and Explanations
 February 2, 2022

- | | |
|--|---|
| <p>10) Cemeteries the Diocese manages several Catholic Cemeteries within its territory. The Diocese has been serving Catholic families in this capacity since before the establishment of the Diocese of Camden in 1937. There are three Diocesan cemeteries and twelve Parish cemeteries. The projections assume an increase in cash sources related to the Catholic Cemeteries of 1%. The Diocese obtained an actuarial report to assist in determining appropriate reserves for perpetual maintenance and other capital expenses.</p> | <p>Includes funding for the statutory reserve in Q3 2022</p> |
| <p>11) Bishop's Account this account is for contributions and membership dues for various groups at the Bishop's discretion. Average funding is \$30,000 every 3-6 months. The projections assume a 1% increase in funding from the Bishop's Foundation, each year through the fiscal year ending June 30, 2026.</p> | <p>1% annually</p> |
| <p>12) House of Charity - Bishop's Annual Appeal is an annual campaign undertaken early in the calendar year, the proceeds of which are used to support various ministerial and social service programs. The House of Charity provides the day-to-day operational income that supports the pastoral, charitable and social ministries of the Diocese, including Catholic Charities, support for seminarian education and housing for retired priests, support for VITALity Catholic Healthcare Services, support for Catholic education including special education, as well as support for the various pastoral ministries. The projections assume an increase in cash sources related to the House of Charity campaigns of 3% for FY23 and no increase thereafter.</p> | <p>FY 2023 - 3%
 FY 2024 - 0%
 FY 2025 - 0%
 FY 2026 - 0%</p> |
| <p>13) Healthcare Foundation the Diocese of Camden Healthcare Foundation, Inc. is a separate legal entity from the Diocese, formed in 2015. The Healthcare Foundation assists in funding the development, implementation and ongoing support of healthcare programs. The Foundation was assigned the net proceeds of the purchase price of the sale of three nursing homes in 2015 pursuant to the Order and Opinion of the Honorable Deborah Silverman Katz, Assignment Judge. As part of the transaction, \$10 million must remain in an account with PNC Bank until December 14, 2023 as a guarantee of certain covenants in the transaction. The projections assume a 1% increase each year related to sources of cash from the Healthcare Foundation each year through the fiscal year ending June 30, 2026.</p> | <p>1% annually</p> |
| <p>Cash Outflows</p> | |
| <p>14) Cash outflows related to the various expenditures of the Diocese, including payroll, Insurance and Employee Benefit Programs (described above Item 7), Administrative and Development expenditures and other operating outflows. The projections assume a 10% increase in Insurance, 5% for Employee Benefit programs and a 4% increase in all other expenses, through the fiscal year ending June 30, 2026.</p> | <p>4% except
 Insurance (10%) and Employee Benefits (5%)</p> |
| <p>15) Grants to Catholic Charities, DOC Inc. & Grants to Other Catholic Entities relate to distributions from the HOC to other related entities.</p> | <p>Factors mirror those of House of Charity</p> |

Exhibit C to Disclosure Statement

Order Approving Disclosure

To Be Filed with Motion to Approve Disclosure Statement

Exhibit D to Disclosure Statement

Trust Agreement

THE DIOCESE OF CAMDEN PLAN TRUST AGREEMENT

This trust agreement (the “Trust Agreement”) is made and entered into by and between The Diocese of Camden, New Jersey (the “Diocese”) and [•] (the “Trustee”) pursuant to the Chapter 11 Plan of Reorganization (together with any and all amendments, exhibits, and schedules, the “Plan”) filed in the Diocese’s chapter 11 bankruptcy, Case No. 20-21257 (JNP), before the United States Bankruptcy Court for the District of New Jersey (the “Bankruptcy Court”). Unless otherwise stated in this Trust Agreement, capitalized terms used in this Trust Agreement shall have the meanings as ascribed to them in the Plan, the Confirmation Order, and/or the Bankruptcy Code.

RECITALS

A. On the Petition Date, the Diocese filed a voluntary petition for relief pursuant to chapter 11 of the Bankruptcy Code. The Diocese continues to operate its business as debtor in possession pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code.

B. It is anticipated that in 2021, the Bankruptcy Court will enter an order confirming the Plan (the “Confirmation Order”).

C. The Plan anticipates the existence of the Trust and the transfer and assignment to the Trust of the Trust Assets.

D. Pursuant to the Plan, the Trust is to use the Trust Assets to pay the Class 5 and Class 6 Claims and carry out the purposes of the Plan.

E. The Trust is established for the benefit of the Beneficiaries of the Trust, as defined in Section 1.5 of this Trust Agreement, and is intended to qualify as a “Designated” or “Qualified Settlement Fund” within the meaning of Section 468B of the Internal Revenue Code and the Treasury Regulations promulgated under the Internal Revenue Code and codified at 26 C.F.R. §§ 1.468B-1 to -5.

NOW, THEREFORE, pursuant to the Plan and the Confirmation Order, in consideration of the premises and provisions in the Plan, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and affirmed, it is agreed as follows:

DECLARATION OF TRUST

Subject to approval by the Bankruptcy Court, the Diocese hereby absolutely assigns to the Trust, and to its successors in trust and its successors and assigns, all rights, title, and interest of the Diocese in and to the Trust Assets;

TO HAVE AND TO HOLD unto the Trust and its successors in trust and its successors and assigns forever;

IN TRUST NEVERTHELESS upon the terms and subject to the conditions set forth in this Trust Agreement and for the benefit of the Beneficiaries, as defined below, as and to the extent provided in the Plan, and for the performance of, and compliance with, the terms of this Trust Agreement, the Plan, and the Confirmation Order;

PROVIDED, HOWEVER, that upon termination of the Trust in accordance with Article IV of this Trust Agreement, this Trust Agreement shall cease, terminate, and be of no further force and effect; and

IT IS HEREBY FURTHER COVENANTED AND DECLARED that the Trust Assets are to be held and applied by the Trustee upon the further covenants and terms and subject to the conditions set forth in this Trust Agreement.

ARTICLE I.
AGREEMENT OF TRUST

1.1. Creation and Name. The Diocese hereby creates the Trust known as “The Diocese of Camden Plan Trust,” which is the Trust provided for in the Plan. In the event of any inconsistency between the Plan and this Trust Agreement, the terms of the Plan shall govern.

1.2. Purpose. The purpose of the Trust is to assume responsibility for preserving, managing, and distributing Trust Assets to Class 5 Claimants and Class 6 Claimants in accordance with the Trust Agreement and the requirements of the Plan and Confirmation Order.

1.3. Transfer of Trust Assets. Pursuant to the Plan and upon the Effective Date, the Diocese will irrevocably transfer, absolutely grant, assign, convey, set over and deliver to the Trust at all times as set forth in the Plan, all of the Diocese’s rights, titles, and interests in and to the Trust Assets in accordance with the Plan to be held in trust and for the uses and purposes stated in this Trust Agreement and in the Plan. The Trustee is hereby authorized to file with the proper governmental authorities any and all documents necessary or helpful to establish the Trust.

1.4. Transfer of Confidential Information. The Trustee shall maintain the confidentiality of all documents and follow the confidentiality procedures provided for in the Bankruptcy Court’s *Order (I) Granting Expedited Relief; (II) Establishing Deadlines for Filing Proofs of Claim; (III) Approving Sexual Abuse Proof of Claim Form; (IV) Approving Form and Manner of Notice; and (V) Approving Confidentiality Procedures* [ECF 409].

1.5. Irrevocability. The Trust shall be irrevocable. The Diocese shall not alter, amend, revoke, or terminate the Trust. The Diocese shall have no power or authority to direct the Trustee to return any of the Trust Assets to the Diocese.

1.6. Beneficiaries. The beneficiaries of the Trust are Class 5 Claimants and Class 6 Claimants under the Plan whose Claims are allowed by the Tort Claims Reviewer (the “Beneficiaries”).

1.7. Acceptance of Assets and Assumption of Liabilities.

1.7.1. In furtherance of the purposes of the Trust, the Trustee hereby accepts the role of trustee of the Trust and accepts the grant, assignment, transfer, conveyance, and delivery of the Trust Assets to the Trust, subject to the terms and conditions set forth in this Trust Agreement, the Plan, and the Confirmation Order.

1.7.2. In furtherance of the purposes of the Trust, the Trustee, on behalf of the Trust, hereby expressly assumes all responsibility for preserving, managing, and distributing Trust Assets to the Beneficiaries. The Claims of the Beneficiaries will be evaluated by the Tort Claims Reviewer in accordance with the Tort Claims Distribution Plan.

1.7.3. The Trustee shall have all of the rights, powers, and duties set forth in this Trust Agreement, the Tort Claims Distribution Plan, and the Plan, and available under applicable law, for accomplishing the purposes of the Trust. The Trustee's powers are exercisable solely in a fiduciary capacity consistent with, and in furtherance of, the applicable provisions of the Plan, the purpose of the Trust, and applicable law. The Trustee shall have the authority to bind the Trust within the limitations set forth in this Trust Agreement, but shall be acting in the capacity as Trustee, and not individually, for all purposes contained in this Trust Agreement.

1.7.4. In furtherance of the purposes of the Trust, the Trustee assumes responsibility for (a) making payments to the Beneficiaries; (b) receiving, collecting, liquidating, maintaining, and distributing the Trust Assets; and (c) fulfilling all other obligations of the Trust under this Trust Agreement, the Plan, and the Confirmation Order. The Trust will be administered consistent with the purpose of the Trust and with no objective to continue or to engage in the conduct of a trade or business, except to the extent reasonably necessary to preserve the value of the Trust Assets or as otherwise provided in the Plan or Confirmation Order.

1.7.5. All Trust expenses and all liabilities of the Trust with respect to the Beneficiaries shall be payable solely by the Trustee out of the Trust Assets.

ARTICLE II.

CORPUS OF THE TRUST

2.1. Trust Composition. The Trust Assets shall include all property transferred to the Trust pursuant to the Plan, Confirmation Order, and any future orders of the Bankruptcy Court, including without limitation all rights of every kind, nature, and description transferred to the Trust pursuant to Article [•] of the Plan.

2.2. Transfer to Trust. Upon the Effective Date, pursuant to the Plan and Confirmation Order, title to and all rights and interests in the Trust Assets shall be transferred to the Trust free and clear of all Liens, claims, encumbrances or Interests of any kind in the Trust Assets of any other Person (including all Liens, claims, encumbrances or Interests of creditors of, or holders of claims against or Interests in the Diocese) in accordance with Sections 1123, 1141, and 1146(a) of the Bankruptcy Code, except as otherwise provided for in the Plan. The Trustee, on behalf of the Trust, shall receive the Trust Assets when they are transferred to the Trust.

2.3. Trustee's Right to and Title and Interest in Trust Assets. Upon the transfer of the Trust Assets, the Trust succeeds to all of the Diocese's and the bankruptcy estate's right to and title and Interest in the Trust Assets, and the Diocese and the bankruptcy estate shall have no

further right to, or title or Interest in or with respect to, the Trust Assets or this Trust, except as provided in this Trust Agreement, the Plan, or the Confirmation Order.

2.4. No Tax on Transfers to Trust. Pursuant to Section 1146(a) of the Bankruptcy Code, the delivery of any deed or other instrument of transfer under, in furtherance of, or in connection with this Trust, including any deeds, bills of sale, or assignments executed in connection with any transfer to the Trust or receipt or disposition/sale of assets by the Trust contemplated by the Plan, shall not be subject to any stamp tax, real estate transfer tax, excise tax, sales tax, use tax, or similar tax.

2.5. Spendthrift Provision. To the fullest extent permitted by law, neither the principal nor income of the Trust, in whole or in part, shall be subject to (a) any legal or equitable claims of creditors of any Beneficiary or others, (b) legal process, or (c) voluntary or involuntary transfer, assignment, anticipation, pledge, or other form of alienation or encumbrance except as may be ordered by the Bankruptcy Court.

2.6. Trust Corpus. The entirety of the Trust's corpus shall be available to pay the Beneficiaries and authorized expenses. The Trust Corpus shall be allocated, administered, and distributed as provided in the Tort Claim Distribution Plan, the Plan, and the Confirmation Order.

2.7. Unknown Claim Reserve. The Diocese shall contribute \$500,000 separate from the Trust Assets to a reserve fund for Unknown Claims pursuant to the Plan (the "Unknown Claim Reserve"). The payments to holders of Unknown Tort Claims shall be made in accordance with the Tort Claim Distribution Plan. The Unknown Claim Reserve will terminate in accordance with the Plan. After the Unknown Claim Reserve terminates, to the extent there are any remaining funds after payment to all Unknown Tort Claims pursuant to the Tort Claim Distribution Plan, such remaining funds shall be retained by the Trust, with no further restrictions on the Trust's use of such funds except for the general restrictions on use of Trust Assets provided for herein.

ARTICLE III. POWERS AND DUTIES OF TRUSTEE

3.1. Trustee's Bond. The Trustee shall not be required to post any bond, surety, or other security for the performance of the Trustee's duties unless otherwise ordered by the Bankruptcy Court and, in the event the Trustee is so otherwise ordered, all reasonable costs and expenses of procuring any bond or surety shall be borne by the Trust and paid for from the Trust Assets.

3.2. Powers and Duties. The Trustee shall have, in addition to any other powers and duties conferred on the Trustee by applicable trust law (to the extent not inconsistent with applicable bankruptcy law, the Plan, and the Confirmation Order), the Plan, and the other provisions in this Trust Agreement, the following powers and duties:

3.2.1. To act as custodian of, and to receive, control, manage, liquidate, monetize, and dispose of, all Trust Assets for the benefit of the Beneficiaries as the Trustee deems appropriate to accomplish the purpose of the Trust, in accordance with the terms contained in this Trust Agreement, the Plan, and the Confirmation Order.

3.2.2. To abandon any property which the Trustee determines in the Trustee's reasonable discretion to be of *de minimus* value or of more burden than value to the Trust.

3.2.3. To protect and enforce the rights in and to the Trust Assets by any method deemed appropriate, including without limitation by judicial proceedings or pursuant to any applicable bankruptcy, insolvency, moratorium, or similar law and general principles of equity.

3.2.4. To enter into contracts in the course of administering the Trust Assets for liquidation and in conjunction with their disposition under this Trust Agreement and the Plan.

3.2.5. To open and maintain bank accounts on behalf of the Trust, deposit funds in the bank accounts, and draw checks on the bank accounts, as appropriate under this Trust Agreement, the Plan, and the Confirmation Order.

3.2.6. To obtain all reasonably necessary insurance coverage with respect to any property that is, or may in the future become, a Trust Asset.

3.2.7. To incur on behalf of the Trust, and pay from the assets of the Trust, all fees, costs, and expenses of administering the Trust as provided in this Trust Agreement and the Plan. These fees, costs, and expenses include: (a) the fees of bankruptcy claims and/or distribution agents, (b) the fees and costs of professionals employed by the Trustee (the "Professionals"), including without limitation, the Tort Claim Reviewer, investment advisors, accountants, agents, managers, attorneys-at-law, actuaries, or auditors, (c) the premiums charged by insurers, including without limitation professional liability insurers, (d) reimbursement of any Statutory Fees and Court Costs incurred by the Debtor (i) in the event the Trustee opposes the closure of the Chapter 11 Case, from the date of the filing of any such opposition through the closure of the Chapter 11 Case or (ii) should the Trustee reopen the Chapter 11 Case in the future.

3.2.8. In accordance with the evaluation of the Tort Claim Reviewer to the Tort Claimant Distribution Plan, to make distributions, in accordance with the Tort Claim Distribution Plan to Beneficiaries who have provided signed copies of all required releases and forms.

3.2.9. In the Trustee's discretion, to rely on the authenticity of the signature of the Tort Claim Reviewer, and the accuracy of the information set forth by, and the reasonableness of the determination of, the Tort Claim Reviewer in the administration of the Tort Claim Distribution Plan and assessment of the Class 5 and Class 6 Claims without any verification or confirmation.

3.2.10. In the Trustee's discretion, as a party in interest, to seek enforcement of any provision of the Plan pertaining to the Trust.

3.2.11. To retain any attorney-at-law, consultant, expert, accountant, investment advisor, bankruptcy management company or such other agents and advisors as are necessary and appropriate to effectuate the purpose of, and maintain and administer, the

Trust and shall be entitled to rely on advice given by such advisors within his, her, or its areas of competence. In no event, however, shall the Trustee incur fees from any professional, except the Trustee's primary legal counsel, in excess of \$50,000.00 without prior approval of the Bankruptcy Court.

3.2.12. In the Trustee's sole right and discretion, to appoint the Tort Claim Reviewer. The Trustee may subsequently remove the Tort Claim Reviewer for cause. For purposes of this Trust Agreement, "cause" shall mean (a) the willful and continued refusal by the Tort Claim Reviewer to perform the Tort Claim Reviewer's duties as set forth in this Trust Agreement, the Trust Distribution Plan, and the Plan, (b) gross negligence, gross misconduct, fraud, embezzlement, or theft, (c) a serious breach of fiduciary duty, or (d) other cause as the Trustee shall in good faith determine. In the event the Tort Claim Reviewer resigns, is removed, or is otherwise unable to perform the Tort Claim Reviewer's obligations, the Trustee shall have exclusive authority to appoint a new Tort Claim Reviewer. Nothing contained in this Trust Agreement shall prohibit the Trustee from also serving as the Tort Claim Reviewer if the Trustee determines that serving as both the Trustee and the Tort Claim Reviewer is in the best interest of the Trust and the Beneficiaries.

3.2.13. To make, sign, execute, acknowledge, and deliver any documents that may be necessary or appropriate to effectuate the purpose of the Plan or the Trust or to maintain and administer the Trust.

3.2.14. To seek the examination of any Person under, and subject to, the provisions of the Bankruptcy Rules, including without limitation Bankruptcy Rule 2004.

3.2.15. To amend, modify, or alter the Trust Agreement by filing a motion with the Bankruptcy Court, with notice to the Beneficiaries, the Diocese, and any or all other parties in interest. For the avoidance of doubt, the amendments, modifications, or alterations may not be inconsistent with the terms of the Plan, the terms of the Confirmation Order, or the purpose of the Trust, as identified in Section 1.2 of this Trust Agreement.

3.2.16. Upon any event terminating the Trust, to defer distribution of Trust Assets for a reasonable time needed to wind up the affairs of the Trust, including time needed to provide for payment of debts and expenses, although the Beneficiaries' rights to distributions shall vest immediately.

3.2.17. To comply with Section 345 of the Bankruptcy Code with regard to the investment of the Trust Assets. The Trustee is relieved of any obligation to diversify.

3.2.18. To establish the accounts, funds, and reserves, as required by the Plan, for ease of administration. Nothing in this provision shall restrict the Trustee's authority to pool the accounts, funds, or reserves for investment purposes or require separate bank accounts for the accounts, funds, or reserves.

3.2.19. To be responsible for only the Trust Assets delivered to the Trust and have no duty to make, nor incur any liability for failing to make, any search for unknown property or liabilities.

3.2.20. The Trust will assume all duties, obligations and indemnification responsibilities outlined in the Plan.

3.3. Limitations on the Trustee. Notwithstanding anything in this Trust Agreement to the contrary, the Trustee shall not do or undertake any of the following:

3.3.1. Guaranty any debt other than as provided for in this Trust Agreement or as required by the Plan;

3.3.2. Loan Trust Assets;

3.3.3. Make any transfer or distribution of Trust Assets other than those authorized in this Trust Agreement, the Plan, or the Confirmation Order;

3.3.4. Engage in any trade or business; or

3.3.5. Engage in any investments or activities inconsistent with the treatment of the Trust as a “Designated” or “Qualified Settlement Trust.”

ARTICLE IV. TERMINATION OF THE TRUST

4.1. Pre-Confirmation Termination. The Trustee shall terminate the Trust if (a) the Confirmation Order does not become a Non-Appealable Order within one year from the date the Trust Agreement is executed by the Diocese and the Trustee or (b) the Chapter 11 Case is dismissed or converted to a case under Chapter 7 of the Bankruptcy Code (the “Pre-Confirmation Termination”). Upon the Pre-Confirmation Termination of the Trust, the Trust Agreement shall be null and void and of no force and effect, with the Trustee and the Diocese both discharged from any and all duties and obligations provided for in this Trust Agreement.

4.2. Post-Confirmation Termination. The Trustee shall terminate the Trust after (a) the Trustee’s liquidation, administration, and distribution of the Trust Assets in accordance with this Trust Agreement and the Plan and (b) the Trustee’s full performance of all other duties and functions set forth in this Trust Agreement and the Plan (the “Post-Confirmation Termination”). The Trust shall terminate no later than the eleventh anniversary of the Effective Date.

4.3. Post-Confirmation Termination Procedures. After the Post-Confirmation Termination of the Trust and solely for the purpose of liquidating and winding up its affairs, the Trustee shall continue to act as Trustee until the Trustee’s duties in this Trust Agreement have been fully performed. The Trustee shall retain the books, records, documents, and files that shall have been delivered to, or created by, the Trustee until distribution of all the Trust Assets. For purposes of this provision, the Trust Assets will be deemed distributed when the total amount remaining in the Trust is less than \$50,000. At the Trustee’s discretion, all of the books, records, documents, and files may be destroyed at any time following the later of: (a) the first anniversary of the final distribution of the Trust Assets or (b) the date until which the Trustee is required by applicable law to retain the books, records, documents, and files; provided that, notwithstanding the foregoing, the Trustee shall not destroy or discard any books, records, documents, or files

relating to the Trust without giving the Diocese and the Beneficiaries reasonable prior written notice.

4.4. Post-Confirmation Termination Distribution. Upon Post-Confirmation Termination of the Trust, provided that all fees and expenses of the Trust have been paid or provided for in full, the Trustee will deliver all funds and other investments in the Trust, if any, including any investment earnings to a charity supporting survivors of childhood sexual abuse as set forth in the Confirmation Order.

4.5. Discharge, Exculpation, and Exoneration. Upon Post-Confirmation Termination of the Trust and accomplishment of all activities described in this Article, the Trustee and the Trustee's Professionals shall be discharged and exculpated from liability, and the Trustee's bond (if any), shall be exonerated except for acts or omissions resulting from the recklessness, gross negligence, willful misconduct, knowing and material violation of law, or fraud of the Trustee or his designated agents or representatives. The Trustee may, at the expense of the Trust, seek an order of the Bankruptcy Court confirming the discharges, exculpations, and exoneration referenced in this Section.

ARTICLE V.

IMMUNITY, LIABILITY, AND INDEMNIFICATION OF TRUSTEE

5.1. Limitations on Liability. Neither the Trustee nor any of the Trustee's duly designated agents, representatives, or Professionals shall be liable for any act or omission taken or omitted by the Trustee in good faith, other than acts or omissions resulting from the recklessness, gross negligence, willful misconduct, knowing and material violation of law, or fraud of the Trustee or the Trustee's designated agents, representatives, or Professionals. The Trustee may, in connection with the performance of the Trustee's functions, and in the Trustee's sole and absolute discretion, consult with the Trustee's Professionals and shall not be liable for any act taken, omitted to be taken, or suffered to be done in accordance with the advice or opinions rendered by the Trustee's Professionals. Notwithstanding this authority, the Trustee shall be under no obligation to consult with the Trustee's Professionals, and the Trustee's good faith determination not to consult with the Trustee's Professionals shall not result in the imposition of liability on the Trustee, unless the determination is based on the Trustee's recklessness, gross negligence, willful misconduct, knowing and material violation of law, or fraud.

5.2. No Recourse Against the Trustee Personally. No recourse shall be had, directly or indirectly, against the Trustee personally, or against any employee, contractor, or Professional retained by the Trustee in accordance with the terms of this Trust Agreement, Plan, or Confirmation Order, by legal or equitable proceedings or by virtue of any statute or otherwise, nor upon any promise, contract, instrument, undertaking, obligation, covenant, or trust agreement executed by the Trustee in implementation of this Trust Agreement or the Plan or by reason of the creation of any indebtedness by the Trustee under the Plan for any purposes authorized by this Trust Agreement or the Plan, it being expressly understood and agreed that any promise, contract, instrument, undertaking, obligation, covenant, or trust agreement entered into by the Trustee, whether in writing or otherwise, shall be enforceable only against, and be satisfied only out of, the Trust Assets and shall be evidence only of a right of payment out of the Trust Assets. The Trustee may be held liable for the Trustee's recklessness, gross negligence,

willful misconduct, knowing and material violation of law, or fraud; and if liability for these grounds is established, recourse may be had directly against the Trustee. The Trust will not be covered by a bond.

5.3. Indemnification. The Trustee, using Trust Assets, shall defend, indemnify, and hold harmless the Trustee, the Trustee's officers, directors, agents, representatives, and employees to the fullest extent that a corporation or trust organized under the laws of the state of New Jersey is entitled to defend, indemnify, and hold harmless its trustees, officers, directors, agents, representatives, and employees against any and all costs (including attorneys' fees and costs), judgments, awards, amounts paid in settlement, liabilities, expenses, claims, damages, or losses incurred by them in the performance of their duties under this Trust Agreement; provided that neither the Trustee nor the Trustee's officers, directors, agents, representatives, or employees shall be defended, indemnified, or held harmless in any way for any liability, expense, claim, damage, or loss for which they are ultimately held liable under Section 5.1 of this Trust Agreement.

ARTICLE VI.
COMPENSATION AND EXPENSE
REIMBURSEMENT OF TRUSTEE AND ITS AGENTS

6.1. Trustee Compensation. The Trustee shall be entitled to receive compensation from the Trust Assets.

6.2. Compensation of the Trustee's Professionals. Any Professional retained by the Trustee pursuant to this Trust Agreement or the Plan will be entitled to reasonable compensation for services rendered paid by the Trustee from the Trust Assets.

6.3. Reimbursement of Expenses. Any and all reasonably necessary costs and expenses incurred by the Trustee and any Professional retained by the Trustee, in performing their respective duties under this Trust Agreement, will be reimbursed by the Trustee from the Trust Assets.

ARTICLE VII.
SUCCESSOR TRUSTEE

7.1. Vacancy Caused by the Trustee's Resignation or Removal.

7.1.1. The Trustee may resign at any time upon 30-days written notice to be filed with the Bankruptcy Court. The outgoing trustee (the "Outgoing Trustee") shall, within 30 days after the Outgoing Trustee's resignation takes effect, deliver to the successor trustee (the "Successor Trustee") all of the Trust Assets which were in the possession of the Outgoing Trustee along with a complete list of Trust Assets and a complete accounting of all transactions engaged by the Outgoing Trustee while serving as the Trustee.

7.1.2. Any Tort Claimant may petition the Bankruptcy Court to remove the Trustee.

7.1.3. The Bankruptcy Court may remove a Trustee for cause, which cause shall include, but shall not be limited to, the factors set forth in any applicable New Jersey law. The removal will take effect upon the date the Bankruptcy Court specifies. In the event of removal, the Trustee shall, within thirty (30) days after such removal takes effect, or at some earlier date as the Bankruptcy Court may specify, deliver to the successor Trustee all of the Trust Assets which were in the possession of the Trustee along with a complete list of Trust Assets and a complete accounting of all transactions engaged in by the Trustee while serving as such.

7.2. Outgoing Trustee Obligations. In the event of the resignation or the removal of the Trustee, the Outgoing Trustee, in addition to the duties imposed under Sections 7.1.1 or 7.1.2, shall:

7.2.1. Execute and deliver by the effective date of the resignation or removal the documents, instruments, records, and other writings as may be reasonably requested by the Successor Trustee to effect the resignation or removal of the Outgoing Trustee and the conveyance of the Trust Assets to the Successor Trustee.

7.2.2. Deliver to the Successor Trustee all documents, instruments, records, and other writings relating to the Trust Assets as may be in the possession or under the control of the Outgoing Trustee.

7.2.3. Otherwise assist and cooperate in effecting the assumption of the Outgoing Trustee's obligations and functions by the Successor Trustee.

7.2.4. The Outgoing Trustee hereby irrevocably appoints the Successor Trustee (and any interim trustee) as the Outgoing Trustee's attorney-in-fact and agent with full power of substitution for the Outgoing Trustee and the Outgoing Trustee's name, place, and stead to do any and all acts that the Outgoing Trustee is obligated to perform under this Trust Agreement. The appointment of the Successor Trustee as the Outgoing Trustee's attorney-in-fact and agent shall not be affected by the subsequent disability or incompetence of the Outgoing Trustee. The Bankruptcy Court may also enter any order necessary to effect the termination of the appointment of the Outgoing Trustee and the subsequent appointment of the Successor Trustee.

7.3. Appointment of Successor Trustee. Any vacancy in the office of the Trustee shall be filled by the nomination of a majority of the members of the Tort Committee (notwithstanding dissolution of the Tort Claimant Committee on the Effective Date), subject to the approval of the Bankruptcy Court, after notice and a hearing. If at least three (3) members of the Tort Claimant Committee do not participate in the nomination of the Successor Trustee within 10 days after the Outgoing Trustee resigns, is removed, or otherwise becomes unable to serve, the counsel for the majority of Tort Claimants shall designate a successor after notice to Beneficiaries and the Diocese and a hearing, the Bankruptcy Court may appoint a Successor Trustee.

7.4. Preservation of Record of Changes in Trustees. A copy of each instrument of resignation, removal, appointment, and acceptance of appointment shall be attached to an executed counterpart of this Trust Agreement.

ARTICLE VIII
TRUSTEE REPORTING AND DISCHARGE

8.1. Annual Accountings. The Trustee shall prepare, at least annually, a written accounting of the administration of the Trust listing the current assets with fair market values and detailing all transactions that occurred during the period covered by the accounting. Each accounting shall be filed with the Bankruptcy Court for as long as the Bankruptcy Case remains open and pending before the Bankruptcy Court. Copies of the accounting shall be available to the Beneficiaries upon request. However, the Trustee shall redact any and all confidential and personal identifying information from any and all accountings or reports filed with the Bankruptcy Court or provided to any Beneficiary.

8.2. Approval of Accountings and Discharge of the Trustee. At any time when the Bankruptcy Case is open, the Trustee may file with the Bankruptcy Court a motion for approval of any accounting described in Section 8.1 of this Trust Agreement. Upon the entry of an order of the Bankruptcy Court approving the accounting, the Trustee shall be discharged from all liability to the Trust, any Beneficiary, or any Person who has or may have a claim against the Trustee or Trust for acts or omissions in the Trustee's capacity as Trustee with respect to all assets listed and transactions detailed in the accounting.

ARTICLE IX
SECTION 468B SETTLEMENT FUND

9.1. Qualification. In accordance with the Plan, the Trustee shall take all reasonable steps to ensure that the Trust will qualify as, and remain, a "Designated" or "Qualified" settlement fund within the meaning of Section 468B of the Internal Revenue Code of 1986 (as amended, the "Tax Code") and the regulations promulgated pursuant the Tax Code (the "Treasury Regulations"). The Diocese shall be the "Transferor" within the meaning of Treasury Regulation Section 1.468B-1(d)(1). The Trustee shall be classified as the "Administrator" within the meaning of Treasury Regulation Section 1.468B-2(k)(3).

9.2. All Events Test and Economic Performance Requirement. It is intended that the transfer of the Trust Assets to the Trust shall satisfy the "All Events Test" and the "Economic Performance" requirement of Section 461(h)(1) of the Tax Code and Treasury Regulation Section 1.461-1(a)(2).

9.3. Employer Identification Number. Upon establishment of the Trust, the Trustee shall apply for an employer identification number for the Trust in accordance with Treasury Regulation Section 1.468B-2(k)(4).

9.4. Relation-Back Election. If applicable, the Trustee and the Diocese shall fully cooperate in filing a relation-back election under Treasury Regulation Section 1.468B-1(j)(2) to treat the Trust as coming into existence as a settlement fund as of the earliest possible date.

9.5. Filing Requirements. The Trustee shall cause to be filed, on behalf of the Trust, all required federal, state, and local tax returns in accordance with the provisions of Treasury Regulation Section 1.468B-2(k)(1). The Diocese shall file an election statement satisfying the

requirements of Treasury Regulation Section 1.468B-1(k)(2)(ii) so that the Trust is treated as a grantor trust under Section 671 of the Tax Code and the Treasury Regulations. The election statement shall be included with the Trust's first timely filed trust income tax return. The Diocese shall supply to the Trustee and to the Internal Revenue Service the statement described in Treasury Regulation Section 1.468B-3(e)(2) no later than February 15 of the year following each calendar year in which the Diocese makes a transfer to the Trust.

9.6. Broad Powers of the Trustee. The Trustee is empowered to take all actions, including any action consistent with those expressly set forth in Article IX of this Trust Agreement, as the Trustee deems necessary to reasonably ensure that the Trust is treated as a "Designated" or "Qualified" settlement fund under Section 468B of the Tax Code and the Treasury Regulations. Further, the Trustee may, unilaterally and without order from the Bankruptcy Court, amend, either in whole or in part, any administrative provision of this Trust Agreement which causes unanticipated tax consequences or liabilities inconsistent with Article IX of this Trust Agreement.

ARTICLE X **BENEFICIARIES**

10.1. Register. The Trustee shall keep a register (the "Register") in which the Trustee shall at all times maintain the (i) names and addresses of the Beneficiaries and the actual distributions made to the Beneficiaries pursuant to the Plan. The Trustee may rely upon the Register for the purposes of delivering distributions or notices. In preparing and maintaining this Register, the Trustee may rely on the name and address of each holder of a Claim as set forth in a proof of claim filed by the holder, or proper notice of a name or address change, which has been delivered by the Beneficiary to the Trustee. The Trustee shall be obligated to maintain the confidentiality of all names, addresses, and any and all other personally identifying information of the Beneficiaries provided to the Trustee.

10.2. Rights of Beneficiaries. The rights of a Beneficiary under this Trust Agreement shall, upon the death or incapacity of an individual Beneficiary, pass to the legal representative of the Beneficiary. A Beneficiary shall have no title to, right to, possession of, management of, or control of the Trust Assets, or any right to call for a partition or division of the Trust Assets. Title to all the Trust Assets shall be vested in the Trustee, and the sole interest of the Beneficiaries shall be the rights and benefits given to the Beneficiaries under this Trust Agreement, the Plan, the Confirmation Order, and the Tort Claims Distribution Plan.

10.3. Tax Identification Numbers. The Trustee shall require any Beneficiary to furnish to the Trustee the Beneficiary's employer or taxpayer identification number or social security number as assigned by the IRS, and other records or documents necessary to satisfy the Trustee's tax reporting obligations (including, but not limited to, certificates of non-foreign status). The Trustee shall condition the payment of any distribution to any Beneficiary upon receipt of the number and records or documents.

ARTICLE XI.
MISCELLANEOUS PROVISIONS

11.1. Plan Incorporation. The terms of the Plan and the Confirmation Order are incorporated into this Trust Agreement. In the event of any conflict between the terms of this Trust Agreement and the Plan, the terms of the Plan shall govern.

11.2. Notices. All notices or deliveries required or permitted under this Trust Agreement shall be given as directed in the Plan, to the following:

11.3. Waiver. No failure or delay of any party to exercise any right or remedy pursuant to this Trust Agreement shall affect the right or remedy or constitute a waiver by the party of any right or remedy pursuant to this Trust Agreement. Resort to one form of remedy shall not constitute a waiver of alternative remedies.

11.4. Reimbursement of Costs. If the Trustee or the Trust, as the case may be, is the prevailing party in a dispute regarding the provisions of this Trust Agreement or the enforcement of a provision of this Trust Agreement, the Trustee or the Trust, as the case may be, shall be entitled to collect from the non-prevailing party any and all costs, reasonable and documented out-of-pocket expenses and fees, including attorneys' fees, incurred in connection with the dispute or enforcement action.

11.5. Entirety of Trust Agreement. This Trust Agreement supersedes any and all prior oral discussions and agreements with respect to the subject matter in this Trust Agreement. This Trust Agreement, together with the Exhibits to the Trust Agreement, the Plan, and the Confirmation Order, contain the sole and entire Trust Agreement and understanding with respect to the matters addressed in the Trust Agreement. It is acknowledged that there are no communications or oral understandings that are contrary to, or that in any way restrict, this Trust Agreement and that all prior agreements or understandings within the scope of the subject matter of this Trust Agreement are, upon execution and delivery of this Trust Agreement, superseded, null, and void.

11.6. Counterparts. This Trust Agreement may be executed in two or more counterparts, with the same effect as if all signatures on the counterparts appeared on one document, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Facsimile signatures or signatures delivered by any other electronic means shall have the same force and effect as original signatures.

11.7. Captions. The captions of Articles and Sections are included for convenience only and are to be disregarded in interpreting this Trust Agreement.

11.8. Representation. It is acknowledged that each of the parties to this Trust Agreement has reviewed this Trust Agreement and has consulted counsel, or knowingly chose not to consult counsel, before executing this Trust Agreement. Each of the parties to this Trust Agreement relied upon its own judgment and that of its counsel in executing this Trust Agreement and has not relied on, or been induced by, any representation, statement, or act by any party that is not referred to in this instrument. It is specifically acknowledged and understood that this Trust Agreement has

not been submitted to, nor reviewed or approved by, the Internal Revenue Service or the taxing authorities of any state or territory of the United States of America. Each of the parties entered into this Trust Agreement voluntarily, with full knowledge of its significance, and the Trust Agreement is, in all respects, complete and final.

11.9. Interpretation. This Trust Agreement has been reached through negotiations between the parties to this Trust Agreement. Each of the parties to this Trust Agreement acknowledges that the party has participated in the drafting of this Trust Agreement and reviewed the terms of the Trust Agreement and, as such, no rule of construction shall apply which might result in this Trust Agreement being construed in favor or against any of the parties, including without limitation, any rule of construction to the effect that ambiguities ought to be resolved against the drafting party. The parties to this Trust Agreement have used their own judgment in entering into this Agreement.

11.10. Savings Clause. If any clause or provision of this Trust Agreement shall for any reason be held invalid or unenforceable by the Bankruptcy Court or any other court with competent jurisdiction, such invalidity or unenforceability shall not affect any other clause or provision in this Trust Agreement, but this Trust Agreement shall be construed, insofar as reasonable to effectuate the purpose of this Trust Agreement, as if the invalid or unenforceable provision had never been contained in the Trust Agreement.

11.11. Applicable Law. This Trust Agreement shall be administered under, governed by, and enforced according to the laws of the State of New Jersey applicable to contracts and trust agreements made and to be performed in this Trust Agreement, except that all matters of federal tax law and the Trust's compliance with Section 468B of the Tax Code and any Treasury Regulations shall be governed by federal tax law and all matters of federal bankruptcy law shall be governed by the Bankruptcy Code and federal bankruptcy law.

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Exhibit E to Disclosure Statement

Liquidation Analysis

**Diocese of Camden
Liquidation Analysis
As of 12/31/21**

	<u>12/31/2021</u>	<u>Adjustments</u>		<u>Liquidation Value</u>
		<u>fn</u>	<u>Amount</u>	
<u>Current Assets</u>				
Cash and Cash Equivalents	\$ 13,967,874	1	\$ (6,067,476)	\$ 7,900,398
Accounts and grants receivable	34,190,826	2	(34,190,826)	-
Allowance on AR	(26,208,676)	2	26,208,676	-
Pledges receivable, net	2,525,231	2	(2,525,231)	-
Inventory	120,738	3	(90,554)	30,185
Investments	12,078,166		-	12,078,166
Prepaid insurance	4,293,112	4	(4,293,112)	-
Loans receivable	41,935,544	5	(41,935,544)	-
Allowance on loans	(28,182,363)	5	28,182,363	-
Total Current Assets	\$ 54,720,452		\$ (34,711,703)	\$ 20,008,749
<u>Property and Equipment</u>				
Appraised equipment	192,620	6	-	192,620
Real estate	20,470,000	7	(2,047,000)	18,423,000
Total Property and Equipment	\$ 20,662,620		\$ (2,047,000)	\$ 18,615,620
Total Assets	\$ 75,383,072		\$ (36,758,703)	\$ 38,624,369

footnotes

- 1 - Cash net of adjustments including restricted cash of \$5.2m and \$0.9m in an employee health insurance account.
- 2 - Presumes accounts receivable and grants uncollectable in Chapter 7.
- 3 - Presumes discount of 75% to liquidate.
- 4 - Presumes no recovery on prepaid insurance.
- 5 - Presumes no recovery on parish loans in Chapter 7 due to collection difficulties, offsets and defenses.
- 6- Equipment appraisals from A. Atkins.
- 7 - Real estate appraisal from Binswanger with 10% reduction for closing and other costs of sale.

**Diocese of Camden
Liquidation Analysis
As of 12/31/21**

	<u>fn</u>	<u>Amount</u>
Liquidation value of Assets		\$ 38,624,369
Less:		
Chapter 7 Administration fees		7,000,000
Chapter 11 Administrative fees	1	12,000,000
Cemetery reserve	2	2,305,000
WARN Act claims	3	1,500,000
Other Administrative claims		1,000,000
Priority claims		TBD
Total Admin & Priority Claims		<u>\$ 23,805,000</u>
Amount Available for Unsecured Creditors		<u><u>\$ 14,819,369</u></u>
Estimated general unsecured claims	4	\$ 97,392,526
Percentage Distribution in Hypothetical Chapter 7		<u><u>15.2%</u></u>

footnotes

- 1 - Includes US Trustee statutory quarterly fees and professional fees.
- 2 - Current Statutory Reserve requirement for future upkeep and maintenance based on actuarial report.
- 3 - Approximately two months of payroll and related costs.
- 4 - PNC loan (\$22.8m), Abuse claims (\$34m), pension liability (\$18.2), Cemetery liability (\$18.5m), Health Insurance IBNR (\$1.5m) and other payables (\$2m).

Exhibit F to Disclosure Statement

Trust Distribution Plan

**DIOCESE OF CAMDEN, NEW JERSEY
TRUST DISTRIBUTION PLAN**

**ARTICLE I
DEFINITIONS**

1.1. Capitalized Terms.

Capitalized terms used in this Trust Distribution Plan shall have the meanings given them in the Plan, the Trust Agreement, or the Bankruptcy Code, unless otherwise defined herein, and such definitions are incorporated in this Trust Distribution Plan by reference.

**ARTICLE II
RULES OF INTERPRETATION AND GENERAL GUIDELINES**

2.1. Purpose

This Trust Distribution Plan is designed to provide guidance to the Tort Claim Reviewer in determining the amount of each Tort Claim under the Plan by assigning to each such Claim a value pursuant to the Evaluation Factors below.

2.2. General Principles

As a general principle, this Trust Distribution Plan intends to set out a procedure that provides substantially the same treatment to holders of similar Tort Claims. The range of values set forth in the Evaluation Factors below and the discretion given to the Tort Claim Reviewer to determine and to adjust the value to be assigned to a particular Tort Claim are intended to reflect the relative values of Tort Claims.

2.3. Sole and Exclusive Method

The Evaluation Factors set forth below shall be the sole and exclusive method by which a Tort Claimant may seek allowance and distribution of such Claim. Although the factors collectively comprise the methodology that must be applied in reviewing Claims, the Tort Claim Reviewer may, as indicated below, take into account considerations in addition to those identified herein when evaluating a Claim within the parameters of the delineated factors.

2.4. Interpretation

The terms of the Plan shall prevail if there is any discrepancy between the terms of the Plan and the terms of these Procedures.

2.5. Confidentiality and Privilege

All information that the Tort Claim Reviewer receives from any source about any Tort Claimant shall be held in strict confidence and shall not be disclosed absent an Order of the Bankruptcy Court or the written consent of the Tort Claimant (or such Claimant's counsel of record). All information the Tort Claim Reviewer receives from any Tort Claimant (including

from counsel to such Claimant) shall be subject to a mediation privilege and receipt of such information by the Tort Claim Reviewer shall not constitute a waiver of any attorney-client privilege or attorney work-product claim or any similar privilege or doctrine.

2.6. Tort Claim Reviewer

[•] is the Tort Claim Reviewer. The Tort Claim Reviewer shall conduct a review of each of the Tort Claims and, according to the guidelines set forth below, shall make determinations upon which individual monetary distributions will be made subject to the Plan and the Trust Agreement.

ARTICLE III **PROCEDURE**

3.1. Allowance of a Tort Claim

A Tort Claim shall be allowed if the Tort Claim Reviewer determines the Tort Claimant proved his or her claim by a preponderance of the evidence. If necessary, the Tort Claim Reviewer can ask for additional information to make this determination. The Tort Claimant may refuse such a request at his or her own risk.

3.2. Claim Amount Determination

If a Tort Claim is allowed, the Tort Claim Reviewer shall determine the amount of such Tort Claim by assigning such Tort Claim a value pursuant to the Evaluation Factors. The Tort Claim Reviewer shall consider all of the facts and evidence presented by the Tort Claimant in the Tort Claimant's filed Proof of Claim or, if the Tort Claimant did not file a Proof of Claim prior to the Effective Date, the Proof of Claim form submitted by the Tort Claimant to the Tort Claim Reviewer after the Effective Date. Tort Claimants may supplement their filed Proofs of Claim to provide additional information to the Tort Claim Reviewer until thirty (30) days after a plan is confirmed. Tort Claimants shall have no later than thirty (30) days from the Confirmation Date to provide the Tort Claim Reviewer with any additional information. The Tort Claim Reviewer may consider the credibility of the Tort Claimant and the facts alleged in support of the Claim and, in the Tort Claim Reviewer's sole discretion, reduce or deny the Tort Claim.

3.3. Determinations by the Tort Claim Reviewer

The Tort Claim Reviewer shall notify each Tort Claimant in writing of the expected monetary distribution with respect to the Tort Claimant's claim, which distribution may be greater or smaller than the actual distribution to be received based on the outcome of any reconsideration claims. The Tort Claim Reviewer's determination shall be final unless the Tort Claimant makes a timely request for the point award to be reconsidered by the Tort Claim Reviewer. The Tort Claimant shall not have a right to any other appeal of the Tort Claim Reviewer's point award.

3.4. Requests for Reconsideration

The Tort Claimant may request reconsideration by delivering a written request for reconsideration to the Tort Claim Reviewer within ten (10) calendar days after the date of mailing of the notice of the preliminary monetary distribution. Each written request must be accompanied by a check for the reconsideration fee, five hundred dollars (\$500.00). The Tort Claimant, with the request for reconsideration, may submit additional evidence and argument in support of such request. The Tort Claimant's monetary distribution amount may go up or down as a result of his or her request for reconsideration. The Tort Claim Reviewer shall have sole discretion to determine how to respond to the request for reconsideration. The Tort Claim Reviewer's determination of such request for reconsideration shall be final and not subject to any further reconsideration, review or appeal by any party, including a court.

3.5. Distribution to Holders of Class 5 Claims

Once the Tort Claim Reviewer has made all reconsideration determinations, the Trust Administrator shall determine the dollar value of each Class 5 Claimant's actual distribution based on the Class 5 Claimant's pro rata share of the total final points assigned pursuant to this distribution and the available funds for distribution. The Trust Administrator shall then make payment to Class 5 Claimants in accordance with the Trust Administrator's powers and duties under Section 3.2.8 of the Trust Agreement.

3.6. Distribution to Holders of Class 6 Claims

The Tort Claim Reviewer will also assign a total point value to each claim determined to be an Unknown Tort Claim. The Trust Administrator shall then make a distribution to each holder of Class 6 Claims from the Unknown Tort Claim Reserve pursuant to the following: the points assigned by the Tort Claim Reviewer for each Unknown Tort Claim divided by the combined total points of all Unknown Tort Claims multiplied by the amount held in the Unknown Claim Reserve.

3.7. Deceased Abuse Survivors

The Tort Claim Reviewer shall review the claim of a deceased Tort Claimant without regard to the Claimant's death, except that the Tort Claim Reviewer may require evidence that the person submitting the claim on behalf of the decedent is authorized to do so.

ARTICLE IV

GUIDELINES FOR ALLOCATION FOR ABUSE TORT CLAIMS

4.1. Evaluation Factors

Each Tort Claim will be evaluated by the Tort Claim Reviewer. Each Claim will be assigned points according to the following system (the "Evaluation Factors").

- a) **Nature of Abuse & Circumstances.** A point value ranging from 0 to 55 should be allocated for this section. Considerations should include, but are not limited to, the following factors:

1. The duration and/or frequency of the abuse;
2. Type of abuse: e.g. penetration, attempted penetration, masturbation, oral sex, touching under the clothing, touching over the clothing, removing of clothing covering genitals, exposure of perpetrator's genitals, kissing, sexualized talk;
3. Circumstances of abuse:
 - i. grooming behaviors including but not limited to special privileges, special activities, and attention, social relationship with parents, personal relationship with claimant, opportunity to experience sports or activities, isolation from others, use of alcohol or illicit drugs by abuser or claimant or use of or exposure to pornography;
 - ii. coercion or threat or use of force or violence, stalking;
 - iii. relationship of claimant to perpetrator including but not limited to whether claimant was a parishioner or student, held perpetrator in high regard, whether perpetrator was in position of trust, whether perpetrator had unsupervised access to claimant, and whether claimant valued relationship with perpetrator;
 - iv. location of abuse, including but not limited to isolated location, Tort Claimant's home, rectory, church, cabin, orphanage, boarding school, trip.

b) **Impact of the Abuse.** Overall, this category looks to how the abuse impacted the claimant. This includes how the abuse impacted the claimant's mental health, physical health, spiritual well-being, inter-personal relationships, vocational capacity or success, academic capacity or success, and whether the abuse at issue resulted in legal difficulties for the claimant. Some of these considerations may include the below factors, but the below list is not intended to be exhaustive. A point value ranging from 0 to 40 should be allocated for this section.

The Tort Claim Reviewer should consider, along with any and all other relevant factors, whether the abuse at issue manifested, or otherwise led the claimant to experience, or engage in behaviors resulting from:

1. **Mental Health Issues:** This includes but is not limited to anxiety, depression, post-traumatic stress disorder, substance abuse, addiction, embarrassment, fear, flashbacks, nightmares, sleep issues, sleep disturbances, exaggerated startle response, boundary issues, self-destructive behaviors, guilt, grief, homophobia, hostility, humiliation, anger, isolation, hollowness, regret, shame, isolation, sexual addiction, sexual problems, sexual identity confusion, low self-esteem or self-image, bitterness, suicidal ideation and suicide attempts.
2. **Physical Health Issues:** This includes but is not limited to physical manifestations of emotional distress, gastrointestinal issues, headaches, high blood pressure, physical manifestations of anxiety, erectile dysfunction, heart palpitations,

sexually-transmitted diseases, physical damage caused by acts of abuse, reproductive damage, self-cutting and other self-injurious behavior.

3. **Spiritual Wellbeing:** This includes but is not limited to loss of faith in God, loss of faith and trust in religion and spiritual distress.
 4. **Interpersonal Relationships:** This includes but is not limited to problems with authority figures, hypervigilance, sexual problems, marital difficulties, problems with intimacy, lack of trust, isolation, betrayal, impaired relations, secrecy, social discreditation and isolation; damage to family relationships, and fear of children or parenting.
 5. **Vocational Capacity:** This includes but is not limited to under- and un-employment, difficulty with authority figures, difficulty changing and maintaining employment, feeling of unworthiness or guilt related to financial success.
 6. **Academic Capacity:** This includes but is not limited to school behavior problems.
 7. **Legal Difficulties:** This includes but is not limited to criminal difficulties, bankruptcy, fraud.
- c) **Claimant Involvement.** The Tort Claim Reviewer shall consider that all Claimants have benefited from the work and cost incurred by those Claimants who have previously asserted claims against the Diocese and have participated in the legal and factual development of claims against the Diocese. A point value ranging from 0 to 5 should be allocated for this section.

The Tort Claim Reviewer should consider factors including but not limited to whether the Claimant has filed a lawsuit; whether the Claimant and/or the Claimant's family has been subject to a deposition, mediation or interview; whether the Claimant has participated on the committee representing survivors; and whether the Claimant participated in publicizing the issue of clergy sex abuse which has benefitted all claimants.

ARTICLE V

ADDITIONAL PROVISIONS

5.1. Reduction

If the Tort Claimant's abuser(s) belonged to a religious order, the Tort Claimant's final monetary distribution shall be reduced by thirty-three percent (33%). If the reduction result is not a whole number, the Tort Claim Reviewer should round up to the nearest whole number.

If the Tort Claimant received a monetary distribution from another diocese or archdiocese on account of the same Abuse that is the subject of his or her Tort Claim, the Tort Claimant's final monetary distribution shall be reduced by fifty percent (50%). If the reduction result is not a whole number, the Tort Claim Reviewer should round up to the nearest whole number.

If a Tort Claimant is also a clergy abuser in another allowed Tort Claim, then his points will be reduced by the number of points allocated to his victim(s).

5.2. Minimum Point Allocation

Notwithstanding anything to the contrary herein or in the Plan, every holder of an allowed Tort Claim shall receive a point allocation of at least 15, unless the Claim is disallowed in its entirety by an Order of the Bankruptcy Court or a decision by the Tort Claim Reviewer.

Exhibit G to Disclosure Statement

List of Covered Parties

MISSIONS - TITLE 15A

Mater Ecclesiae Chapel, Inc.
261 Cross Keys Road
Berlin, NJ 08009

St. Yi Yun Il John Korean Catholic Mission
2001 Springdale Road
Cherry Hill NJ 08003

Saint Andrew Kim Korean Catholic Mission, Inc.
631 Market Street
Camden, New Jersey 08102

PARISHES & PARISH SCHOOLS – TITLE 16

Divine Mercy Parish, Vineland, N.J.
23 West Chestnut Avenue
Vineland, NJ 08360

The Church of Our Lady of the Angels, Cape May Court House, N.J.
35 East Mechanic Street
Cape May Court House, NJ 08210

Church of the Holy Family, Washington Township
226 Hurffville Road
Sewell, NJ 08080

Christ the Good Shepherd Parish, Vineland, N.J.
1655 Magnolia Road
Vineland, NJ 08361

Holy Angels Parish, Woodbury, N.J.
64 Cooper Street
Woodbury, NJ 08096

St. Peter's Catholic Church Merchantville, N.J.
43 West Maple Avenue
Merchantville, NJ 08109

Our Lady of Guadalupe Parish, Lindenwold, N.J.
135 North White Horse Pike
Lindenwold, NJ 08021

Mary, Mother of Mercy Parish, Glassboro
500 Greentree Road
Glassboro, NJ 08028

St. Joseph's Catholic Church, Sea Isle City, N.J.
126 44th Street
Sea Isle City, NJ 08243

Saint Gabriel the Archangel Parish, Carneys Point, N.J.
369 Georgetown Road
Carneys Point, NJ 08069

Church of Saint Elizabeth Ann Seton, Absecon, N.J.
591 New Jersey Avenue
Absecon, NJ 08201

Saint Simon Stock Parish, Berlin, N.J.
178 West White Horse Pike
Berlin, NJ 08009

The Church of Our Lady, Star of the Sea, Cape May
520 Lafayette Street
Cape May, NJ 08204

Catholic Community of the Holy Spirit, Mullica Hill, N.J.
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Mullica Hill, NJ 08062

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4824 Camden Avenue
Pennsauken, NJ 08110

Holy Child Parish, Runnemede, N.J.
13 East Evesham Road
Runnemede, NJ 08078

R.C. Church of the Incarnation, Township of Mantua, New Jersey
240 Main Street
Mantua, NJ 08051

Church of Our Lady of the Lakes, Collings Lakes, N. J.
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Collings Lakes, NJ 08094

Church of St. Rose of Lima, Haddon Heights, N.J.
300 Kings Highway
Haddon Heights, NJ 08035

The Church of the Sacred Heart
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Camden, NJ 08104

The Church of Our Lady of Sorrows, Linwood, N.J.
724 Maple Avenue
Linwood, NJ 08221

St. Vincent de Paul Parish, Mays Landing, N.J.
5021 Harding Highway
Mays Landing, NJ 08330

Our Lady of the Blessed Sacrament Parish, Newfield, N.J.
104 Catawba Avenue
Newfield, NJ 08344

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426 Monmouth Street
Gloucester, NJ 08030

St. Joseph's Catholic Church, East Camden
2907 Federal Street
Camden, NJ 08105

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621 Dock Street
Millville, NJ 08332

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809 Park Avenue
Collingswood, NJ 08108

The Parish of St. Maximilian Kolbe, Marmora, N.J.
200 Tuckahoe Road
Marmora, NJ 08223

St. Brendan the Navigator Parish, Avalon, N.J.
5012 Dune Drive
Avalon, NJ 08202

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11 North Kenyon Avenue
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331 8th Street South
Brigantine, NJ 08203

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318 Carl Hasselhan Drive
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Somers Point, NJ 08244

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2651 Atlantic Avenue
Atlantic City, NJ 08401

The Church St. Thomas More, Cherry Hill, New Jersey
1439 Springdale Road
Cherry Hill, NJ 08003

Saint Damien Parish, Ocean City, N.J.
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Most Precious Blood Parish, Collingswood, N.J.
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Clayton, NJ 08312

The Church of Saint Katharine Drexel, McKee City, New Jersey
6075 West Jersey Avenue
Egg Harbor Township NJ 08234

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2221 NJ State Highway Route 9
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St. Joseph Child Development Center, Inc.
17 Church St.
Camden, NJ 08105

OTHER CATHOLIC ENTITIES

Catholic Charities, Diocese of Camden, Inc.
1845 Haddon Avenue
Camden, NJ 08103

Diocese of Camden Trusts, Inc.
631 Market Street
Camden, New Jersey 08102

Diocese of Camden Healthcare Foundation, Inc.
631 Market Street
Camden, NJ 08103

The Diocese Housing Services Corporation
of the Diocese of Camden, Inc.
1845 Haddon Avenue
Camden, NJ 08103

The Tuition of Assistance Fund, Inc,
631 Market Street
Camden, NJ 08103

Padre Pio Shrine, Buena Borough, NJ, Inc.
3665 North Mill Road
Vineland, NJ 08360

Exhibit H to Disclosure Statement

List of Released Parties

OTHER CATHOLIC ENTITIES

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The Parish of St. John Neumann, North Cape May, N.J.
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The Bishop James T. McHugh Regional School, Inc.
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St. Joseph Child Development Center, Inc.
17 Church St.
Camden, NJ 08105

Exhibit I to Disclosure Statement

IVCP Analysis

The Diocese of Camden

IVCP SURVIVOR CLAIMS PAID - ADJUSTMENT SUPPORT

- Outlined below is a summary of the percentage impact on the value of claims due to the stepdown in category under the IVCP survivor claims paid.

Category	# of Beginning Claims ⁽¹⁾	# of Ending Claims ⁽²⁾	Average Award Paid by Category ⁽³⁾	Estimated Amount Based on Average Award ⁽⁴⁾	Actual Award Paid ⁽⁵⁾	% Impact ⁽⁶⁾
Category 1	3	3	\$ 4,167	\$ 12,501	\$ 12,500	(0.0%)
Category 2	2	4	30,000	60,000	75,000	25.0%
Category 3	14	16	40,000	560,000	510,000	(8.9%)
Category 4	15	21	83,000	1,245,000	1,155,000	(7.2%)
Category 5	10	12	142,000	1,420,000	1,235,000	(13.0%)
Category 6	15	9	178,000	2,670,000	2,145,000	(19.7%)
Category 7	12	6	383,000	4,596,000	2,970,000	(35.4%)
Total				\$ 10,563,501	\$ 8,102,500	(23.3%)

Notes: Based on IVCP Survivor Claims Paid

- ¹⁾ Number of claims prior to stepdown adjustments. Adjustments were made based on inconsistent details / lack of support.
- ²⁾ Number of claims under each category after stepdown adjustments.
- ³⁾ Average award paid under each category per the IVCP program.
- ⁴⁾ Illustrative amounts to show what the award would have been assuming there was no stepdown.
- ⁵⁾ Actual award paid to claimants under the IVCP program.
- ⁶⁾ Implied adjustment per category based on stepdowns.

Exhibit J to Disclosure Statement

Tort Claim Analysis

The Diocese of Camden Survivor Claims Summary

CLAIMS SUMMARY					
Category	Description of Abuse	Range of Compensation	Count Per Category	Total Award Determined	Average Award Determined
CATEGORY I	Sex talk, no physical touching	\$0- \$25,000	0	\$ -	\$ -
CATEGORY II	Nudity/Pornography - nophysical touching	\$25,000 - \$50,000	4	\$ 120,000	\$ 30,000
CATEGORY III	Fondling over clothing	\$50,000 - \$100,000	26	\$ 930,714	\$ 35,797
CATEGORY IV	Fondling under clothing	\$100,000 - \$150,000	28	\$ 2,038,530	\$ 72,805
CATEGORY V	Masturbation	\$150,000 - \$200,000	38	\$ 4,588,000	\$ 120,737
CATEGORY VI	Oral sex	\$200,000 - \$350,000	53	\$ 7,451,500	\$ 140,594
CATEGORY VII	Penetration	\$350,000 - \$500,000	75	\$ 17,555,000	\$ 234,067
TOTAL			224	\$ 32,683,744	\$ 145,910

CLAIMS SUMMARY - SPECIAL CLAIMS*					
Category	Description of Abuse	Average Compensation	Count Per Category	Total Award Determined	Average Award Determined
CATEGORY I	Sex talk, no physical touching	\$0	0	\$ -	\$ -
CATEGORY II	Nudity/Pornography - nophysical touching	\$5,000	1	\$ 5,000	\$ 5,000
CATEGORY III	Fondling over clothing	\$10,000	8	\$ 75,000	\$ 9,375
CATEGORY IV	Fondling under clothing	\$15,000	9	\$ 135,000	\$ 15,000
CATEGORY V	Masturbation	\$20,000	11	\$ 220,000	\$ 20,000
CATEGORY VI	Oral sex	\$30,000	16	\$ 480,000	\$ 30,000
CATEGORY VII	Penetration	\$40,000	20	\$ 800,000	\$ 40,000
TOTAL			65	\$ 1,715,000	\$ 26,385

TOTAL INCLUDING SPECIAL CLAIMS			289	\$ 34,398,744	\$ 119,027
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Notes:

* Special claims reflect claims previously valued at \$0 due to inconsistent details / allegations not consistent with background facts.

Exhibit K to Disclosure Statement
Insurance Settlement Agreement

SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement and Release (hereinafter the “**Agreement**”) which is effective on the “**Effective Date**”, is made this ----- day of February, 2022, by and between The Diocese of Camden, New Jersey (“**DOC**”)¹ and the other “**DOC Entities**” on the one hand, and on the other hand certain Underwriters at Lloyd’s, London, and certain London Market Insurance Companies (collectively, “**London Market Insurers**”), “**Interstate**”, “**National Catholic**”, the “**AIG Insurers**”, and the “**Century Insurers**” (collectively, “**Certain Settling Insurers**”). (The aforementioned parties are referred to hereinafter collectively as the “**Parties**” or individually as a “**Party**”).

WITNESSETH THAT:

WHEREAS, certain “**Persons**”, alleging injuries from “**Abuse**”, asserted “**Tort Claims**” against certain DOC Entities;

WHEREAS, certain DOC Entities incurred, and may incur in the future, liabilities, expenses, and losses arising out of the Tort Claims;

WHEREAS, each London Market Insurer severally subscribed the “**LMI Insurance Policies**,” Interstate issued the “**Interstate Insurance Policies**,” National Catholic issued the “**National Catholic Insurance Policies**”, the Century Insurers issued the “**Century Insurers Insurance Policies**”, and the AIG Insurers issued the “**AIG Insurers Insurance Policies**” allegedly providing insurance to the DOC Entities;

WHEREAS, the London Market Insurers entered into the “**First LMI Settlement**”;

WHEREAS, the LMI Insurance Policies listed on Attachment A-1, the Interstate Insurance Policies listed on Attachment A-2, the National Catholic Insurance Policies listed on Attachment A-3, the AIG Insurers Insurance Policies listed on Attachment A-4, and the Century Insurers Insurance Policies listed on Attachment A-5 are property of DOC’s bankruptcy estate;

WHEREAS, certain DOC Entities tendered “**Coverage Claims**” to the Certain Settling Insurers to seek insurance coverage for the Tort Claims;

WHEREAS, the Certain Settling Insurers dispute the Coverage Claims;

WHEREAS, to address its liabilities for the Tort Claims, on the “**Petition Date**” DOC filed the “**Bankruptcy Case**” in the “**Bankruptcy Court**”;

WHEREAS, on October 21, 2020, DOC filed the “**Insurance Coverage Action**” as an adversary proceeding in the Bankruptcy Court;

WHEREAS, several London Market Insurers, Interstate, National Catholic, the AIG Insurers, and the Century Insurers are named defendants in the Insurance Coverage Action, and dispute the

¹ Terms in bold, inside quotation marks, are defined in Section 1, Definitions.

substantive allegations and Coverage Claims asserted against them in the Insurance Coverage Action;

WHEREAS, National Union is not named as a defendant in the Insurance Coverage Action, but agreed to a settlement and is a Certain Settling Insurer;

WHEREAS, on October 23, 2020, the United States Trustee appointed the “**Committee**” to represent the Tort Claimants;

WHEREAS, on February 25, 2021, the Century Insurers filed the “**Bar Date Appeal**”;

WHEREAS, on March 12, 2021, the London Market Insurers and Interstate, respectively, filed Answers in the Insurance Coverage Action, disputing the one remaining claim against them; and National Catholic, the Century Insurers, and the AIG Insurers also filed Answers disputing the claims against them;

WHEREAS, on March 12, 2021, the London Market Insurers filed the “**Reference Motion**”;

WHEREAS, on April 7, 2021, DOC and the Committee jointly filed the “**Mediation Motion**”;

WHEREAS, the Bankruptcy Court (i) entered the “**Mediation Order**” approving the Mediation Motion, appointing the “**Mediator**”; and (ii) ordered the “**Mediation Parties**” to mediate the Tort Claims and the Coverage Claims;

WHEREAS, whether or not they (i) were subject to the Tort Claims; or (ii) asserted Coverage Claims against the Certain Settling Insurers, the DOC Entities are settling with and releasing the “**Certain Settling Insurer Entities**” pursuant to this Agreement;

WHEREAS, it is the intention of the Parties that the DOC Entities shall sell, assign, and transfer (i) the LMI Insurance Policies to the London Market Insurers, and the London Market Insurers shall buy back the LMI Insurance Policies and pay the “**LMI Buy Back Payment**” and the “**LMI Plan Payment**” to the “**Trust**”; (ii) the Interstate Insurance Policies to Interstate, and Interstate shall buy back the Interstate Insurance Policies and pay the “**Interstate Buy Back Payment**” and the “**Interstate Plan Payment**” to the Trust; (iii) the National Catholic Insurance Policies to National Catholic, and National Catholic shall buy back the National Catholic Insurance Policies and pay the “**National Catholic Buy Back Payment**” and the “**National Catholic Plan Payment**” to the Trust; (iv) the AIG Insurers Insurance Policies to the AIG Insurers, and the AIG Insurers shall buy back the AIG Insurers Insurance Policies and pay the “**AIG Insurers Buy Back Payment**” and the “**AIG Insurers Plan Payment**” to the Trust; (v) the Century Insurers Insurance Policies to the Century Insurers, and the Century Insurers shall buy back the Century Insurers Insurance Policies and pay the “**Century Insurers Buy Back Payment**” and the “**Century Insurers Plan Payment**” to the Trust (the “**Plan Payments**” listed above are referred to hereinafter collectively as the “**Plan Payments**” and the “**Buy-Back Payments**” listed above are referred to hereinafter collectively as the “**Buy-Back Payments**”);

WHEREAS, upon the “**Settlement Payment Date**”, London Market Insurers shall each pay their respective, several shares of the “**LMI Settlement Amount**”, and Interstate, National Catholic,

the AIG Insurers, and the Century Insurers shall each pay their respective “**Settlement Amounts**”, to the Trust for the benefit of the “**Channeled Claimants**”;

WHEREAS, it is the intention of the Parties that any and all “**Interests**” in or to the “**Subject Insurance Policies**” be extinguished, ended, and forever terminated;

WHEREAS, it is the intention of the Parties that (i) the DOC Entities shall (a) not retain any right, title, or Interest in or to the “**Subject Insurance Policies**”; and (b) release the Certain Settling Insurer Entities from all “**Released Claims**”; and (ii) none of the Certain Settling Entities shall have any remaining duty or obligation of any nature whatsoever to any DOC Entity;

WHEREAS, DOC agrees to use commercially reasonable efforts to obtain the Settling Insurer Supplemental Injunction for the benefit of the “**Settling Insurers**,” pursuant to the “**Plan**”;

WHEREAS, subject to the Court entering the orders contemplated by this Agreement, upon the Trust’s receipt of the (i) LMI Plan Payment, each of the London Market Insurer Entities will be protected by the “**Settling Insurer Supplemental Injunction**” and the “**Channeling Injunction**”; (ii) the Interstate Plan Payment, each of the Interstate Entities shall be protected by the Settling Insurer Supplemental Injunction and the Channeling Injunction ; (iii) the National Catholic Plan Payment, each of the National Catholic Entities shall be protected by the Settling Insurer Supplemental Injunction and the Channeling Injunction; (iv) the AIG Insurers Plan Payment, each of the each pf the AIG Insurers Entities shall be protected by the Settling Insurer Supplemental Injunction and the Channeling Injunction; and (v) the Century Insurers Plan Payment, each of the each pf the Century Insurers Entities shall be protected by the Settling Insurer Supplemental Injunction and the Channeling Injunction;

WHEREAS, by this Agreement, the Parties intend to adopt, by way of compromise, and without prejudice to or waiver of their respective positions in other matters, without further trial or adjudication of any issues of fact or law, and without the Certain Settling Insurers’ admission of liability or responsibility under the Subject Insurance Policies, a full and final settlement that releases and terminates all Interests and obligations of the Certain Settling Insurer Entities, and the DOC Entities, with respect to the Subject Insurance Policies, including all rights, obligations, and liabilities relating to the “**Barred Claims**” and the “**Enjoined Claims**”, without prejudice to their respective positions on policy wordings or any other issues relating to the Insurance Coverage Action, the Coverage Claims, or otherwise.

AGREEMENTS:

NOW, THEREFORE, in full consideration of the foregoing and of the mutual agreements herein contained, and intending to be legally bound, the Parties agree as follows:

1. Definitions

The following definitions and the definitions used above apply to this Agreement as well as any exhibits or attachments hereto. Where the listed terms are further defined in the body of this Agreement, the definitions listed here nonetheless apply and shall serve to further explain the meaning of those terms. Each defined term stated in a singular form shall include the plural form, each defined term stated in plural form shall include the singular form, and each defined term

stated in the masculine form or in the feminine form shall include the other. The words “include,” “includes,” or “including” shall be deemed to be followed by the words “without limitation,” and the phrase “relating to” means “with regard to, with respect to, by reason of, on account of, based on, arising out of, relating to, or in any way connected with.” (The words “include,” “includes,” and “including,” and the phrase “relating to” are not capitalized herein.) This Agreement incorporates all attachments hereto to the same extent as if fully set forth herein. All references to “Sections” are references to sections of this Agreement unless otherwise specified.

a. Abuse

The term “**Abuse**” means (i) any actual, threatened, or alleged sexual conduct, misbehavior, abuse, or molestation, including any offense as defined in N.J.S.A. 2A:30B-2 and N.J.S.A. 2A:61B-1; (ii) indecent or lascivious behavior, undue familiarity, harassment, pedophilia, ephrophilia, or sexually-related physical, psychological, or emotional harm; (iii) contacts or interactions of a sexual nature; or (iv) assault, battery, corporal punishment, or other act of physical, psychological, or emotional abuse, humiliation, intimidation, or misconduct.

b. Action

The term “**Action**” means any lawsuit, proceeding, or other action in a court, or any arbitration.

c. Affiliates

The term “**Affiliates**” means all past, present, and future Persons that control, are controlled by, or are under common control with, another Person, including parents, subsidiaries, merged Persons, holding Persons, and acquired Persons, or any predecessor to such Person.

d. Agents

The term “**Agents**” means all past and present employees, officers, directors, agents, shareholders, principals, teachers, staff, members, boards, administrators, priests, deacons, brothers, sisters, nuns, other clergy, Persons bound by monastic vows, volunteers, attorneys, claims handling administrators, and representatives of a Person, in their capacities as such.

e. AIG Insurers

The term “**AIG Insurers**” means, collectively, Granite State Insurance Company, Lexington Insurance Company, and National Union Fire Insurance Company of Pittsburgh, PA.

f. AIG Insurers Bill of Sale

The term “**AIG Insurers Bill of Sale**” means a fully executed bill of sale evidencing the sale, assignment, and transfer of the AIG Insurers Insurance Policies to the AIG Insurers free and clear of all Interests of all Persons, including the Tort Claimants and the DOC Entities.

g. AIG Insurers Buy-Back Payment

The term “**AIG Insurers Buy-Back Payment**” means the payment by the AIG Insurers to the Trust of a sum equal to fifty percent (50%) of the AIG Insurers Settlement Amount, for the buy-back of all AIG Insurers Insurance Policies, with the exception of Lexington policy 6796498 (11/27/09 to 11/27/10) issued to Saint Mary Catholic Home as the first named insured, as to which “**AIG Insurers Buy-Back Payment**” means the buy-back of any/all of the DOC’s interest in and/or coverage under that policy as an “insured”, Named Insured, and/or additional insured.

h. AIG Insurers Entities

The term “**AIG Insurers Entities**” means the AIG Insurers and their Entities.

i. AIG Insurers Insurance Policies

The term “**AIG Insurers Insurance Policies**” means (i) all insurance policies listed in Attachment A-4 hereto; and (ii) all known and unknown insurance policies to the extent issued by any AIG Insurers Entity and providing insurance to any DOC Entity , *provided, however*, if an AIG Insurers Insurance Policy that is not listed in Attachment A-4 was not issued to a DOC Entity (or such Person’s Affiliates) but provides coverage to a DOC Entity, then it is an AIG Insurer Insurance Policy to the extent it insures a DOC Entity.

j. AIG Insurers Plan Payment

The term “**AIG Insurers Plan Payment**” means the payment by the AIG Insurers to the Trust of a sum equal to fifty percent (50%) of the AIG Insurers Settlement Amount, for the entry of the Channeling Injunction and the Settling Insurer Supplemental Injunction.

k. AIG Insurers Settlement Amount

The term “**AIG Insurers Settlement Amount**” means the sum of Two Hundred Twenty Thousand Six Hundred Four Dollars and Forty-Six Cents (\$220,604.46), comprising the AIG Insurers Buy Back Payment and the AIG Insurers Plan Payment. The AIG Insurers shall pay the AIG Insurers Settlement Amount pursuant to the terms of Section 2.

l. Approval Order

The term “**Approval Order**” means an order entered by the Court, upon a hearing following Bankruptcy Notice, containing all of the following provisions but no provision that is contrary to or inconsistent with the following provisions. The wording of the Approval Order shall be mutually acceptable to DOC and the Certain Settling Insurers. The Approval Order shall contain provisions:

- (i) finding that due and adequate notice of DOC’s request for approval of this Agreement has been provided to all creditors and parties in interest in the Bankruptcy Case;
- (ii) approving this Agreement in its entirety, pursuant to Bankruptcy Code §§ 363(b), (f), and (m) and, if applicable, 105(a), and Bankruptcy Rules 6004 and 9019;

(iii) authorizing, subject to the occurrence of the Settlement Payment Date, the sale of the LMI Insurance Policies to London Market Insurers, the Interstate Insurance Policies to Interstate, the National Catholic Insurance Policies to National Catholic, the AIG Insurers Insurance Policies to the AIG Insurers; and the Century Insurers Insurance Policies to the Century Insurers, free and clear of all Interests of all Persons, with all Interests in and to, and “**Claims**” against, the Subject Insurance Policies being fully extinguished without reservation as to the Certain Settling Insurers;

(iv) ordering that all Claims against, and Interests in and to, the Subject Insurance Policies be fully extinguished without reservation as to the Certain Settling Insurers Entities and the DOC Entities, and channeled to a Trust upon the “**Plan Effective Date**”;

(v) ordering that all Barred Claims and other Interests that any Person, including “**CMS**”, might have in, or against, the Subject Insurance Policies, attach to the Settlement Amount;

(vi) authorizing and directing the Parties to perform their respective obligations under this Agreement; and

(vii) issuing the Bar Order, subject to, and effective upon, the occurrence of the Settlement Payment Date.

The Approval Order shall be accompanied by the Settlement Approval Findings and Conclusions.

m. Bankruptcy Case

The term “**Bankruptcy Case**” means the bankruptcy case filed by DOC in the Bankruptcy Court, entitled *In re The Diocese of Camden, New Jersey*, Case Number 20-21257 (JNP).

n. Bankruptcy Code

The term “**Bankruptcy Code**” means Title 11 of the United States Code, 11 U.S.C. § 101, *et seq.*

o. Bankruptcy Court

The term “**Bankruptcy Court**” means the Bankruptcy Court for the District of New Jersey.

p. Bankruptcy Notice

The term “**Bankruptcy Notice**” means notice as required under Bankruptcy Rules 2002, 6004(a), and (c), and applicable local rules, sent to (i) all holders of Claims against the DOC Entities, including Tort Claims, or their attorneys, if any, who are known to the DOC Entities; (ii) counsel for the Official Committee of Tort Claimant Creditors; (iii) counsel for the Official Committee of Unsecured Trade Creditors; (iv) the Future Claims Representative (once appointed by the Court); (v) all Insurers; (v) the Secretary of the Department of Health and Human Services;

(vi) CMS; (vii) the United States Attorney for the District of New Jersey; (viii) all Persons who, in the opinion of any Party to this Agreement, might reasonably be expected to be affected by the transactions contemplated herein; and (ix) all other Persons as directed by the Court. Notice shall also be given by publication (a) in the national editions of (i) *USA Today*; and (b) locally in (i) *Courier Post*; (ii) *The Philadelphia Inquirer*; (iii) *Daily Journal*; (iv) *The Press of Atlantic City*; (v) *South Jersey Times*; and (vi) *Cape May County Herald Times*, or as the Court may otherwise direct.

q. Bankruptcy Rules

The term “**Bankruptcy Rules**” means the Federal Rules of Bankruptcy Procedure, as such may be amended from time to time.

r. Bar Date Appeal

The term “**Bar Date Appeal**” means the appeal initiated the Century Insurers’ filing of a Notice of Appeal of the *Order Establishing Deadline for Filing Proofs of Claim and Approving the Form and Manner of Notice Thereof*, on February 25, 2021, which appeal is docketed in the District Court at 21-CV-03561-NLH.

s. Bar Order

The term “**Bar Order**” means an order, in form and substance acceptable to the Certain Settling Insurers, which shall automatically become effective on the Settlement Payment Date, barring, estopping, and permanently enjoining all Persons from asserting any Barred Claims against the Certain Settling Insurers Entities.

t. Business Day

The term “**Business Day**” means any day that is not a Saturday, Sunday, or legal holiday in the State of New Jersey or the United Kingdom.

u. Century Insurers

The term “**Century Insurers**” means, collectively, Century Indemnity Company, as successor to CCI Insurance Company, as successor to Insurance Company of North America, Federal Insurance Company, and Illinois Union Insurance Company.

v. Century Insurers Bill of Sale

The term “**Century Insurers Bill of Sale**” means a fully executed bill of sale evidencing the sale, assignment, and transfer of the Century Insurers Insurance Policies to the Century Insurers free and clear of all Interests of all Persons, including the Tort Claimants and the DOC Entities.

w. Century Insurers Buy-Back Payment

The term “**Century Insurers Buy-Back Payment**” means the payment by the Century Insurers to the Trust of a sum equal to fifty percent (50%) of the Century Insurers Settlement Amount, for the buy-back of all Century Insurers Insurance Policies.

x. Century Insurers Entities

The term “**Century Insurers Entities**” means the Century Insurers and their Entities.

y. Century Insurers Insurance Policies

The term “**Century Insurers Insurance Policies**” means (i) all insurance policies listed in Attachment A-5 hereto; and (ii) all known and unknown insurance policies to the extent issued by any Century Insurers Entity and providing insurance to any DOC Entity , *provided, however*, if a Century Insurers Insurance Policy that is not listed in Attachment A-4 was not issued to a DOC Entity (or such Person’s Affiliates) but provides coverage to a DOC Entity, then it is a Century Insurer Insurance Policy to the extent it insures a DOC Entity.

z. Century Insurers Plan Payment

The term “**Century Insurers Plan Payment**” means the payment by the Century Insurers to the Trust of a sum equal to fifty percent (50%) of the Century Insurers Settlement Amount, for the entry of the Channeling Injunction and the Settling Insurer Supplemental Injunction.

aa. Century Insurers Settlement Amount

The term “**Century Insurers Settlement Amount**” means the sum of four million seven-hundred eleven thousand two-hundred ninety-eight dollars and sixty-two cents (\$4,711,298.62), comprising the Century Insurers Buy Back Payment and the Century Insurers Plan Payment. The Century Insurers shall pay the Century Insurers Settlement Amount pursuant to the terms of Section 2.

bb. Certain Settling Insurers

The term “**Certain Settling Insurers**” means, collectively, the London Market Insurers, Interstate, National Catholic, the AIG Insurers, and the Century Insurers.

cc. Certain Settling Insurers Entities

The term “**Certain Settling Insurers Entities**” means, collectively, the London Market Insurer Entities, the Interstate Entities, the National Catholic Entities, the AIG Insurers Entities, and the Century Insurers Entities.

dd. Channeling Injunction

The term “**Channeling Injunction**” means an order of the Court requiring all Channeled Claimants to assert their Channeled Claims against the Trust, and barring and permanently

enjoining such claims against the DOC Entities and the Settling Insurers, pursuant to § 105 of the Bankruptcy Code, which states, *verbatim*:

**Channeling Injunction Preventing Prosecution of Channeled Claims
Against Protected Parties and Settling Insurers.**

(a) In consideration of the undertakings of the Protected Parties and Settling Insurers under the Plan, their contributions to the Trust, and other consideration, and pursuant to their respective settlements with the Debtor and to further preserve and promote the agreements between and among the Protected Parties and any Settling Insurers, and pursuant to Section 105 of the Bankruptcy Code:

1. any and all Channeled Claims are channeled into the Trust and shall be treated, administered, determined, and resolved under the procedures and protocols and in the amounts as established under the Plan and the Trust Agreement as the sole and exclusive remedy for all holders of Channeled Claims; and

2. all Persons who have held or asserted, hold or assert, or may in the future hold or assert, any Channeled Claims, are hereby permanently stayed, enjoined, barred and restrained from taking any action, directly or indirectly, for the purposes of asserting, enforcing, or attempting to assert or enforce any Channeled Claim against the Protected Parties or Settling Insurers, including:

(i) commencing or continuing in any manner any action or other proceeding of any kind with respect to any Channeled Claim against any of the Protected Parties or Settling Insurers or against the property of any of the Protected Parties or Settling Insurers;

(ii) enforcing, attaching, collecting, or recovering, by any manner or means, from any of the Protected Parties or Settling Insurers, or the property of any of the Protected Parties or Settling Insurers, any judgment, award, decree, or order with respect to any Channeled Claim against any of the Protected Parties, Settling Insurers, or any other Person;

(iii) creating, perfecting, or enforcing any lien of any kind relating to any Channeled Claim against any of the Protected Parties or the Settling Insurers, or the property of the Protected Parties or the Settling Insurers;

(iv) asserting, implementing, or effectuating any Channeled Claim of any kind against:

1. any obligation due any of the Protected Parties or Settling Insurers;

2. any of the Protected Parties or Settling Insurers; or

3. the property of any of the Protected Parties or Settling Insurers.

(v) taking any act, in any manner, in any place whatsoever, that does not conform to, or comply with, the provisions of the Plan; and

(vi) asserting or accomplishing any setoff, right of indemnity, subrogation, contribution, or recoupment of any kind against an obligation due to any of the Protected Parties, the Settling Insurers, or the property of any of the Protected Parties or the Settling Insurers.

The Channeling Injunction is an integral part of the Plan and is essential to the Plan's consummation and implementation. It is intended that the channeling of the Channeled Claims as provided in this Section ___ shall inure to the benefit of the Protected Parties and Settling Insurers. In a successful action to enforce the injunctive provisions of this Section in response to a willful violation thereof, the moving party may seek an award of costs (including reasonable attorneys' fees) against the non-moving party, and such other legal or equitable remedies as are just and proper, after notice and a hearing.

ee. Claim

The term "Claim" means (a) a claim as that term is defined in § 101(5) of the Bankruptcy Code; or (b) any claim, Action, assertion of right, complaint, cross-complaint, counterclaim, liabilities, obligations, rights, request, allegation, mediation, litigation, direct action, administrative proceeding, cause of action, lien, encumbrances, indemnity, equitable indemnity, right of subrogation, equitable subrogation, defense, injunctive relief, controversy, contribution, exoneration, covenant, agreement, promise, act, omission, trespass, variance, damages, judgment, compensation, set-off, reimbursement, restitution, cost, expense, loss, exposure, execution, attorneys' fee, obligation, order, affirmative defense, writ, demand, inquiry, request, directive, obligation, Proof of Claim in a bankruptcy proceeding or submitted to a trust established pursuant to the Bankruptcy Code, government claim or Action, settlement, and/or any liability whatsoever, whether past, present or (to the extent it arises prior to the Plan Effective Date) future, known or unknown, asserted or unasserted, foreseen or unforeseen, fixed or contingent, matured or unmatured, liquidated or unliquidated, direct, indirect or otherwise consequential, whether in law, equity, admiralty or otherwise, whether currently known or unknown, whether compromised, settled or reduced to a consent judgment, that may exist now or hereinafter for property damages, compensatory damages (such as loss of consortium, wrongful death, survivorship, proximate, consequential, general and special damages), punitive damages, bodily injury, personal injury, public and private claims, or any other right to relief whether sounding in tort, contract, extra-contractual or bad faith, statute, strict liability, equity, nuisance, trespass, statutory violation, wrongful entry or eviction or other eviction or other invasion of the right of private occupancy, and any amounts paid in respect of any judgment, order, decree, settlement, contract, or otherwise. A Person who holds a Claim is a "**Claimant**". The term "Claim" includes all of the following:

(i) Barred Claims

The term “**Barred Claims**” means all Claims enjoined by the Bar Order, which shall include all Channeled, Direct Action, and Released Claims.

(ii) Channeled Claims

The term “**Channeled Claims**” means the claims channeled to the Trust, including all (a) Tort, Direct Action, and Indirect Claims; (b) Contribution Claims; (c) Medicare Claims; and (d) Extra-Contractual Claims, for which the Trust assumes liability, pursuant to the Plan.

(iii) Contribution Claims

The term “**Contribution Claims**” means all Claims, most commonly expressed in terms of contribution, indemnity, equitable indemnity, subrogation, or equitable subrogation, allocation or reallocation, or reimbursement, or any other indirect or derivative recovery, by an Insurer against any Certain Settling Insurer Entity for the payment of money where such Insurer contends that it has paid more than its equitable or proportionate share of a Claim against a DOC Entity.

(iv) Coverage Claims

The term “**Coverage Claims**” means all Claims against the Certain Settling Insurers (or any of them) under or relating to the Subject Insurance Policies or the rights and obligations thereunder, or the breach thereof, including Claims seeking insurance coverage.

(v) Direct Action Claims

The term “**Direct Action Claims**” means the same as Tort Claims, except that they are asserted against any Certain Settling Insurer Entity, instead of any DOC Entity or the Trust, for the recovery of insurance proceeds.

(vi) Enjoined Claims

The term “**Enjoined Claims**” means all Claims enjoined by the Settling Insurer Supplemental Injunction, which shall include all Barred, Extra-Contractual, and Medicare Claims.

(vii) Extra-Contractual Claims

The term “**Extra-Contractual Claims**” means all Claims against Certain Settling Insurers (or any of them), in their capacity as Insurers, seeking any type of relief other than coverage under the Subject Insurance Policies, including Claims for compensatory, exemplary, or punitive damages, or attorneys’ fees, interest, costs, or any other type of relief, alleging, with respect to (i) any of the Subject Insurance Policies; (ii) any Claim allegedly or actually covered under the Subject Insurance Policies; or (iii) the conduct of

Certain Settling Insurers with respect to (i) and/or (ii): bad faith; failure to provide insurance coverage; failure or refusal to compromise and settle any Claim; failure to act in good faith; violation of any covenant or duty of good faith and fair dealing; violation of any state insurance codes, state surplus lines statutes or similar codes or statutes; violation of any unfair claims practices act or similar statute, regulation or code; any type of misconduct or any other act or omission of any type. The term “**Extra-Contractual Claims**” includes all Claims relating to any of the Certain Settling Insurers’ (i) handling of any request for insurance coverage for any Claim; (ii) conduct relating to the negotiation of this Agreement; and (iii) conduct relating to the settlement of any Coverage Claim.

(viii) Indirect Claims

The term “**Indirect Claims**” means Claims against a DOC Entity or a Settling Insurer, asserted by any Person that is not an Insurer, for contribution, indemnity, equitable indemnity, subrogation, equitable subrogation, reimbursement, or any other indirect or derivative recovery relating to any DOC Entity’s actual or alleged liability for any Claim relating to Abuse that is not a Tort Claim.

(ix) Medicare Claims

The term “**Medicare Claims**” means any and all Claims by CMS, under “**MMSEA**” and “**MSP**”, which relate to any payments in respect of any Tort Claims, including Claims for reimbursement of payments made to Tort Claimants who recover or receive any distribution from the Trust and Claims by CMS relating to reporting obligations.

(x) Released Claims

The term “**Released Claims**” means Coverage and Extra-Contractual Claims.

(xi) Tort Claims

(A) The term “**Tort Claims**” means all Claims relating to, in whole or in part, directly or indirectly, Abuse committed by any Person before the Plan Effective Date for which a DOC Entity is allegedly responsible, including any such Claim asserted against any DOC Entity in connection with the Bankruptcy Case. The term “**Tort Claims**” includes “**Future Tort Claims**”.

(B) The term “**Future Tort Claim**” means any Tort Claim that was (i) neither filed, nor deemed filed, in the Bankruptcy Case by the “**Claims Filing Deadline**”, nor otherwise allowed by the Court prior to the Plan Effective Date and (ii) is held by a Person or class of Persons (a) who, at the time of the Claims Filing Deadline, was under a disability recognized by N.J.S.A 2:14-2, or other applicable law suspending the running of the limitation period, if any, or (b) who was barred by a statute of limitations as of the Claims Filing Deadline, but is no longer barred by such statute of limitations for any reason, including the enactment of legislation.

ff. Claims Filing Deadline

The term “**Claims Filing Deadline**” means June 30, 2021, at 11:59 P.M. (prevailing Eastern Time).

gg. CMS

The term “**CMS**” means the Centers for Medicare and Medicaid Services of the United States Department of Health and Human Services, located at 7500 Security Boulevard, Baltimore, MD 21244-1850 and/or any other Agent or successor Person responsible for monitoring, assessing, or receiving reports made under MMSEA for reimbursement of Medicare Claims.

hh. Committee

The term “**Committee**” means the Official Committee of Tort Claimant Creditors appointed in the Bankruptcy Case.

ii. Confirmation Findings and Conclusions

The term “**Confirmation Findings and Conclusions**” means the findings of fact and conclusions of law required under §§ 1129(a), and, if applicable, 105(a) and 1129(b), of the Bankruptcy Code, which are to be entered concurrently with the “**Confirmation Order**”, as necessary to confirm the Plan, including the following:

(i) This Agreement is the result of long-term negotiations amongst the Parties, which began in July 2021, following the Bankruptcy Court’s entry of the Mediation Order;

(ii) The Settlement Amount provides good and valuable consideration to DOC’s bankruptcy estate, and enables distributions to the Channeled Claimants;

(iii) The Tort Claimants propelled DOC into bankruptcy;

(iv) This Agreement is therefore necessary to the Plan because it provides significant funding for the Plan;

(v) The Subject Insurance Policies are property of DOC’s bankruptcy estate and are therefore subject to the *in rem* jurisdiction of the Court;

(vi) The Channeled Claims are within the jurisdiction of the Court because they seek property of DOC’s bankruptcy estate;

(vii) Because it would be impractical to divide the Subject Insurance Policies amongst DOC and the other DOC Entities, it was necessary for DOC to obtain the participation of the other DOC Entities in this Agreement;

(viii) The DOC Entities, other than DOC, would not release their Interests in the Subject Insurance Policies unless they obtained the benefits of the Channeling Injunction, because to do so would have left them exposed to Tort Claims, whether or not such Claims

be valid, and whether or not coverage exists under the Subject Insurance Policies for such Claims;

(ix) Therefore, the Channeling Injunction is necessary to the Agreement;

(x) The Channeling Injunction is narrowly tailored because it only requires Channeled Claims to be brought against the Trust;

(xi) The Plan Payments are reasonable and fair consideration for the Enjoined Claims, which are above and beyond the Certain Insurers' liability for Tort Claims, which are satisfied by the Buy-Back Payments;

(xii) The Settlement Amount is necessary to the success of DOC's reorganization, because it provides funds by which Tort Claimants may be compensated;

(xiii) The Plan Payments provide a critical financial contribution that was necessary to make the Plan feasible in exchange for the Supplemental Settling Injunction, the Channeling Injunction, and the Bar Order;

(xiv) The Coverage Claims are within the non-exclusive jurisdiction of the Bankruptcy Court because such claims could enhance the estate;

(xv) Certain Settling Insurers required that DOC obtain the benefits of the Settling Insurer Supplemental Injunction as a condition of entering into this Agreement and contributing the Settlement Amount;

(xvi) Therefore, the Settling Insurer Supplemental Injunction is necessary to this Agreement and the Plan; and

(xvii) The Settling Insurer Supplemental Injunction is narrowly tailored because it only enjoins the Enjoined Claims against the Settling Insurers.

jj. Confirmation Order

The term "**Confirmation Order**" means an order entered by the Court after a confirmation hearing upon Bankruptcy Notice confirming the Plan, in a form and substance as required by this Agreement, which order has not been stayed. The wording of the Confirmation Order shall be mutually acceptable to DOC and the Certain Settling Insurers. The Confirmation Order shall contain all of the following provisions but no provision that is contrary to or inconsistent with this Agreement:

(i) confirming the Plan;

(ii) specifically, and individually, ordering all Persons, as set forth in the Plan, to act or refrain from acting as specified in the Plan;

(iii) incorporating the terms and provisions of the Bar Order as though fully set forth therein;

- (iv) ordering the Trustee to perform the obligations, if any, imposed upon the Trustee by this Agreement;
- (v) issuing the Channeling Injunction and the Settling Insurer Supplemental Injunction;
- (vi) discharging DOC from all Claims;
- (vii) ordering all Channeled Claimants with pending state court Actions against any DOC Entity to dismiss such Claims and assert them against the Trust for resolution pursuant to the Trust Agreement; and
- (viii) including the Reduction Clause set forth in Section 8, below.

The Confirmation Order shall be accompanied by the separately entered Confirmation Findings and Conclusions.

kk. Court

The term “**Court**” means the Bankruptcy Court, or the District Court, as applicable.

ll. District Court

The term “**District Court**” means the United States District Court for the District of New Jersey.

mm. DOC

The term “**DOC**” means The Diocese of Camden, New Jersey, which is the diocesan corporation formed pursuant to N.J.S.A. 16:15-9 to 16:15-17, together with the public juridic person of the Roman Catholic Diocese of Camden, New Jersey, as now constituted or as it may have been constituted. The term “DOC” also applies anywhere the term “Reorganized Debtor” is used, and “Reorganized Debtor” applies anywhere the term “DOC” is used, as is necessary to effect the terms of the Agreement. Furthermore, in the event of any Action naming any Affiliate or Agent of DOC, such Action shall be considered an Action against DOC, the insurance coverage for which is released pursuant to Section 4 hereof.

nn. DOC Entities

The term “**DOC Entities**” means, in their capacities as such, DOC and its Entities.

The “**DOC Entities**” include each of the entities set forth on Attachment E to this Agreement. An individual who perpetrated an act of Abuse that forms the basis for a Tort Claim is not a DOC Entity with respect to that Tort Claim.

oo. DOC Entity Insurer Policy

The term “**DOC Entity Insurer Policy**” means any known or unknown contract, binder, certificate, or policy of insurance, in effect on or before the Plan Effective Date, which actually,

allegedly, or potentially insures any DOC Entity, or any of their predecessors in interest, successors, or assigns, with respect to any Tort Claim.

pp. DOC Parishes

The term “**DOC Parishes**” means all past and present parishes of or in DOC, in their capacity as public juridic persons, together with each corresponding parish corporation formed pursuant to N.J.S.A. 16:15-1 to 16:15-8.

qq. Effective Date

The term “**Effective Date**” means the day following the date on which all of the following have occurred: (i) all Parties have executed this Agreement; (ii) the Court has issued the Approval Order and the Settlement Approval Findings and Conclusion; (iii) the Approval Order has become a Final Order; (iv) the Court has issued the Confirmation Order and the Confirmation Findings and Conclusions; and (v) the Confirmation Order has become a Final Order.

rr. Entities

The term “**Entities**” means with respect to a specified Person: (i) its Affiliates; (ii) each of the foregoing Person’s Agents; and (iii) each of the foregoing Persons’ respective predecessors, successors, assignors, and assigns, whether known or unknown, administrators, and all Persons acting on behalf of, by, through, or in concert with them, in their capacities as such.

ss. Entities’ Release

The term “**Entities’ Release**” means the following: The remising, release, covenant not to sue, and permanent discharge by the DOC Entities and any subsequently appointed trustee or representative acting for any DOC Entity, without further act by any Person, from and against all Released Claims that any DOC Entity ever had, now has, or hereafter may have, from the beginning of time to the Effective Date, of: (1) each of the Certain Settling Insurer Entities; and (2) the respective heirs, executors, administrators, and reinsurers (as such) of any of the Persons identified in clause (1) hereof, in their capacity as such; and

tt. Equitas Entities

The term “**Equitas Entities**” means Equitas Limited, Equitas Reinsurance Limited, Equitas Holdings Limited, Equitas Policyholders Trustee Limited, and any other Person from time to time in the Equitas Group.

uu. Final Order

The term “**Final Order**” means an order as to which the time to appeal, petition for *certiorari*, petition for review, or move for reargument or rehearing has expired and as to which no appeal, petition for *certiorari*, or other proceedings for reargument or rehearing shall then be pending or as to which any right to appeal, petition for *certiorari*, review, reargue, or rehear shall have been waived in writing in form and substance satisfactory to DOC and the Certain Settling Insurers, and their counsel or, in the event that an appeal, *writ of certiorari*, petition for review, or

reargument or rehearing thereof has been sought, such order shall have been affirmed by the highest court to which such order was appealed, or *certiorari* or review has been denied or from which reargument or rehearing was sought, and the time to take any further appeal, petition for *certiorari*, petition for review, or move for reargument or rehearing shall have expired; *provided, however*, that the possibility that a motion under Rule 59 or Rule 60 of the Federal Rules of Civil Procedure or any analogous rule under the Bankruptcy Rules may be filed with respect to such order shall not cause such order not to be a Final Order. For the avoidance of doubt, if the Plan is substantially consummated as defined in § 1101(2) of the Bankruptcy Code (“**Substantial Consummation**”), and any appeal of the Confirmation Order becomes equitably moot due to Substantial Consummation, the Confirmation Order shall be considered a Final Order as of the date that the order determining such appeal to be moot has become a Final Order.

vv. Future Claims Representative

The term “**Future Claims Representative**” means an individual appointed by the Court to represent the interests of Future Tort Claimants.

ww. First LMI Settlement

The term “**First LMI Settlement**” means the settlement between the London Market Insurers and DOC, executed by DOC on April 29, 2010, and executed by the London Market Insurers on May 5, 2010, in which DOC released all coverage under the “**LMI Insurance Policies**” for (i) claims identified in attachment B thereto; (ii) any Person identified as a victim or potential victim of sexual abuse where such Person demanded or received compensation from DOC at any point in time up to and including October 22, 2009 (but not Persons who only received counselling, or Persons who reported sexual abuse to DOC but did not seek counselling or compensation); and (iii) other Persons who at the time did not allege abuse during the periods of the LMI Insurance Policies.

xx. Insurance Coverage Action

The term “**Insurance Coverage Action**” means the case entitled *The Diocese of Camden, New Jersey v. Insurance Company of North America, et al.*, filed in the United States Bankruptcy Court for the District of New Jersey, as Adversary Proceeding Number 20-01573.

yy. Insurer

The term “Insurer” means a Person (including all of its Affiliates, successors, and assigns) that has, or is alleged to have, issued, subscribed any interest in, assumed any liability for, or underwritten any risk in a DOC Entity Insurer Policy.

zz. Interests

The term “**Interests**” means all Claims, including any “interests” as that term is used in 11 U.S.C. § 363, and other rights of any nature, whether at law or in equity, including all interests or other rights under New Jersey law or any other applicable law.

aaa. Interstate

The term “**Interstate**” means Interstate Fire & Casualty Company.

bbb. Interstate Bill of Sale

The term “**Interstate Bill of Sale**” means a fully executed bill of sale evidencing the sale, assignment, and transfer of the Interstate Insurance Policies to Interstate free and clear of all Interests of all Persons, including the Tort Claimants and the DOC Entities.

ccc. Interstate Buy-Back Payment

The term “Interstate Buy-Back Payment” means the payment by Interstate to the Trust of a sum equal to fifty percent (50%) of the Interstate Settlement Amount, for the buy-back of all Interstate Insurance Policies.

ddd. Interstate Entities

The term “**Interstate Entities**” means Interstate and its Entities.

eee. Interstate Insurance Policies

The term “**Interstate Insurance Policies**” means (i) all insurance policies listed in Attachment A-2 hereto; and (ii) all known and unknown insurance policies to the extent issued by any Interstate Entity and providing insurance to any DOC Entity, *provided, however*, if an Interstate Insurance Policy that is not listed in Attachment A-2 was not issued to a DOC Entity (or such Person’s Affiliates) but provides coverage to a DOC Entity, then it is an Interstate Insurance Policy to the extent it insures a DOC Entity.

fff. Interstate Plan Payment

The term “Interstate Plan Payment” means the payment by Interstate to the Trust of a sum equal to fifty percent (50%) of the Interstate Settlement Amount, for the entry of the Channeling Injunction and the Supplemental Settling Insurer Injunction.

ggg. Interstate Settlement Amount

The term “**Interstate Settlement Amount**” means the sum of eleven million nine hundred eighty-seven thousand two hundred seventy-four dollars and eighty cents (\$12,987,274.80), comprising the Interstate Buy Back Payment and the Interstate Plan Payment. Interstate shall pay the Interstate Settlement Amount pursuant to the terms of Section 2.

hhh. Lloyd’s Underwriters

The term “**Lloyd’s Underwriters**” means:

- (i) All underwriters, members, or Names at Lloyds, London (including former underwriters, members, or Names) who through their participation in syndicates (including those identified on Attachment B) severally subscribed, each in his or her own

proportionate share, one or more of the LMI Insurance Policies. Lloyd's Underwriters shall also include all Underwriters, members, or Names at Lloyd's, London (including former underwriters, members, and Names), whether or not they participated in the syndicates identified in Attachment B, who, through their participation in syndicates (including those identified on Attachment B) severally subscribed any of the LMI Insurance Policies in favor of any DOC Entity: (a) the existence of which has not presently been established; or (b) the existence of which has been established but as to which identities of Names, members, or syndicates are presently unknown;

(ii) All of the Agents of the Persons set forth in Section 1.hhh.(i), and their respective predecessors and successors, if any, solely in such capacity; and

(iii) All the respective heirs, executors, successors (including Equitas Insurance Limited ("EIL") to the extent EIL is a successor to any of the Persons identified in Section 1.hhh.(i) with respect to the subject matter of this Agreement), assigns (including any administrator, receiver, trustee, personal representative, or equivalent appointee(s) under relevant insolvency law), reinsurers, and retrocessionaires (as such), of any of the Persons identified in Section 1.hhh.(i), if any, solely in their capacity as such.

(iv) For the avoidance of doubt, the Underwriter Third-Party Beneficiaries, who receive certain specified benefits under this Agreement, are not Lloyd's Underwriters for the purpose of this definition.

iii. LMI Bill of Sale

The term "**LMI Bill of Sale**" means a fully-executed bill of sale evidencing the sale, assignment, and transfer of the LMI Insurance Policies to the London Market Insurers free and clear of all Interests of all Persons, including the Tort Claimants and the DOC Entities.

jjj. LMI Buy-Back Payment

The term "**LMI Buy-Back Payment**" means the payment by the London Market Insurers to the Trust of a net sum equal to fifty percent (50%) of their respective, several, allocated shares of the LMI Settlement Amount, as set forth on Attachment D, for the buy-back of all of the LMI Insurance Policies.

kkk. LMI Insurance Policies

The term "**LMI Insurance Policies**" means (i) all insurance policies listed in Attachment A-1 hereto; and (ii) all known and unknown insurance policies to the extent subscribed by one or more of the London Market Insurers, in their capacity as London Market Insurers on or before July 1, 1993, and providing insurance to any DOC Entity; *provided, however*, if an LMI Insurance Policy that is not listed in Attachment A-1 was not subscribed on behalf of a DOC Entity (or such Person's Affiliates) but provides coverage to a DOC Entity, then it is a LMI Insurance Policy to the extent it insures the DOC Entity.

iii. LMI Plan Payment

The term “LMI Plan Payment” means the payment by the London Market Insurers to the Trust of a net sum equal to fifty percent (50%) of their respective, several allocated shares of the LMI Settlement Amount, as set forth on Attachment D, for the entry of the Channeling Injunction and the Supplemental Settling Insurer Injunction.

mmm. LMI Settlement Amount

The term “**LMI Settlement Amount**” means the net sum of ten million two hundred thirty thousand eight hundred twenty-two dollars and twelve cents (\$10,230,822.12), comprising the LMI Buy Back Payment and the LMI Plan Payment. Each London Market Insurer shall pay its several, respective, allocated share of the LMI Settlement Amount pursuant to the terms of Section 2. Each London Market Insurer’s respective, allocated, several share of the LMI Settlement Amount is set forth on Attachment D.

nnn. London Market Companies

The term “**London Market Companies**” means the companies doing business in the London insurance market, which severally subscribed, each in its own proportionate share, one or more of the LMI Insurance Policies (such insurers are identified in Attachment B to this Agreement). “London Market Companies” shall also include those companies doing business in the London insurance market who subscribed any LMI Insurance Policies (a) the existence of which has not presently been established but which provided insurance to any DOC Entity; or (b) the existence of which has been established but the identity of such company as a subscribing insurer is not presently known. As used herein, “London Market Companies” shall mean, in their capacity as such, the named corporate entity and all predecessors, successors, Affiliates, assigns, and pool companies as such.

ooo. London Market Insurers

The term “**London Market Insurers**” means Lloyd’s Underwriters and the London Market Companies.

ppp. London Market Insurer Entities

The term “**London Market Insurer Entities**” means the London Market Insurers and their Entities.

qqq. Mediation

The term “**Mediation**” means the mediation by the Mediation Parties, pursuant to the Mediation Order.

rrr. Mediation Parties

The term “**Mediation Parties**” means, collectively: (a) DOC; (b) each insurer named as a Defendant in the Insurance Coverage Action and National Union Fire Insurance Company of

Pittsburgh, PA; (c) the Committee, including its members, professionals, and the individual members' professionals; (d) the Trade Committee; including its members, professionals, and the individual members' professionals; (e) the DOC Parishes; (f) state court counsel for Tort Claimants; and (g) the other DOC Entities.

sss. Mediation Order

The term “**Mediation Order**” means the Order (I) Appointing Mediator, (II) Referring Certain Matters to Mediation, and (III) Granting Related Relief, entered by the Bankruptcy Court in the Bankruptcy Case, May 20, 2021, Doc. No. 640.

ttt. Mediation Motion

The term “**Mediation Motion**” means the Joint Motion of the Diocese and the Official Committee of Tort Claimant Creditors for Entry of an Order (i) Appointing a Mediator, (ii) Referring Matters to Mandatory Global Mediation, and (iii) Granting Related Relief, Doc. No. 562, in the Bankruptcy Case, filed by DOC and the Committee.

uuu. Mediator

The term “**Mediator**” means the Honorable Jose L. Linares, Chief United States District Judge (ret.), as appointed in the Mediation Order.

vvv. Medicare

The term “**Medicare**” means Title XVIII of the Social Security Act, 42 U.S.C. § 1395, *et seq.*, enacted July 1, 1966, including all subsequent amendments thereto.

www. Medicare Beneficiary

The term “**Medicare Beneficiary**” means any Person who has received or is eligible to receive benefits under Medicare and is the holder of a Channeled Claim.

xxx. MSP or Medicare Secondary Payor Act

The term “**Medicare Secondary Payor Act**” or “**MSP**” means 42 U.S.C. § 1395y *et seq.*, or any other similar statute or regulation, and any related rules, regulations or guidance issued in connection therewith or amendments thereto.

yyy. MMSEA

The term “**MMSEA**” means § 111 of the Medicare, Medicaid, and SCHIP Extension Act of 2007 (P.L.110-173), which imposes reporting obligations on those Persons with payment obligations under the MSP.

zzz. Names at Lloyd's, London

The term “**Names**” or “**Names at Lloyds, London**” means the individuals who were members of a syndicate, and who subscribed an insurance policy through the syndicate on behalf

of a policyholder such as DOC, before January 1, 1993, and traditionally were referred to as “Names” in the Lloyd’s insurance market-located in London, United Kingdom.

aaaa. National Catholic

The term “**National Catholic**” means, The National Catholic Risk Retention Group, Inc.

bbbb. National Catholic Bill of Sale

The term “**National Catholic Bill of Sale**” means a fully executed bill of sale evidencing the sale, assignment, and transfer of the National Catholic Insurance Policies to National Catholic free and clear of all Interests of all Persons, including the Tort Claimants and the DOC Entities, except for Policy Nos. RRG 10249-24 and FM 10249-24 effective on November 27, 2021. For the avoidance of doubt, notwithstanding anything to the contrary herein, National Catholic is not receiving a bill of sale for Policy Nos. RRG 10249-24 and FM 10249-24 (collectively, the “**National Catholic Excluded Policies**”), which shall remain effective in all respects.

cccc. National Catholic Buy-Back Payment

The term “**National Catholic Buy-Back Payment**” means the payment by National Catholic to the Trust of a sum equal to fifty percent (50%) of the National Catholic Settlement Amount, for the buy-back of all the National Catholic Insurance Policies, except for the National Catholic Excluded Policies. For the avoidance of doubt, notwithstanding anything to the contrary herein, National Catholic is not buying back the National Catholic Excluded Policies, which shall remain effective in all respects.

dddd. National Catholic Entities

The term “**National Catholic Entities**” means National Catholic and its Entities.

eeee. National Catholic Insurance Policies

The term “**National Catholic Insurance Policies**” means (i) all insurance policies listed in Attachment A-3 hereto; and (ii) all known and unknown insurance policies to the extent issued by any National Catholic Entity and providing insurance to any DOC Entity, *provided, however*, if a National Catholic Insurance Policy that is not listed in Attachment A-4 was not issued to a DOC Entity (or such Person’s Affiliates) but provides coverage to a DOC Entity, then it is a National Catholic Insurance Policy to the extent it insures a DOC Entity. For the purposes of any buy-back provisions contained in this agreement, the National Catholic Excluded Policies shall not be included as “National Catholic Insurance Policies.”

ffff. National Catholic Plan Payment

The term “**National Catholic Plan Payment**” means the payment by National Catholic to the Trust of a sum equal to fifty percent (50%) of the National Catholic Settlement Amount, for the entry of the Channeling Injunction and the Settling Insurer Supplemental Injunction.

gggg. National Catholic Settlement Amount

hhhh. The term “**National Catholic Settlement Amount**” means the sum of one million eight hundred fifty thousand dollars (\$1,850,000), comprising the National Catholic Buy Back Payment and the National Catholic Plan Payment. National Catholic shall pay the National Catholic Settlement Amount pursuant to the terms of Section 2.

iii. Non-Settling Insurer

The term “Non-Settling Insurer” means any Insurer that is not a Settling Insurer by the Plan Effective Date.

jjjj. Non-Settling Insurer Policy

The term Non-Settling Insurer Policy means a DOC Entity Insurer Policy, which a Non-Settling Insurer issued, subscribed any interest in, or has underwritten any risk in.

kkkk. Person

The term “**Person**” means any individual or entity, including any corporation, limited liability company, partnership, general partnership, limited partnership, limited liability partnership, limited liability limited partnership, proprietorship, association, joint stock company, joint venture, estate, trust, trustee, personal executor or personal representative, unincorporated association, or other entity, including any federal, international, foreign, state, or local governmental or quasi-governmental entity, body, or political subdivision or any agency or instrumentality thereof; and any other individual or entity within the definitions of (i) “person” in Section 101(41) of the Bankruptcy Code or (ii) “entity” in Section 101(15) of the Bankruptcy Code.

lll. Petition Date

The term “**Petition Date**” means October 1, 2020.

mmmm. Plan

The term “**Plan**” means a plan of reorganization proposed by DOC, after good-faith consultation with the Certain Settling Insurers Entities, which (a) contains all of the following provisions, but no provision that is contrary to or inconsistent with this Agreement; (b) allows all of the acts and transactions under, and envisioned by, this Agreement to occur with binding legal effect; (c) does not materially and adversely affect the rights, duties, or interests of the DOC Entities or the Certain Settling Insurer Entities under this Agreement; (d) includes all papers, exhibits, attachments, appendices, or other documents filed with or in support of the Plan and necessary for its implementation, and any documents relating to the establishment and operation of the Trust; and (e) shall include the following provisions:

- (i) specifying the terms of this Agreement shall control in the event of any conflict with the Plan or the Confirmation Order;

(ii) prohibiting DOC from continuing to pursue the Insurance Coverage Action against the Certain Settling Insurers, requiring DOC to dismiss its Claims against the Certain Settling Insurers in the Insurance Coverage Action, with prejudice, within fourteen (14) days after the Plan Effective Date, and prohibiting any DOC Entity from asserting any Coverage Claims against the Certain Settling Insurer Entities;

(iii) setting forth the Channeling Injunction and the Settling Insurer Supplemental Injunction;

(iv) establishing the Trust, appointing the Trustee, and binding both of them to perform those requirements imposed upon them by this Agreement;

(v) describing the role of the Future Claims Representative and seeking the continued appointment of the Future Claims Representative to continue in his duties;

(vi) channeling all Channeled Claims to the Trust;

(vii) denominating each of the Certain Settling Insurer Entities as Settling Insurers;

(viii) requiring each Channeled Claimant receiving a payment from the Trust to sign a release of all Claims against the Certain Settling Insurer Entities and the DOC Entities;

(ix) providing, *verbatim*:

(A) It is the position of DOC that none of DOC Entities, the Trust, or the Settling Insurers will have any reporting obligations in respect of their contributions to the Trust, or in respect of any payments, settlements, resolutions, awards, or other Claim liquidations by the Trust, under the reporting provisions of MSP or MMSEA. Prior to making any payments to any claimants, the Trust shall seek a statement or ruling from the United States Department of Health and Human Services (“HHS”) that none of the Trust, DOC Entities, or Settling Insurers has any reporting obligations under MMSEA with respect to payments to the Trust by the DOC Entities or Settling Insurers or payments by the Trust to Claimants. Unless and until there is definitive regulatory, legislative, or judicial authority (as embodied in a final non-appealable decision from the United States Court of Appeals for the Third Circuit or the United States Supreme Court), or written confirmation from HHS that none of the DOC Entities or the Settling Insurers has any reporting obligations under MMSEA with respect to any settlements, payments, or other awards made by the Trust or with respect to the contributions the DOC Entities and the Settling Insurers have made or will make to the Trust, the Trust shall, at its sole expense, in connection with the implementation of the Plan, act as a reporting agent for the DOC Entities and Settling Insurers, and shall timely submit all reports that would be required to be made by any DOC Entity or Settling Insurer under MMSEA on account of any Claims settled, resolved, paid, or otherwise liquidated by the Trust or with respect to contributions to the Trust, including reports that would be required if the payments to the Trust by a DOC Entity or Settling Insurer

were determined to be made pursuant to “applicable plans” for purposes of MMSEA, or any DOC Entity or Settling Insurer were otherwise found to have MMSEA reporting requirements. The Trust, in its role as reporting agent for the DOC Entities and Settling Insurers, shall follow all applicable guidance published by CMS to determine whether or not, and, if so, how, to report to CMS pursuant to MMSEA.

(B) If the Trust is required to act as a reporting agent for any DOC Entity or Settling Insurer pursuant to Section 1.mmmm.(ix)(A), the Trust shall provide a written certification to each DOC Entity and Settling Insurer within twenty-one (21) days following the end of each calendar quarter, confirming that all reports to CMS required by Section 1.mmmm.(ix)(A) have been submitted in a timely fashion, and identifying (a) any reports that were rejected or otherwise identified as noncompliant by CMS, along with the basis for such rejection or noncompliance; and (b) any payments to Medicare Beneficiaries that the Trust did not report to CMS.

(C) With respect to any reports rejected or otherwise identified as noncompliant by CMS, the Trust shall, upon request by any DOC Entity or Settling Insurer, promptly provide copies of the original reports submitted to CMS, as well as any response received from CMS with respect to such reports; *provided, however*, that the Trust may redact from such copies the Redacted Information. With respect to any such reports, the Trust shall reasonably undertake to remedy any issues of noncompliance identified by CMS, resubmit such reports to CMS, and, upon request by any DOC Entity or Settling Insurer, provide each DOC Entity and Settling Insurer copies of such resubmissions; *provided, however*, that the Trust may redact the Redacted Information. If the Trust is unable to remedy its noncompliance, the provisions of Section 1.mmmm.(ix)(G). shall apply.

(D) If the Trust is required to act as a reporting agent for a DOC Entity or Settling Insurer pursuant to the provisions of Section 1.mmmm.(ix)(A), with respect to each Channeled Claim of a Medicare Beneficiary paid by the Trust and not disclosed to CMS, the Trust shall, upon request by any DOC Entity or Settling Insurer, promptly provide the last four digits of the claimant’s Social Security number, the year of the claimant’s birth and any other information in the possession or control of the Trust that may be necessary in the reasonable judgment of any DOC Entity or Settling Insurer to satisfy their obligations, if any, under MMSEA, as well as the basis for the Trust’s failure to report the payment. In the event any DOC Entity or Settling Insurer informs the Trust that it disagrees with the Trust’s decision not to report a Claim paid by the Trust, the Trust shall promptly report the payment to CMS. All documentation relied upon by the Trust in making a determination that a payment did not have to be reported to CMS shall be maintained for a minimum of six (6) years following such determination.

(E) If the Trust is required to act as a reporting agent for any DOC Entity, or Settling Insurer pursuant to the provisions of Section 1.mmmm.(ix)(A), the Trust shall make the reports and provide the certifications required by Sections

1.mmmm.(ix)(A) and (B) until such time as such DOC Entity or Settling Insurer determines, in its reasonable judgment, that it has no further legal obligation under MMSEA or otherwise to report any settlements, resolutions, payments, or liquidation determinations made by the Trust or contributions to the Trust. Furthermore, following any permitted cessation of reporting, or if reporting has not previously commenced due to the satisfaction of one or more of the conditions set forth in Section 1.mmmm.(ix)(A), and if any DOC Entity or Settling Insurer reasonably determines, based on subsequent legislative, administrative, regulatory, or judicial developments, that reporting is required, then the Trust shall promptly perform its obligations under Sections 1.mmmm.(ix)(A) and (B).

(F) Section 1.mmmm.(ix)(A). is intended to be purely prophylactic in nature, and does not imply, and shall not constitute an admission, that the DOC Entities and/or Settling Insurers have made payments pursuant to “applicable plans” within the meaning of MMSEA, or that they have any legal obligation to report any acts undertaken by the Trust or contributions to the Trust under MMSEA or any other statute or regulation.

(G) If CMS concludes that reporting done by the Trust in accordance with Section 1.mmmm.(ix)(A). is or may be deficient in any way, and has not been corrected to the satisfaction of CMS in a timely manner, or if CMS communicates to the Trust, any DOC Entity or Settling Insurer a concern with respect to the sufficiency or timeliness of such reporting, or there appears to any DOC Entity or Settling Insurer a reasonable basis for a concern with respect to the sufficiency or timeliness of such reporting or non-reporting based upon the information received pursuant to Section 1.mmmm.(ix)(B), (C), or (D), or other credible information, then each DOC Entity and Settling Insurer shall have the right to submit its own reports to CMS under MMSEA, and the Trust shall provide to any Entity that elects to file its own reports such information in its possession or control as the electing party may reasonably require in order to comply with MMSEA, including the full reports filed by the Trust pursuant to Section 1.mmmm.(ix)(A), without any redactions. The DOC Entities and Settling Insurers shall keep any information they receive from the Trust pursuant to this Section 1.mmmm.(ix) confidential and shall not use such information for any purpose other than meeting obligations under MMSEA.

(H) Notwithstanding any other provisions hereof, the Trust shall not be required to report as required by this Section 1.mmmm.(ix) until the Person on whose behalf the Trust is required to report shall have provided its Medicare Reporting Number, if one exists. Moreover, the Trust shall have no indemnification obligation under this Section 1.mmmm.(ix) to such Person for any penalty, interest, or sanction with respect to a Claim that may arise on account of such Person’s failure timely to provide its Medicare Reporting Number, if one exists, to the Trust in response to a timely request by the Trust for such Medicare Reporting Number. However, nothing relieves the Trust from its reporting obligations with respect to each Person who provides the Trust with its Medicare Reporting Number. The Trust shall indemnify each DOC Entity and Settling Insurer for any failure to report payments

to Medicare eligible Tort Claimants on behalf of Persons who have timely supplied Medicare Reporting Numbers, if any exists.

(I) Prior to remittance of funds to any Channeled Claimant or counsel therefor, the Trustee shall obtain in respect of any Channeled Claim a certification from the Claimant that said Claimant has or will provide for the payment and/or resolution of any obligations owing or potentially owing under MSP relating to such Channeled Claim. If the Trust receives no such certification, the Trust may withhold payment from any Claimant the funds sufficient to assure that all obligations owing or potentially owing under MSP relating to such Tort Claim are paid to CMS. The Trust shall provide a quarterly certification of its compliance with this Section 1.mmmm.(ix) to each DOC Entity and Settling Insurer, and permit reasonable audits by such Persons, no more often than annually, to confirm the Trust's compliance with this Section 1.mmmm.(ix). For the avoidance of doubt, the Trust shall be obligated to comply with the requirements of this Section 1.mmmm.(x) regardless of whether any DOC Entity or Settling Insurer elects to file its own reports under MMSEA pursuant to Section 1. mmmm.(ix)(G).

(J) Compliance with the provisions of this Section 1.mmmm.(ix) shall be a material obligation of the Trust under the Plan, in favor of the DOC Entities and Settling Insurers under the Plan.

(K) The Trust shall defend, indemnify, and hold harmless the DOC Entities and Settling Insurers from any Medicare Claims reporting and payment obligations relating to its payment of Channeled Claims, including any obligations owing or potentially owing under MMSEA or MSP, and any Claims related to the Trust's obligations under Section 1.mmmm.(ix).

(L) The Social Security Administration may change (or may have already changed) its processes and/or procedures in a manner that is inconsistent with the foregoing. The Trustee shall make best efforts to comply meaningfully with the foregoing while adhering to the Social Security Administration's most recent processes, procedures, and requirements.

and

(x) expressly conditioning the Plan Effective Date upon the Approval Order being a Final Order, which provision can be waived only by the unanimous consent of the Certain Settling Insurers.

nnnn. Plan Effective Date

The term "**Plan Effective Date**" means the date on which the Plan by its terms becomes effective and binding upon DOC and all persons asserting Claims against DOC.

oooo. Redacted Information

The term “**Redacted Information**” means names, Social Security numbers other than the last four digits, health insurance claim numbers, taxpayer identification numbers, employer identification numbers, mailing addresses, telephone numbers, and dates of birth of the Tort Claimants, and the names of the guardians, conservators, and/or other personal representatives, as applicable.

pppp. Reference Motion

The term “**Reference Motion**” means the *Motion to Withdraw the Reference* filed by London Market Insurers in the Insurance Coverage Action, which was joined by Interstate, the AIG Insurers and the Century Insurers (London Market Insurers, Interstate, the AIG Insurers and the Century Insurers are collectively referred to herein as the (“**Withdrawal Movants**”), and is docketed in the District Court at 21-CV-05345-NLH.

qqqq. Reorganized Debtor

The term “**Reorganized Debtor**” means DOC, on and after the Plan Effective Date.

rrrr. Resolute

The term “**Resolute**” means Resolute Management Services Ltd. (formerly known as Equitas Management Services Limited).

ssss. Settlement Amount

The term “**Settlement Amount**” means, collectively, the LMI Settlement Amount, the Interstate Settlement Amount, the National Catholic Settlement Amount, the AIG Insurers Settlement Amount, and the Century Insurers Settlement Amount.

tttt. Settlement Approval Findings and Conclusions

The term “**Settlement Approval Findings and Conclusions**” means findings of fact and conclusions of law pursuant to 11 U.S.C. §§ 363(b), (f), and (m) and Bankruptcy Rule 9019, entered concurrently with the Approval Order, as necessary for the Court to approve this Agreement, including the following:

(i) DOC demonstrated sound business reasons for the settlement of its claims against the Certain Settling Insurers in the Insurance Coverage Action and the implementation of such settlement through the sale of the LMI Insurance Policies to the London Market Insurers, the Interstate Insurance Policies to Interstate, the National Catholic Insurance Policies to National Catholic, the AIG Insurers Insurance Policies to the AIG Insurers; and the Century Insurers Insurance Policies to the Century Insurers;

(ii) The Parties mediated their disputes over the Tort Claims and the Coverage Claims pursuant to the Mediation Order, beginning in July 2021;

(iii) In the Mediation, the Parties negotiated extensively, at arms-length, and in good faith. The Certain Settling Insurers are purchasers in good faith of their respective Subject Insurance Policies within the meaning of Bankruptcy Code § 363(m), and are entitled to all of the protections of that statute;

(iv) The Certain Settling Insurers are *bona fide* good faith purchasers of their respective Subject Insurance Policies, for value;

(v) The terms of the transactions contemplated by this Agreement, as well as the genesis and background of this Agreement, have been adequately disclosed to the Court;

(vi) The terms and conditions of this Agreement (including the consideration to be realized by DOC's bankruptcy estate) are fair and reasonable;

(vii) The transactions contemplated by this Agreement will benefit DOC's bankruptcy estate, its creditors, and other stakeholders;

(viii) The only potential holders of Interests in or against the Subject Insurance Policies are the DOC Entities and Persons who hold Claims against the DOC Entities, whose Claims might be covered by the Subject Insurance Policies;

(ix) The DOC Entities are parties to this Agreement, and hence are deemed to have consented to the sale within the meaning of Bankruptcy Code § 363(f)(2);

(x) The Barred Claims are subject to *bona fide* dispute, hence the Subject Insurance Policies may be sold free and clear of such Claims pursuant to § 363(f)(4);

(xi) All holders of Claims against the Subject Insurance Policies could be compelled, in a legal or equitable Action, to accept a money satisfaction of such Claims, therefore the Subject Insurance Policies may be sold free and clear of such Claims pursuant to § 363(f)(5);

(xii) The compromises and settlements embodied in the Agreement have been negotiated in good faith, and are reasonable, fair, and equitable;

(xiii) In light of:

(A) the probability of success in litigation;

(B) the likely difficulties in collection;

(C) the complexity of the litigation involved, and the expense, inconvenience and delay necessarily attending it; and

(D) the paramount interest of the creditors;

this Agreement is fair and equitable and within the range of reasonable settlement terms;

(xiv) The LMI Settlement Amount is fair, adequate, and reasonable consideration for (a) the sale by the DOC Entities and the buy-back by the London Market Insurers of the LMI Insurance Policies; (b) the Entities' Release; and (c) the Settling Insurer Supplemental Injunction;

(xv) The Interstate Settlement Amount is fair, adequate, and reasonable consideration for (a) the sale by the DOC Entities and the buy-back by Interstate of the Interstate Insurance Policies; (b) the Entities' Release; and (c) the Settling Insurer Supplemental Injunction;

(xvi) The National Catholic Settlement Amount is fair, adequate, and reasonable consideration for (a) the sale by the DOC Entities and the buy-back by National Catholic of the National Catholic Insurance Policies; (b) the Entities' Release; and (c) the Settling Insurer Supplemental Injunction;

(xvii) The AIG Insurers Settlement Amount is fair, adequate, and reasonable consideration for (a) the sale by the DOC Entities and the buy-back by the AIG Insurers of the AIG Insurers Insurance Policies; (b) the Entities' Release; and (c) the Settling Insurer Supplemental Injunction;

(xviii) The Century Insurers Settlement Amount is fair, adequate, and reasonable consideration for (a) the sale by the DOC Entities and the buy-back by the Century Insurers of the Century Insurers Insurance Policies; (b) the Entities' Release; and (c) the Settling Insurer Supplemental Injunction;

(xix) DOC provided due and adequate notice of the (a) sale of the Subject Insurance Policies; (b) terms and conditions of this Agreement; and (c) the hearing before the Court to approve this Agreement and the sale of the Subject Insurance Policies, in accordance with Bankruptcy Rules 2002 and 6004 to all known and unknown Claimants, including by providing notice by publication to any Future Tort Claimants;

(xx) It would be impractical to divide the Subject Insurance Policies amongst the DOC Entities and the Tort Claimants, therefore, to realize the value of the Subject Insurance Policies for DOC's bankruptcy estate and the Tort Claimants requires the sale of the Subject Insurance Policies;

(xxi) The sale of the Subject Insurance Policies outside the ordinary course of business satisfies the requirements of Bankruptcy Code § 363(b);

(xxii) The sale of the Subject Insurance Policies free and clear of the Interests of all Persons satisfies the requirements of Bankruptcy Code § 363(f);

(xxiii) The Certain Settling Insurers are repurchasing the Subject Insurance Policies pursuant to this Agreement. The Certain Settling Insurers are not purchasing any other assets of the DOC Entities and are not a continuation of the DOC Entities, nor engaging in a continuation of the DOC Entities' businesses. The Certain Settling Insurers shall not have any responsibility or liability with respect to any of the DOC Entities' other assets;

(xxiv) The Certain Settling Insurers are not, and shall not be deemed to be, successors to the DOC Entities, or any of them, by reason of any theory of law or equity or as a result of the consummation of the transactions contemplated in this Agreement, the Plan, or otherwise. The Certain Settling Insurers shall not assume, or be deemed to have assumed, any liabilities or other obligations of the DOC Entities;

(xxv) To the extent any Claimant may have any legal or equitable right to assert a Claim either directly against the Subject Insurance Policies, which policies are being acquired by the Certain Settling Insurers pursuant to this Agreement, or indirectly by asserting such Claim against any DOC Entity, such Claims are deemed to be (a) “interests” as that term is used in Bankruptcy Code § 363(f); and (b) “Interests” herein; and,

(xxvi) The Agreement may be approved pursuant to Bankruptcy Rule 9019(a).

uuuu. Settlement Payment Date

The term “**Settlement Payment Date**” means the day sixty (60) days after the Effective Date, *provided, however*, that if such date is not a Business Day, the Settlement Payment Date shall be the next Business Day.

vvvv. Settling Insurer Supplemental Injunction

The term “**Settling Insurer Supplemental Injunction**” means the following injunction, included within the Confirmation Order, enjoining all Enjoined Claims by all Persons who now, or in the future may, hold such Claims against the Settling Insurers, pursuant to Bankruptcy Code § 105 or other provision of the Bankruptcy Code or applicable law, stating, *verbatim*:

(a) Supplemental Injunction Preventing Prosecution of Claims Against Settling Insurers. Pursuant to Sections 105(a) and 363 of the Bankruptcy Code and in consideration of the undertakings of the Certain Settling Insurers pursuant to this Agreement, including LMI’s, Interstate’s, National Catholic’s, the AIG Insurers’, and the Century Insurers’ purchases of insurance policies or Interests in insurance policies free and clear of all interests pursuant to Section 363(f) of the Bankruptcy Code:

1. Any and all Persons who have held, now hold or who may in the future hold any Interests (including all debt holders, all equity holders, governmental, tax and regulatory authorities, lenders, trade and other creditors, Tort Claimants, perpetrators, and all others holding Interests of any kind or nature whatsoever, including those Claims released or to be released pursuant to the Insurance Settlement Agreements) against any of the Settling Insurers, or any other Person covered or allegedly covered under the Subject Insurance Policies, including (i) Claims relating to the Subject Insurance Policies, including Tort Claims, Direct Action Claims, Indirect Claims, and Released Claims; (ii) the payment of any of the Claims identified in (i), including Contribution Claims and Medicare Claims; (iii) Extra-Contractual Claims; (iv) Unimpaired Unknown Abuse Claims; and (v) Unimpaired Unknown Contingent Claims, are hereby permanently stayed, enjoined,

barred, and restrained from taking any action, directly or indirectly, to assert, enforce or attempt to assert or enforce any such Interest against the Settling Insurers or the Subject Insurance Policies:

2. Commencing or continuing in any manner any action or other proceeding against the Settling Insurers or the property of the Settling Insurers;

3. Enforcing, attaching, collecting, or recovering, by any manner or means, any judgment, award, decree or order against the Settling Insurers or the property of the Settling Insurers;

4. Creating, perfecting, or enforcing any lien of any kind against the Settling Insurers or the property of the Settling Insurers;

5. Asserting or accomplishing any setoff, right of indemnity, subrogation, contribution, or recoupment of any kind against any obligation due the Settling Insurers or the property of the Settling Insurers; and

6. Taking any action, in any manner, in any place whatsoever, that does not conform to, or comply with, the provisions of the Plan.

For the avoidance of doubt, this Supplemental Settling Insurer Injunction bars the above-referenced actions against the Settling Insurers and the Subject Insurance Policies, but against no other Person or thing. The foregoing injunctive provisions are an integral part of this Plan and are essential to its implementation.

www. Settling Insurers

The term “**Settling Insurers**” means, collectively, the Certain Settling Insurers, and all Insurers, which, after the Petition Date, settle claims for insurance coverage brought against them by any DOC Entity, and which obtain the protection of the Settling Insurer Supplemental Injunction.

xxxx. Subject Insurance Policies

The term “**Subject Insurance Policies**” means, collectively, the Interstate Insurance Policies, the LMI Insurance Policies, the National Catholic Insurance Policies, the AIG Insurers’ Insurance Policies, and the Century Insurers Insurance Policies.

yyyy. Termination Event

The term “**Termination Event**” means

- (i) the Court has not entered the Approval Order by [DATE];
- (ii) the Court has not entered the Confirmation Order by [DATE];

- (iii) the Court has not entered the Bar Order by [DATE];
- (iv) the Approval Order, the Confirmation Order or the Bar Order fails to become a Final Order by [DATE];
- (v) the Court denies approval of this Agreement;
- (vi) the Court enters an order or grants such other relief that is inconsistent with this Agreement;
- (vii) the DOC files any plan of reorganization other than the Plan;
- (viii) a trustee under section 1104 of the Bankruptcy Code or an examiner with expanded powers shall have been appointed in the Bankruptcy Case; or
- (ix) the Plan is amended in any manner that is inconsistent with the terms of this Agreement; *provided, however*, the deadlines set forth in (i) through (iv) of the foregoing may be extended by mutual written consent of the Parties.

zzzz. Trade Committee

The term “**Trade Committee**” means the Official Committee of Unsecured Trade Creditors appointed by the United States Trustee on December 24, 2020, Doc. No. 293 in the Bankruptcy Case.

aaaaa. Trust

The term “**Trust**” means the trust to be established under the Plan, which will assume liability for, and be established, pursuant to the Plan and, if applicable, Bankruptcy Code § 105, to pay, in whole or in part, Channeled Claims.

bbbb. Trust Agreement

The term “**Trust Agreement**” means, collectively, any agreement establishing the Trust and the requirements for its administration, and any agreement setting forth procedures for the Trust to pay Channeled Claims, filed as exhibits to the Plan, as may be amended, together with such additional documents as may be executed in connection with the Trust Agreement.

cccc. Trustee

The term “**Trustee**” means the Person appointed to administer the Trust, in accordance with the terms of the Plan.

dddd. Underwriter Third-Party Beneficiaries

The term “**Underwriter Third-Party Beneficiaries**” means:

- (i) Resolute and the Equitas Entities;

(ii) EIL to the extent it is not a successor to the Persons identified in Section 1.ddddd.(i) with respect to the subject matter of this Agreement;

(iii) Any Person from time to time retained by or on behalf of Lloyd's Underwriters to act as their claims handling agent and/or service provider, solely in such capacity;

(iv) The past, present and future reinsurers and retrocessionaires of the Equitas Entities or any of them, including National Indemnity Company and any other Person from time to time controlled (whether directly or indirectly), by Berkshire Hathaway, Inc., that provides retrocessional reinsurance to any one or more of the Equitas Entities, solely in such capacity; and

(v) All past, present and future trustees, officers, directors, employees, subsidiaries, affiliates, representatives, attorneys and agents of the Persons set forth in Sections 1.ddddd.(i) to (iv) (inclusive), if any, solely in such capacities and

(vi) The respective heirs, executors, successors and assigns (including any administrator, receiver, trustee, personal representative, liquidator (provisional or otherwise), or equivalent appointee/s under relevant insolvency law), of any of the Persons identified in Sections 1.ddddd.(i) through (v) (inclusive) above, solely in their capacity as such.

2. Payment of the Settlement Amount

a. This Agreement is effective on the Effective Date. The occurrence of the Settlement Payment Date is a condition precedent to (i) each London Market Insurer's several, respective obligation to pay its share of the LMI Buy-Back Payment and the LMI Plan Payment; (ii) Interstate's obligation to pay the Interstate Buy-Back Payment and the Interstate Plan Payment; (iii) National Catholic's obligation to pay the National Catholic Buy-Back Payment and the National Catholic Plan Payment; (iv) the AIG Insurers' obligation to pay the AIG Insurers' Buy-Back Payment and the AIG Insurers Plan Payment; and the Century Insurers' obligation to pay the Century Insurers' Buy-Back Payment and the Century Insurers Plan Payment.

b. On the Settlement Payment Date, in full and final settlement of all obligations under and relating to the Subject Insurance Policies, and in consideration of the sale of the LMI Insurance Policies to the London Market Insurers, the Interstate Insurance Policies to Interstate, the National Catholic Insurance Policies to National Catholic, the AIG Insurers Insurance Policies to the AIG Insurers; the Century Insurers Insurance Policies to the Century Insurers, free and clear of all Interests of any Person, and the releases provided herein, the Certain Settling Insurers shall pay their respective Settlement Amounts in accordance with the payment instructions provided by the Trust.

c. Each Certain Settling Insurer will pay its respective Settlement Amount in two separate payments, its Buy-Back Payment and its Plan Payment.

d. Upon the Trust's receipt of each of the Certain Settling Insurer's several, respective Settlement Amounts, the sale, assignment, and transfer of each such Certain Settling Insurer's

Subject Insurance Policy to such Certain Settling Insurer, shall be effective and binding, with the intent that no Person shall retain anything whatsoever with respect to the Subject Insurance Policies.

e. If DOC or the Trust later agrees that any Certain Settling Insurer may make any payment on terms that differ from the foregoing, then the DOC shall offer the same payment terms to the other Certain Settling Insurers. It is the purpose of this provision to ensure that each Certain Settling Insurer shall have the same payment terms. Notwithstanding the foregoing, in the event of a payment default by any of the Certain Settling Insurers, DOC or the Trust may pursue, or decline to pursue, enforcement of such payment obligation against the defaulting Party in their sole discretion, and any failure to pursue or collect such payment shall not relieve any other Party of their respective payment obligations hereunder.

f. If, before the occurrence of the Settlement Payment Date, a DOC Entity other than DOC becomes a debtor in a bankruptcy case or insolvency Action, under the Bankruptcy Code or otherwise, and any Certain Settling Insurer, has not satisfied its respective several payment obligation arising hereunder, then such Certain Settling Insurer shall be excused from performance under this Agreement until such time as either (i) such DOC Entity obtains, subject to the limitations imposed by the Bankruptcy Code, and subject to the equitable powers of the court in which such Action is pending, an order from such court approving this Agreement under Bankruptcy Code § 363(b), (f), and (m) and Bankruptcy Rule 9019, authorizing the assumption by such DOC Entity (or any successor thereto) of this Agreement under Bankruptcy Code § 365 (“**Assumption**”), or in the event the insolvency case is proceeding under other law, shall obtain a similar order from the court overseeing the insolvency case approving this Agreement and confirming the binding effect thereof; (ii) DOC obtains an order in the Action compelling the Assumption; or (iii) DOC obtains an order from the Court determining the equitable portion of the Settlement Amount allocable to any interest the DOC Entity subject to such bankruptcy case or insolvency Action may have in the Subject Insurance Policies. Each DOC Entity agrees that in the event it files a bankruptcy or other insolvency Action, it will not present any Claim for payment under this Agreement or the Subject Insurance Policies to any Certain Settling Insurer, until the Assumption has been approved by an order of the applicable court and such order has become a Final Order or until its equitable share in the Settlement Amount has been established by order of the Court pursuant to clause (iii) above and such order has become a Final Order. The Certain Settling Insurers agree to cooperate fully and provide commercially reasonable assistance to DOC and any DOC Entity in obtaining any of the orders contemplated in this Section 2(f).

3. Several Liability

The obligations of each Certain Settling Insurer are several and not joint. The DOC Entities agree that no Certain Settling Insurer entitled to the benefits of this Agreement, shall be liable for any settlement amount allocable to any other Person. Accordingly, Interstate agrees to pay only the Interstate Settlement Amount, National Catholic agrees to pay only the National Catholic Settlement Amount, the AIG Insurers agree to pay only the AIG Insurers Settlement Amount, the Century Insurers agree to pay only the Century Insurers Settlement Amount and each identified London Market Insurer listed in Attachment B agrees to pay only its individual, respective, allocated, several share of the LMI Settlement Amount, which amount is set forth in Attachment D, as applicable. No DOC Entity shall seek to recover from Interstate any amount in excess of the

Interstate Settlement Amount, from National Catholic any amount in excess of the National Catholic Settlement Amount, from the AIG Insurers any amount in excess of the AIG Insurers Settlement Amount, from the Century Insurers any amount in excess of the Century Insurers Settlement Amount or from any individual London Market Insurer an amount in excess of its stated, respective, allocated, several share of the LMI Settlement Amount, as set forth in Attachment D. Upon the Settlement Payment Date, each DOC Entity shall be deemed to have released such Certain Settling Insurer pursuant to Section 4 of this Agreement.

4. Mutual Releases

a. By DOC Entities

(i) Upon the Trust's receipt of each London Market Insurer's several, respective, allocated share of the LMI Buy-Back Payment and the LMI Plan Payment, the Entities' Release shall become immediately effective for such Person and its Affiliates without further action by any Person. Those London Market Insurers entitled to the Entities' Release but not identified on Attachment B to this Agreement, namely, those London Market Insurers that subscribed an LMI Insurance Policy either not presently known, or known but to which the identity of the subscribers is not presently known, shall be entitled to all of the terms of the Entities' Release (and to the Indemnity set forth in Section 5), one-hundred twenty (120) days after the Trust's first receipt of a Buy-Back Payment.

(ii) With respect to all Certain Settling Insurers except the London Market Insurers (discussed above in Section 4.a.(i)), upon the Trust's receipt of each such Insurer's respective Buy-Back Payment and Plan Payment, the Entities' Release shall become immediately effective for each such Certain Settling Insurer without further action by any Person.

(iii) It is the intention of the DOC Entities to reserve no rights or benefits whatsoever under or in connection with the Subject Insurance Policies other than the right to receive the Settlement Amount under this Agreement and to assure the Certain Settling Insurers their peace and freedom from such Interests and from all assertions of rights in connection with such Interests, *provided, however*, the Entities' Release does not release, and nothing in this Agreement shall affect the right of the DOC Entities, or the Trust, as applicable, to assert and pursue Claims against, and to collect from, insurers other than those released under the Entities Release, and no Claims are released with respect to such Persons.

(iv) The Trust's receipt of each London Market Insurer's several, respective, allocated share of the LMI Buy-Back Payment and LMI Plan Payment, terminates any and all rights, duties, responsibilities, and obligations of such London Market Insurer created by or in connection with the LMI Insurance Policies, and the DOC Entities shall have no insurance coverage under the LMI Insurance Policies from such London Market Insurer after such date.

(v) With respect to all Certain Settling Insurers except the London Market Insurers (discussed above in Section 4.a.(iv)), the Trust's receipt of each such Insurer's Buy-Back Payment and Plan Payment terminates any and all rights, duties, responsibilities, and obligations of such Insurer created by or in connection with such Insurer's Insurance Policies, and the DOC Entities shall have no insurance coverage under such Insurer's Insurance Policies after such date.

(vi) The Entities' Release shall operate as though the London Market Insurers had never subscribed the LMI Insurance Policies and the other Certain Settling Insurers had never issued their Insurance Policies.

(vii) The Entities' Release extends to all those (a) London Market Insurers that subscribed any of the LMI Insurance Policies; and (b) the Underwriter Third-Party Beneficiaries, all of which are third-party beneficiaries of the Entities' Release.

(viii) Each DOC Entity signing this Agreement is, among other things, (a) releasing all Released Claims, including Claims that it does not know or suspect to exist in its favor, which, if known by such DOC Entity, might have materially affected its settlement with the Certain Settling Insurers and (b) expressly waiving all rights it might have under any federal, state, local, or other law or statute that would in any way limit, restrict, or prohibit such general release.

(ix) Except with respect to any material breach of any representation, warranty, or covenant by the Certain Settling Insurers set forth in this Agreement, each DOC Entity expressly assumes the risk that acts, omissions, matters, causes, or things may have occurred, which it does not know or does not suspect to exist. To the fullest extent permitted by applicable law, each DOC Entity hereby waives the terms and provisions of any statute, rule, or doctrine of common law which either: (a) narrowly construes releases purporting by their terms to release claims in whole or in part based upon, arising from, or related to such acts, omissions, matters, causes or things; or (b) restricts or prohibits the releasing of such Claims.

(x) Nothing in the foregoing shall release any Certain Settling Insurer from its obligations under this Agreement, including the obligation to pay their respective Settlement Amounts.

b. By Certain Settling Insurers

(i) At the same time that the Entities' Release becomes effective, each London Market Insurer so released each other Certain Settling Insurer, and any subsequently appointed trustee or representative acting for such Certain Settling Insurer shall be deemed to remise, release, covenant not to sue, and forever discharge the DOC Entities from and against all Claims relating to the Subject Insurance Policies, which such Certain Settling Insurer ever had, now have or hereinafter may have, from the beginning of time to the Effective Date.

(ii) Each Person released under the Entities' Release shall reserve no rights or benefits whatsoever under or in connection with the Subject Insurance Policies.

5. Indemnification

a. This Section 5 is effective upon the Trust's receipt of the Settlement Amount. The Trust shall indemnify and hold harmless the Certain Settling Insurers Entities from and against any and all Channeled Claims and Enjoined Claims. This indemnification includes Claims made by Persons over whom the Trust does not have control, including the DOC Entities, former subsidiaries, predecessors in interest, sellers or purchasers of assets, or any other Person who holds a Claim that the Trust is indemnifying.

b. The Certain Settling Insurers shall have the right to defend, with counsel of their choice, all Claims identified under Section 5.a. The Certain Settling Insurers may begin the defense of any Claim upon receipt of such a Claim. The Certain Settling Insurers agree to notify the Trust, as soon as practicable of Claims identified under Section 5.a. and of its choice of counsel.

c. The Trust shall reimburse all reasonable and necessary attorneys' fees, expenses, costs, and amounts incurred by the Certain Settling Insurers in defending or indemnifying Claims identified under Section 5.a. The Certain Settling Insurers shall defend any such Claim in good faith. In defense of any such Claim, the Certain Settling Insurers may settle or otherwise resolve a Claim with the prior consent of the Trust which consent shall not be unreasonably withheld.

d. It is the understanding of the Parties that the Certain Settling Insurers are paying their respective Settlement Amounts in respect of the DOC Entities' contentions regarding their insurance coverage obligations with respect to the Claims under New Jersey law and that, as a result, no Non-Settling Insurer should have, or claim to have, any Contribution Claim against any of the Certain Settling Insurers. Nevertheless, and to the extent the reduction language included in paragraph 8 below is deemed unenforceable or does not extinguish the Contribution Claim completely, then the Trust shall indemnify and hold harmless the Certain Settling Insurers from and against any and all Channeled Claims and Enjoined Claims, asserted against them, by any Insurer.

e. This indemnification and hold harmless undertaking (Sections 5.a., b., c. and d.) also extends to the benefit of the Underwriter Third-Party Beneficiaries, in their capacity as such, all of which are third-party beneficiaries of the terms of this indemnification and hold harmless undertaking.

f. Nothing herein shall obligate or otherwise require DOC, the DOC Entities, or the Reorganized Debtor to indemnify or otherwise defend the Certain Settling Insurers.

6. Bankruptcy Obligations

a. DOC shall provide to each of the Certain Settling Insurers an initial draft of the proposed form of Approval Order, including the Bar Order and Settlement Approval Findings and Conclusions, at least fourteen (14) days before DOC submits the foregoing for approval of this Agreement to the Court, so that the Certain Settling Insurers may provide comments and suggestions. In the event that DOC makes material revisions to any of the foregoing documents, then, as soon as possible, DOC shall provide a copy of such material revisions to the Certain Settling Insurers. The Certain Settling Insurers reserve the right to object to, *inter alia*, (i) any proposed order that does not satisfy all of the requirements of the definition of Approval Order set

forth in Section 1.l., or (ii) any proposed findings and conclusions that do not satisfy all of the requirements of the definition of Settlement Approval Findings and Conclusions set forth in Section 1.tttt.

b. DOC shall provide to each of the Certain Settling Insurers an initial draft of the proposed form of Confirmation Order, and Confirmation Findings and Conclusions, at least fourteen (14) days before DOC submits the foregoing to the Court, so that the Certain Settling Insurers may provide comments and suggestions. In the event that DOC makes material revisions to any of the foregoing documents, then, as soon as possible, DOC shall provide a copy of such material revisions to the Certain Settling Insurers. The Certain Settling Insurers reserve the right to object to, *inter alia*, any proposed order that does not satisfy all of the requirements of the definition of Confirmation Order set forth in Section 1.jj, or the definition of Bar Order set forth in Section 1.s or any proposed findings of fact and conclusions of law that do not satisfy all the requirements of the definition of Confirmation Findings and Conclusions in Section 1.ii.

c. DOC shall provide to the Certain Settling Insurers a draft of any proposed plan of reorganization fourteen (14) days before DOC submits the foregoing to the Court, so that the Certain Settling Insurers may provide comments and suggestions. In the event that DOC makes material revisions to the proposed plan of reorganization, then, as soon as possible, DOC shall provide a copy of such material revisions to the Certain Settling Insurers. The Certain Settling Insurers reserve the right to object to, *inter alia*, any proposed plan of reorganization that does not satisfy all of the requirements of the definition of Plan set forth in Section 1.mmmm. (a “**Non-Compliant Plan**”). If DOC proposes a Non-Compliant Plan, then any Certain Settling Insurer may contest such plan, and DOC shall not request a hearing date on confirmation of a Non-Compliant Plan less than thirty (30) days after the date such plan is filed in the Court.

d. DOC will seek entry of the Confirmation Order, as set forth in Section 1.jj., together with the Confirmation Findings and Conclusions, as set forth in Section 1.ii., including any required findings and conclusions under the Bankruptcy Code.

e. DOC shall serve Bankruptcy Notice of the initial hearing to approve this Agreement and on confirmation of the Plan and the time for filing objections thereto. The proposed form of notice shall be submitted to the Certain Settling Insurers for their review and comment no later than seven (7) days prior to the actual service of notice. If the initial hearing to approve this Agreement or to confirm the Plan is adjourned, DOC shall not be required to provide Bankruptcy Notice of such adjourned hearing and shall only be required to file a notice of such adjournment on the docket in the Bankruptcy Case and provide such other and further notice as the Court may direct.

f. In the event that any Person attempts to prosecute a Barred Claim, before the Effective Date, against any Certain Settling Insurer or any DOC Entity, then promptly following notice from such Certain Settling Insurer or DOC Entity, DOC shall file a motion and supporting papers to obtain an order from the Bankruptcy Court, pursuant to Bankruptcy Code §§ 105(a) and/or 362(b), as applicable, staying such Claims until the date that the Approval Order and Confirmation Order have each become a Final Order, or, alternatively, this Agreement is terminated under Section 9. However, if DOC is unable to obtain a stay of such Claim then the Certain Settling Insurers may, to the extent feasible, and subject to the terms, conditions, and any

applicable limits and retentions of the Subject Insurance Policies, defend such Claims and either settle them or litigate them to judgment, and the applicable DOC Entities shall fully assist and cooperate any Certain Settling Insurer in such defense. If after such a Claim is brought, and if:

(i) the Effective Date occurs, then any payment by any Certain Settling Insurer to resolve such Barred Claim, including defense costs paid to an insured's counsel, shall be deducted equally from its Buy-Back Payment and Plan Payment, and such Certain Settling Insurer, as applicable, shall pay the balance of its respective Settlement Amount; if the payments by a Certain Settling Insurer to resolve such Barred Claim equals or exceeds its Settlement Amount (or, in the case of a London Market Insurer, its respective, several, allocated share of the LMI Settlement Amount), then such Certain Settling Insurer, shall automatically, and without further action by any Person, be relieved of any further obligations under this Agreement and entitled to all the benefits hereunder, including the Entities Release; or, alternatively,

(ii) the Effective Date does not occur, before this Agreement is terminated under Section 9, then any amounts paid by the Certain Settling Insurers shall be credited against their obligations, if any exist, under the Subject Insurance Policies.

g. Upon execution of the agreement, the London Market Insurers, AIG Insurers, Interstate and Century Insurers shall move to stay the Reference Motion until the Confirmation Order becomes a Final Order or, to the extent that the Court either declines to grant a stay or terminates a stay that is granted, the Withdrawal Movants shall voluntarily withdraw the Reference Motion without prejudice; *provided, however*, if any Withdrawal Movant later files another motion to withdraw the reference, no DOC Entity shall assert in any way that such later-filed motion is untimely.

h. Upon execution of the agreement, the Century Insurers shall move to stay the Bar Date Appeal until the Confirmation Order becomes a Final Order or, to the extent that the Court either declines to grant a stay or terminates a stay that is granted, DOC and the Century Insurers shall enter a binding stipulation to dismiss the Appeal on the ground that the appeal is interlocutory.

i. Upon the Confirmation Order becoming a Final Order, DOC shall promptly dismiss each of the Certain Settling Insurers from the Insurance Coverage Action.

j. Upon the Confirmation Order becoming a Final Order, the Century Insurers shall promptly dismiss the Appeal with prejudice and without costs.

k. Upon the Confirmation Order becoming a Final Order, the Withdrawal Movants shall withdraw the Reference Motion.

7. Representations and Warranties

a. DOC represents and warrants that the notice required under the definition of Bankruptcy Notice includes all Claimants whose names and addresses are known to DOC or are readily ascertainable.

b. Each DOC Entity represents and warrants that it has the authority to execute this Agreement as its binding and legal obligation, subject in the case of DOC, to receiving Court approval of this Agreement.

c. Each Party represents and warrants that the Persons signing this Agreement on its behalf are authorized to execute this Agreement.

d. Each Person signing this Agreement on behalf of a Party represents and warrants that he or she has the right, power, legal capacity, and authority to enter into this Agreement on behalf of such Party and bind such Party to perform each of the obligations specified herein.

8. Reduction Clause.

The Plan shall include the following, *verbatim*:

a. Litigation/Settlement Between an Alleged Insured or Tort Claimant and Non-Settling Insurers

(i) The Channeling Injunction shall channel all Contribution Claims to the Trust.

(ii) If, for any reason any court does not recognize the channeling of the Contribution Claims of Non-Settling Insurers to the Trust, or such Claims are not channeled for any reason, then the following shall apply:

(A) The Certain Settling Insurers shall retain their Contribution Claims, subject to the following provisions; provided, however, that:

(I) The Certain Settling Insurers shall not pursue any Contribution Claims against any Non-Settling Insurer (A) that asserts a Contribution Claim solely against the Trust; (B) whose Contribution Claim is satisfied and extinguished entirely by the application of this paragraph 8.a., or (C) that does not assert a Contribution Claim against them;

(II) If a Non-Settling Insurer asserts its Contribution Claim only against the Trust, then the Certain Settling Insurers shall assign any Contribution Claims they may hold against such Non-Settling Insurer to the Trust, and the Trust shall be free to assert such Contribution Claims against such Non-Settling Insurer;

(III) If a Non-Settling Insurer releases its Contribution Claims, if any such exist, that it may have against a Certain Settling Insurer, then such released Certain Settling Insurer shall release its Contribution Claims against such releasing Non-Settling Insurer.

(IV) If a Non-Settling Insurer asserts a Contribution Claim against any Certain Settling Insurer, and

(1) the Trust fully indemnifies the Certain Settling Insurer, then the Certain Settling Insurer shall assign its Contribution Claim to the Trust; or

(2) the Trust partially, but not fully, indemnifies the Certain Settling Insurer for such Claim, then the Certain Settling Insurer shall retain its Contribution Claims and may assert them against the Non-Settling Insurer asserting the Contribution Claim against the Certain Settling Insurer. Any recovery by the Certain Settling Insurer exceeding the amount necessary to satisfy the Trust's full indemnity obligation plus litigation costs shall be turned over to the Trust.

(B) In any Action, including the Insurance Coverage Action, involving a DOC Entity, the Reorganized Debtor, or the Trust (collectively, "Alleged Insured") or a Tort Claimant, as applicable, and one or more Non-Settling Insurers, where a Non-Settling Insurer has asserted, asserts, or could assert any Contribution Claim against a Certain Settling Insurer Entity, then any judgment or award obtained by such Alleged Insured or Tort Claimant against such Non-Settling Insurer shall be automatically reduced by the amount, if any, that such Certain Settling Entity is liable to pay such Non-Settling Insurer as a result of its Contribution Claim, so that the Contribution Claim is thereby satisfied and extinguished entirely ("**Reduction Amount**"). In any Action involving an Alleged Insured or Tort Claimant against a Non-Settling Insurer, where such a Certain Settling Insurer Entity is not a party, such Alleged Insured or Tort Claimant shall obtain a finding from that court or arbitrator(s), as applicable, of the Reduction Amount before entry of judgment against such Non-Settling Insurer. In the event that such a reduction is not made as described above, then any Contribution Claim by any Non-Settling Insurer against any Certain Settling Insurer Entity shall be reduced by the Reduction Amount, as determined by the court or arbitrator(s) in which such Contribution Claim is filed. The Certain Settling Insurers shall be required to cooperate in good faith with DOC and/or the Trust to take commercially reasonable steps to defend against any Contribution Claim. In the event that application of the Reduction Amount eliminates the Non-Settling Insurer's Contribution Claim, then such Non-Settling Insurer shall fully reimburse the Certain Settling Insurer Entities their costs and expenses, including legal fees, incurred in responding to the Contribution Claim Action, including all costs, expenses and fees incurred in seeking relief from the Court.

(C) If an Alleged Insured or Tort Claimant and a Non-Settling Insurer enter into an agreement settling one or more Claims relating to Abuse, such agreement shall include a provision whereby such Non-Settling Insurer releases Contribution Claims against the Certain Settling Insurers so long as the Certain Settling Insurers release their Contribution Claims against such Non-Settling Insurer. If such settlement agreement fails to include such a release provision, and the Non-Settling Insurer has asserted, asserts, or could assert a Contribution Claim against a Certain Settling Insurer Entity, then any settlement amount in such settlement agreement

shall be deemed automatically reduced by the Reduction Amount. In such event, the settling parties shall obtain a finding from the applicable court or arbitrator(s) of the Reduction Amount. If (a) the settlement agreement was entered into without litigation or arbitration such that no judge or arbitrator can determine the Reduction Amount, or (b) such a reduction is not otherwise made as described above, then any Contribution Claim by any Non-Settling Insurer against any Certain Settling Insurer Entity shall be reduced by the Reduction Amount, as determined by the court or arbitrator(s) in which such Contribution Claim is filed. The Certain Settling Insurers shall be required to cooperate in good faith with DOC and/or the Trust to take commercially reasonable steps to defend against any Contribution Claim by a Non-Settling Insurer. In the event that the reduction eliminates the Non-Settling Insurer's Contribution Claim, then such Non-Settling Insurer shall fully reimburse the Certain Settling Insurer Entities their costs and expenses, including legal fees, incurred in responding to the Contribution Claim Action, including all costs, expenses and fees incurred in seeking relief from the Court.

b. Application of the Reduction

(i) To ensure that the reduction contemplated in this Section 8 is accomplished, the Certain Settling Insurer Entities shall be entitled to: (i) notice, pursuant to Section 19, within a reasonable time of the initiation of any future Action against or future settlement negotiations with any Non-Settling Insurer that could give rise to the possibility of a Contribution Claim against any Certain Settling Insurer Entity, and periodic notices thereafter on at least an annual basis of the status of such Action or negotiations; (ii) the opportunity to participate in the Action or settlement negotiations without objection by any party thereto, but only to the extent necessary to accomplish the reduction contemplated in this Section 8; (iii) the cooperation of the applicable Alleged Insured so that the Certain Settling Insurer Entities can assert this Section as a defense in any Action against any of them for any Contribution Claim; and (iv) have the court or appropriate tribunal issue such orders as are necessary to effectuate the judgment, award, or settlement reduction in order to protect the Certain Settling Insurer Entities from any Contribution Claim. The notice required above shall be given by (A) the Alleged Insured that is a party to such Action or settlement negotiations; or (B) if no Alleged Insured is such a party, the Non-Settling Insurer that is a party to such Action or settlement negotiations; or (C) if no Alleged Insured or Non-Settling Insurer is a party to such Action or settlement negotiations, the Tort Claimant bound by the Plan.

(ii) The Trust shall use its best efforts to obtain, from all Settling Insurers, agreements similar to those contained in Section 8(a)(ii)(A)(III).

9. Termination of Agreement

a. The Parties may terminate this Agreement in writing upon mutual assent.

b. Any Certain Settling Insurer may terminate this Agreement upon thirty (30) days' notice to the other Parties if a Termination Event occurs.

c. In the event of termination pursuant to this Section 9, unless the Parties agree otherwise in writing, this Agreement shall be void *ab initio* and all Parties shall retain all of their Interests relating to the Subject Insurance Policies as if this Agreement never existed; provided, however, that any amounts expended by the Certain Settling Insurers pursuant to Section 6.f. of this Agreement shall be credited against their obligations, if any, under the Subject Insurance Policies.

10. Treatment of Perpetrators

Nothing in this Agreement overrides the treatment in the Plan of Persons who perpetrated an act of Abuse that forms the basis for a Tort Claim.

11. Reasonably Equivalent Value

a. This Agreement was bargained for and entered into in good faith and as the result of arms-length negotiations;

b. Based on their respective independent assessments, with the assistance and advice of counsel, of the probability of success, the complexity, the delay in obtaining relief, and the expense of maintaining the Insurance Coverage Action, the payments received by the DOC Entities pursuant to this Agreement constitute a fair and reasonable settlement of the Released Claims;

c. The payments and other benefits received under this Agreement by the DOC Entities constitute reasonably equivalent value for the Entities' Release, indemnity, and other benefits received by the Certain Settling Insurer Entities under this Agreement; and

d. This Agreement constitutes a full and final resolution of all issues in the Insurance Coverage Action.

12. Confidentiality

a. Except as necessary to obtain approval of this Agreement in the Court, the Parties agree that all matters relating to the negotiation of this Agreement shall be confidential and are not to be disclosed except by order of court, or written agreement of the Parties, except that, provided recipients agree to keep such information confidential, this Agreement may be disclosed to: (i) reinsurers of the Certain Settling Insurers directly or through intermediaries; (ii) outside auditors or accountants of any Party; (iii) representatives of a non-party insurer subscribing or allegedly subscribing one or more of the LMI Insurance Policies, which insurer is, has been or may become insolvent in the future, including any liquidators, provisional liquidators, scheme administrators, trustees, or similarly empowered Persons acting for such insurer. This Agreement may also be disclosed, as required, to the Inland Revenue, the Internal Revenue Service or other U.S. or U.K. governmental authority that properly requires disclosure, or as otherwise required by law. The Parties acknowledge and agree that a copy of this Agreement will be publicly filed on the docket and provided to parties in interest in the Bankruptcy Case, without obligation of confidentiality or restrictions on further disclosure.

b. In the event a private litigant, by way of document request, interrogatory, subpoena, or questioning at deposition or trial, attempts to compel disclosure of anything protected by this section from a Party, such Party shall decline to provide the requested information on the ground that this Agreement restricts such disclosure. In the event such private litigant seeks an order from any court or governmental body to compel such disclosure, or in the event that a court, government official, or governmental body (other than the Inland Revenue or Internal Revenue Service) requests or requires disclosure of anything protected by this paragraph, the Party from whom disclosure is sought shall promptly give written notice to the other Parties, and shall promptly provide copies of all notice papers, orders, requests, or other documents in order to allow each Party to take such protective steps as may be appropriate. Notice shall be made under this paragraph to the persons identified in Section 19.

c. Material protected by this section shall be deemed to fall within the protection afforded compromises and offers to compromise by Rule 408 of the Federal Rules of Evidence and similar provisions of state law or state rules of court.

13. Underwriter Third-Party Beneficiaries

The Underwriter Third-Party Beneficiaries, the Trust, and the Trustee are intended third-party beneficiaries of this Agreement. Except as set forth in the preceding sentence, there are no other third-party beneficiaries of this Agreement.

14. Co-operation

The DOC Entities will undertake all reasonable actions to co-operate with the Certain Settling Insurers in connection with their respective reinsurers, including responding to reasonable requests for information and meeting with representatives of reinsurers. Furthermore, the Parties shall use their reasonable best efforts and cooperate as necessary or appropriate to effect the objectives of this Agreement.

15. Non-Prejudice and Construction of Agreement

a. This Agreement is intended to be and is a compromise between the Parties and shall not be construed as an admission of coverage under the Subject Insurance Policies nor shall this Agreement or any provision hereof be construed as a waiver, modification, or retraction of the positions of the Parties with respect to the interpretation and application of the Subject Insurance Policies.

b. This Agreement is the product of informed negotiations and involves compromises of the Parties' previously stated legal positions. Accordingly, this Agreement does not reflect upon the Parties' views as to rights and obligations with respect to matters or Persons outside the scope of this Agreement. This Agreement is without prejudice to positions taken by any Certain Settling Insurer with regard to other insureds, and without prejudice with regard to positions taken by any DOC Entity with regard to other insurers. Except for the express references to the Underwriter Third-Party Beneficiaries, the Parties specifically disavow any intention to create rights in third parties under or in relation to this Agreement.

c. This Agreement is the jointly drafted product of arms'-length negotiations between the Parties with the benefit of advice from counsel, and the Parties agree that it shall be so construed. As such, no Party will assert that any ambiguity in this Agreement shall be construed against another Party.

d. If any provision of the Plan, the Trust Agreement, or trust distribution procedures proposed thereunder conflicts with or is inconsistent with this Agreement in any way whatsoever, then the provisions of this Agreement shall control and take precedence. Neither the Plan nor the Trust Agreement shall be construed or interpreted to modify or affect any rights or obligations of any Certain Settling Insurer under this Agreement.

16. No Modification

No change or modification of this Agreement shall be valid unless it is made in writing and signed by the Parties. Any attempted change or modification in violation of this Section shall be void *ab initio*.

17. Execution

There will be three signed originals of this Agreement.

18. Governing Law

This Agreement shall be governed by and shall be construed in accordance with the laws of New Jersey.

19. Notices

Unless another person is designated, in writing, for receipt of notices hereunder, notices to the respective Parties shall be sent to the Persons listed on Attachment F.

20. Integration

This Agreement, including the attachments, constitutes the entire Agreement amongst the Certain Settling Insurers and the DOC Entities, with respect to the subject matter hereof, and supersedes all discussions, agreements and understandings, both written and oral, amongst the Parties with respect thereto; *provided, however*, shall have no effect on the First LMI Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement by their duly authorized representatives.

The London Market Insurers identified in Attachment B have respectively designated Clyde & Co US LLP, as their attorneys-in-fact for the limited purpose of executing this Agreement on their behalf with express authority to do so.

[Signature Pages Follow]

Signed: _____
The Diocese of Camden, New Jersey

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____
London Market Insurers

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____
Interstate Fire & Casualty Company

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____
The National Catholic Risk Retention Group

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____
Granite State Insurance Company
Lexington Insurance Company
National Union Fire Insurance Company of
Pittsburgh, PA

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____
Century Indemnity Company, as successor
to CCI Insurance Company, as successor to
Insurance Company of North America,
Federal Insurance Company, and Illinois
Union Insurance Company

Name Printed: _____

Title: _____

Date: _____ 2022

SCHEDULE OF ATTACHMENTS TO
SETTLEMENT AGREEMENT AND RELEASE

Attachment A-1	List of known LMI Insurance Policies
Attachment A-2	List of known Interstate Insurance Policies
Attachment A-3	List of known National Catholic Policies
Attachment A-4	List of known AIG Insurers Policies
Attachment A-5	List of known Century Insurers Policies
Attachment B	List of London Market Insurers
Attachment C	List of Solvent London Market Insurers allocated shares of the Settlement Amount
Attachment D	List of DOC Entities
Attachment E	Notice Names and Addresses

ATTACHMENT A-1

Known LMI Insurance Policies

Known LMI Insurance Policies

Package Policies:

Policy No. / Security	Policy Period(s)
MO 10490 / 5488	November 27, 1972 to November 27, 1975
SL 3081 / SLC 5088	November 27, 1975 to November 27, 1978
SL 3473 / SLC 5499	November 27, 1978 to November 27, 1980
SL 3759 / SLC 5778	November 27, 1980 to November 27, 1983
ISL 3146 / ICO 5001	November 27, 1983 to November 27, 1985
SL 3146 / ICO 5303	November 27, 1985 to November 27, 1986
ISL 3717	November 27, 1986 to November 27, 1987 (<i>unconfirmed</i>)

Excess Umbrella Policies:

Policy No. / Security	Policy Period(s)
MW 22161 / MC 6365	November 27, 1972 to November 27, 1975
MW 22702 / MC 6739	November 27, 1975 to November 27, 1978

Excess Broadform Liability Policies:

Policy No. / Security	Policy Period(s)
SL 3475 / SLC 55012	November 27, 1978 to November 27, 1980 (<i>unconfirmed</i>)
SL 3784 / SLC 58023	November 27, 1980 to November 27, 1981 (<i>unconfirmed</i>)
SL 3932 / SLC 59364	November 27, 1981 to November 27, 1983 (<i>unconfirmed</i>)
ISL 3148 / ICO 5003	November 27, 1983 to November 27, 1984 (<i>unconfirmed</i>)
ISL 3315	February 19, 1985 to November 27, 1985 (<i>unconfirmed</i>)

Excess Broadform Claims Made Policy:

Policy No. / Security	Policy Period(s)
ISL 3687	November 27, 1986 to November 27, 1987 (<i>unconfirmed</i>)

And all other Policies subscribed to by London Market Insurers issued to DOC and DOC Entities prior to July 1, 1993.

ATTACHMENT A-2

Known Interstate Insurance Policies

Policy No.	Effective Dates
83-152644	11/27/78-11/27/79
	11/27/79-11/27/80
	11/27/80-11/27/81
	11/27/81-11/27/82
83-0169766	11/27/82-11/27/83
	11/27/83-11/27/84
	11/27/84-11/27/85
83-0172325	11/27/85-11/27/86

ATTACHMENT A-3

Known National Catholic Insurance Policies

<u>Policy Effective Date</u>	<u>Buffer Policy</u>	<u>Excess Policy</u>
<u>1988</u>	<u>RRG 1024</u>	<u>NONE</u>
<u>1989</u>	<u>RRG 10241</u>	<u>NONE</u>
<u>1990</u>	<u>RRG 10242</u>	<u>NONE</u>
<u>1991</u>	<u>RRG 10243</u>	<u>NONE</u>
<u>1992</u>	<u>RRG 10244</u>	<u>NONE</u>
<u>1993</u>	<u>RRG 10245</u>	<u>NONE</u>
<u>1994</u>	<u>RRG 10246</u>	<u>NONE</u>
<u>1995</u>	<u>RRG 10247</u>	<u>NONE</u>
<u>1996</u>	<u>RRG 10248</u>	<u>NONE</u>
<u>1997</u>	<u>RRG 10249</u>	<u>NONE</u>
<u>1998</u>	<u>RRG 10249-01</u>	<u>NONE</u>
<u>1999</u>	<u>RRG 10249-02</u>	<u>NONE</u>
<u>2000</u>	<u>RRG 10249-03</u>	<u>NONE</u>
<u>2001</u>	<u>RRG 10249-04</u>	<u>XS 10249-04</u>
<u>2002</u>	<u>RRG 10249-05</u>	<u>XS 10249-05</u>
<u>2003</u>	<u>RRG 10249-06</u>	<u>XS 10249-06</u>
<u>2004</u>	<u>RRG 10249-07</u>	<u>XS 10249-07</u>
<u>2005</u>	<u>RRG 10249-08</u>	<u>XS 10249-08</u>
<u>2006</u>	<u>RRG 10249-09</u>	<u>XS 10249-09</u>
<u>2007</u>	<u>RRG 10249-10</u>	<u>XS 10249-10</u>
<u>2008</u>	<u>RRG 10249-11</u>	<u>NONE</u>
<u>2009</u>	<u>RRG 10249-12</u>	<u>NONE</u>
<u>2010</u>	<u>RRG 10249-13</u>	<u>NONE</u>
<u>2011</u>	<u>RRG 10249-14</u>	<u>NONE</u>
<u>2012</u>	<u>RRG 10249-15</u>	<u>NONE</u>
<u>2013</u>	<u>RRG 10249-16</u>	<u>NONE</u>
<u>2014</u>	<u>RRG 10249-17</u>	<u>NONE</u>
<u>2015</u>	<u>RRG 10249-18</u>	<u>NONE</u>
<u>2016</u>	<u>RRG 10249-19</u>	<u>NONE</u>
<u>2017</u>	<u>RRG 10249-20</u>	<u>NONE</u>
<u>2018</u>	<u>RRG 10249-21</u>	<u>NONE</u>
<u>2019</u>	<u>RRG 10249-22</u>	<u>FM 10249-22</u>
<u>2020</u>	<u>RRG 10249-23</u>	<u>FM 10249-23</u>
<u>2021</u>	<u>RRG 10249-24</u>	<u>FM 10249-24</u>

ATTACHMENT A-4

Known AIG Insurers Insurance Policies

1. Granite State policy 6685-5570 (2/19/85 to 11/27/85)
2. Lexington policy (participation) 10491/5490 (11/27/72 to 11/27/75)
3. Lexington policy 5529648 (11/27/87 to 11/27/88)
4. Lexington policy 5529684 (11/27/88 to 11/27/89)
5. Lexington policy 567253 (11/27/89 to 11/27/90)
6. Lexington policy 4013337 (11/27/01 to 11/27/02)
7. Lexington potential policy 0491718 (not located)
8. Lexington policy 0507431 (11/27/07 to 11/27/08)
9. Lexington policy 001172957 (11/27/08 to 11/27/09)
10. Lexington policy 065302858 (11/27/09 to 11/27/10)
11. Lexington policy 6796498 (11/27/09 to 11/27/10) (Saint Mary Catholic Home)
12. Lexington policy 013136577 (11/27/10 to 11/27/11)
13. National Union policy 346-57-00 (11/27/98 to 11/27/01)

ATTACHMENT A-5

Known Century Insurers Insurance Policies

Insurer	Policy	Policy Number	Policy Period
INA	Primary	CP 21793	4/2/69-11/27/69
INA	Primary	CP 22444	11/27/69-11/27/72
INA	Excess	XBC 71244	11/27/69-11/27/72
INA	Excess	XBC 105373	11/27/72-11/27/75
CIC	Excess	CIS 430647	11/27/83-11/27/84
CIC	Excess	CIS 431707	11/27/84-2/19/85
Federal	Excess	(93)7908-94-87	11/27/92-11/27/93
Federal	Excess	(94)7908-94-87	11/27/93-11/27/94
Federal	Excess	(95)7908-94-87	11/27/94-11/27/95
Federal	Excess	(96)7908-94-87	11/27/95-11/27/96
Federal	Excess	(97)7908-94-87	11/27/96-11/27/97
Federal	Excess	(00)7908-94-87	11/27/97-11/27/00
INA	Excess	XCB G1560689-7	11/27/93-11/27/94
INA	Excess	XCB G1817128-4	11/27/94-11/27/95
IUIC	Excess	XCP G24875532	12/10/10-11/27/11
IUIC	Excess	XCQ G25833910	11/27/11-11/27/12

ATTACHMENT B

List of London Market Insurers

1. Certain Underwriters at Lloyd's, London subscribing to Policy Nos. MO 10890, SL 3081 8, SL 3473, SL 3759, ISL 3146, ISL 3717, MW 22161, MW 22702, SL 3475, SL 3784, SL 3932, ISL 3148, ISL 3315, ISL 3687, and any other Policies subscribed to by London Market Insurers issued to DOC and DOC Entities prior to July 1, 1993.
2. Catalina Worthing Insurance Ltd f/k/a HFPI (as Part VII transferee of Excess Insurance Co Ltd.)
3. RiverStone Insurance (UK) Limited (successor in interest to Terra Nova Insurance Company Limited)
4. Sompo Japan Nipponkoa Insurance Company of Europe Limited (formerly known as the Yasuda Fire & Marine Insurance Company (U.K.) Ltd.)

Insolvent and/or Not Represented and/or Excess Insurers

5. London and Edinburgh General Insurance Company
6. Sphere Drake Insurance Ltd.
7. Bellefonte Ins. Co.
8. Pine Top Ins. Co. Ltd.
9. Dominion Ins. Co. Ltd.
10. CNA Reinsurance of London Ltd.
11. Stronghold Ins. Co. Ltd.
12. North Atlantic Ins. Co.
13. Union America Ins. Co.
14. Slater Walker Ins. Co.
15. Mentor Ins. Co. (UK) Ltd.

ATTACHMENT C

Solvent London Market Insurer Shares of the Settlement Amount

<u>London Market Insurer</u>	<u>Amount</u>
Certain Underwriters at Lloyd's, London	\$8,412,961.38
Catalina Worthing Insurance Ltd f/k/a HFPI (Excess Ins. Co. Ltd.)	\$606,754.21
RiverStone Insurance (UK) Limited (Terra Nova Ins. Co. Ltd.)	\$196,570.48
Sompo Japan Nipponkoa Ins. Co. of Europe Limited (Yasuda Fire & Marine Ins. Co. UK, Ltd.)	\$34,713.93
Net to Solvent LMI	\$9,251,000

ATTACHMENT D

LIST OF DOC ENTITIES

CATHOLIC ENTITY	ADDRESS
Mater Ecclesiae Chapel, Inc.	261 Cross Keys Road Berlin, NJ 08009
St. Yi Yun Il John Korean Catholic Mission	2001 Springdale Road Cherry Hill NJ 08003
Saint Andrew Kim Korean Catholic Mission, Inc.	631 Market Street Camden, New Jersey 08102
Divine Mercy Parish, Vineland, N.J.	23 West Chestnut Avenue Vineland, NJ 08360
The Church of Our Lady of the Angels, Cape May Court House, N.J.	35 East Mechanic Street Cape May Court House, NJ 08210
Church of the Holy Family, Washington Township	226 Hurffville Road Sewell, NJ 08080
Christ the Good Shepherd Parish, Vineland, N.J.	1655 Magnolia Road Vineland, NJ 08361
Holy Angels Parish, Woodbury, N.J.	64 Cooper Street Woodbury, NJ 08096
St. Peter's Catholic Church Merchantville, N.J.	43 West Maple Avenue Merchantville, NJ 08109
Our Lady of Guadalupe Parish, Lindenwold, N.J.	135 North White Horse Pike Lindenwold, NJ 08021
Mary, Mother of Mercy Parish, Glassboro	500 Greentree Road Glassboro, NJ 08028
St. Joseph's Catholic Church, Sea Isle City, N.J.	126 44 th Street Sea Isle City, NJ 08243
Saint Gabriel the Archangel Parish, Carneys Point, N.J.	369 Georgetown Road Carneys Point, NJ 08069

CATHOLIC ENTITY	ADDRESS
Church of Saint Elizabeth Ann Seton, Absecon, N.J.	591 New Jersey Avenue Absecon, NJ 08201
Saint Simon Stock Parish, Berlin, N.J.	178 West White Horse Pike Berlin, NJ 08009
The Church of Our Lady, Star of the Sea, Cape May	520 Lafayette Street Cape May, NJ 08204
Catholic Community of the Holy Spirit, Mullica Hill, N.J.	17 Earlington Avenue Mullica Hill, NJ 08062
The Parish of the Cathedral of the Immaculate Conception, Camden, N.J.	642 Market Street Camden, NJ 08102
Mary, Queen of All Saints Parish, Pennsauken, N.J.	4824 Camden Avenue Pennsauken, NJ 08110
Holy Child Parish, Runnemede, N.J.	13 East Evesham Road Runnemede, NJ 08078
R.C. Church of the Incarnation, Township of Mantua, New Jersey	240 Main Street Mantua, NJ 08051
Church of Our Lady of the Lakes, Collings Lakes, N. J.	19 Malaga Road Collings Lakes, NJ 08094
Church of St. Rose of Lima, Haddon Heights, N.J.	300 Kings Highway Haddon Heights, NJ 08035
The Church of the Sacred Heart	1739 Ferry Avenue Camden, NJ 08104
The Church of Our Lady of Sorrows, Linwood, N.J.	724 Maple Avenue Linwood, NJ 08221
St. Vincent de Paul Parish, Mays Landing, N.J.	5021 Harding Highway Mays Landing, NJ 08330
Our Lady of the Blessed Sacrament Parish, Newfield, N.J.	104 Catawba Avenue Newfield, NJ 08344
St. Mary's Church Gloucester	426 Monmouth Street Gloucester, NJ 08030

CATHOLIC ENTITY	ADDRESS
St. Joseph's Catholic Church, East Camden	2907 Federal Street Camden, NJ 08105
The Parish of All Saints, Millville, N.J.	621 Dock Street Millville, NJ 08332
Saint Teresa of Calcutta Parish, Collingswood, N.J.	809 Park Avenue Collingswood, NJ 08108
The Parish of St. Maximilian Kolbe, Marmora, N.J.	200 Tuckahoe Road Marmora, NJ 08223
St. Brendan the Navigator Parish, Avalon, N.J.	5012 Dune Drive Avalon, NJ 08202
St. Clare of Assisi Parish, Gibbstown, N.J.	140 Broad Street Swedesboro, NJ 08085
Holy Trinity Parish, Margate, N.J.	11 North Kenyon Avenue Margate, NJ 08402
St. Thomas' Catholic Church, Brigantine, N.J.	331 8 th Street South Brigantine, NJ 08203
Christ the Redeemer Parish, Atco, N.J.	318 Carl Hasselhan Drive Atco, NJ 08004
St. Gianna Beretta Molla Parish, Northfield, N.J.	1417 New Road Northfield, NJ 08225
Our Lady of Perpetual Help Parish, Galloway, N.J.	146 South Pitney Road Galloway, NJ 08205
St. Andrew The Apostle's R. C. Church, Gibbsboro, N. J.	27 Kresson-Gibbsboro Road Gibbsboro, NJ 08026
The Church of St. Charles Borromeo, Washington Township, N. J.	176 Stagecoach Road Sicklerville, NJ 08081
Our Lady of Peace Parish, Monroe Township, N.J.	32 Carroll Avenue Williamstown, NJ 08094
St. Joseph's Church, Somers Point, N.J.	606 Shore Road Somers Point, NJ 08244

CATHOLIC ENTITY	ADDRESS
The Parish of Saint Monica, Atlantic City, N.J.	2651 Atlantic Avenue Atlantic City, NJ 08401
The Church St. Thomas More, Cherry Hill, New Jersey	1439 Springdale Road Cherry Hill, NJ 08003
Saint Damien Parish, Ocean City, N.J.	1337 Ocean Avenue Ocean City, NJ 08226
Most Precious Blood Parish, Collingswood, N.J.	445 White Horse Pike West Collingswood, NJ 08107
St. Joseph the Worker Parish, Haddon Township, N.J.	901 Hopkins Road Haddon Township, NJ 08033
St. Mary's R.C. Church, Delaware Township, N.J.	2001 Springdale Road Cherry Hill, NJ 08003
Infant Jesus Parish, Woodbury Heights, N.J.	334 Beach Avenue Woodbury Heights, NJ 08097
The Catholic Community of Christ Our Light, Cherry Hill, N.J.	402 Kings Highway North Cherry Hill, NJ 08034
Parish of St. Michael the Archangel, Franklinville, N.J.	49 West North Street Clayton, NJ 08312
The Church of Saint Katharine Drexel, McKee City, New Jersey	6075 West Jersey Avenue Egg Harbor Township NJ 08234
The Church of Saints Peter and Paul, Washington Township, N. J.	362 Ganttown Road Turnersville, NJ 08012
Saint Mary of Mount Carmel Parish, Hammonton, N.J.	226 French Street Hammonton, NJ 08037
St. Stephen's R. C. Church, Pennsauken Township, N. J.	6306 Browning Road Pennsauken, NJ 08109
St. Bridget's Catholic Church Glassboro N.J.	202 Ellis Street Glassboro, NJ 08028
Holy Eucharist Parish, Cherry Hill, N.J.	344 Kresson Road Cherry Hill, NJ 08034

CATHOLIC ENTITY	ADDRESS
St. Padre Pio Parish, Vineland, N.J.	4680 Dante Avenue Vineland, NJ 08360
The Parish of St. John Neumann, North Cape May, N.J.	680 Town Bank Road North Cape May, NJ 08204
St. Joachim Parish, Bellmawr, N.J.	601 West Browning Road Bellmawr, NJ 08031
Our Lady of Hope Parish, Blackwood, N.J.	701 Little Gloucester Road Blackwood, NJ 08012
Church of Christ the King, Haddonfield, N.J.	300 Windsor Avenue Haddonfield, NJ 08033
Notre Dame de la Mer Parish, Wildwood, N.J.	2900 Pacific Avenue Wildwood, NJ 08260
The Parish of the Holy Cross, Bridgeton, N.J.	46 Central Avenue Bridgeton, NJ 08302
Archbishop Damiano School	1145 Delsea Drive Westville Grove, NJ 08093
Pope Paul VI High School, Haddon Township, N.J.	901 Hopkins Road Haddonfield, NJ 08033
Camden Catholic High School, Cherry Hill, N.J.	Cuthbert Boulevard and Route 38 Cherry Hill, NJ 08002
Holy Spirit High School, Absecon, N.J.	500 South New Road Absecon, NJ 08201
The Bishop James T. McHugh Regional School, Inc.	2221 NJ State Highway Route 9 Cape May Courthouse, NJ 08210
St. Joseph Child Development Center, Inc.	17 Church St. Camden, NJ 08105

ATTACHMENT E

NOTICE NAMES AND ADDRESSES

DOC

The Diocese of Camden, New Jersey
631 Market Street
Camden, New Jersey 08102
Attn: Vicar General

With copies to:

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Robert S. Roglieri, Esq.
Trenk Isabel P.C.
290 W. Mt. Pleasant Avenue, Suite 2350
Livingston, New Jersey 07039
Tel: (973) 533-1000

-and-

James J. Godino, Jr., Esq.
McKernan McKernan & Godino LLC
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Tel: (856) 964-7759

DOC ENTITIES

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LONDON MARKET INSURERS
For Resolute Management Services
Limited:

Martin Futter, Esq. LLB (Hons) PGDip (LPC)
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London Underwriting Centre
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Tel: +44 (0) 207 342 2455

For Company Leader:

Mr. Steve Dodson
Head of Claims
Catalina Worthing Insurance Ltd f/k/a HFPI (as
Part VII transferee of Excess Insurance Company
Ltd and/or London & Edinburgh Insurance
Company Ltd (as successor to London &
Edinburgh General Insurance Company Ltd))
1 Alie St.
London E1 8DE
England
Tel: +44 (0) 207 265 5031

With copies to:

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55 West Monroe Street
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Russell W. Roten, Esq.
Duane Morris LLP
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Los Angeles, CA 90017-5450
Tel: 213.689.7439

INTERSTATE

Interstate Fire & Casualty Company
225 W. Washington St.
Suite 1800
Chicago, IL 60606
Attn: Heather Campbell
Tel: (678) 393-4632

With copies to:

Rivkin Radler LLP
926 RXR Plaza
Uniondale, NY 11556
Attn: Peter McNamara, Esq.
Tel: (516) 357-3000

CENTURY INSURERS

Century Indemnity Company
10 Exchange Place, 9th Floor
Jersey City, NJ 07302
Attn: Steven Muhlstock

With copies to:

Squire Patton Boggs (US) LLP
382 Springfield Ave.
Suite 300
Summit, NJ 07901
Attn: Mark C. Errico

and

O'Melveny & Myers LLP
Times Square Tower
7 Times Square
New York, NY 10036
Attn: Tancred Schiavoni and Matthew L. Hinker

AIG INSURERS

Kevin J. Lerner
Associate General Counsel, Litigation
General Insurance
American International Group, Inc. (AIG)
28 Liberty Street, Floor 22
New York, NY 10005

With copies to:

Riker Danzig Scherer Hyland & Perretti LLP
Headquarters Plaza, One Speedwell Avenue
Morristown, NJ 07962
Attn: Joseph L. Schwartz and Michael J. Rossignol

NATIONAL CATHOLIC

The National Catholic Risk Retention Group
801 Warrenville Road, Suite 620
Lisle, IL 60532
Attn: Tony McLaughlin

With copies to:

Montgomery McCracken Walker & Rhoads LLP
437 Madison Avenue, 24th Floor
New York, NY 10022
Attn: David M. Banker

Exhibit L to Disclosure Statement

Settling Insurers

1. London Market Insurers

- a. Certain Underwriters at Lloyd's, London subscribing to Policy Nos. MO 10890, SL 3081 8, SL 3473, SL 3759, ISL 3146, ISL 3717, MW 22161, MW 22702, SL 3475, SL 3784, SL 3932, ISL 3148, ISL 3315, ISL 3687, and any other Policies subscribed to by London Market Insurers issued to DOC and DOC Entities prior to July 1, 1993.
- b. Catalina Worthing Insurance Ltd f/k/a HFPI (as Part VII transferee of Excess Insurance Co Ltd.)
- c. RiverStone Insurance (UK) Limited (successor in interest to Terra Nova Insurance Company Limited)
- d. Sompo Japan Nipponkoa Insurance Company of Europe Limited (formerly known as the Yasuda Fire & Marine Insurance Company (U.K.) Ltd.)
- e. *Insolvent and/or Not Represented and/or Excess Insurers*
 - London and Edinburgh General Insurance Company
 - Sphere Drake Insurance Ltd.
 - Bellefonte Ins. Co.
 - Pine Top Ins. Co. Ltd.
 - Dominion Ins. Co. Ltd.
 - CNA Reinsurance of London Ltd.
 - Stronghold Ins. Co. Ltd.
 - North Atlantic Ins. Co.
 - Union America Ins. Co.
 - Slater Walker Ins. Co.
 - Mentor Ins. Co. (UK) Ltd.

2. Century Insurers

- a. Century Indemnity Company, as successor to CCI Insurance Company, as successor to Insurance Company of North America
- b. Federal Insurance Company
- c. Illinois Union Insurance Company

3. AIG Insurers
 - a. Granite State Insurance Company
 - b. Lexington Insurance Company
 - c. National Union Fire Insurance Company of Pittsburgh, PA
4. The National Catholic Risk Retention Group, Inc.
5. Interstate Fire & Casualty Company