

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF CONNECTICUT
HARTFORD DIVISION**

In re:

THE NORWICH ROMAN CATHOLIC
DIOCESAN CORPORATION,¹

Debtor.

Chapter 11

Case No: 21-20687 (JJT)

THIS IS NOT A SOLICITATION OF ACCEPTANCE OR REJECTION OF THE PLAN. ACCEPTANCES OR REJECTIONS MAY NOT BE SOLICITED UNTIL A DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT. THIS DISCLOSURE STATEMENT IS BEING SUBMITTED FOR APPROVAL BUT HAS NOT YET BEEN APPROVED BY THE COURT.

**FIRST AMENDED DISCLOSURE STATEMENT
FOR CHAPTER 11 PLAN OF REORGANIZATION
PROPOSED BY THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS**

¹ The Debtor in this chapter 11 case is The Norwich Roman Catholic Diocesan Corporation, a/k/a The Roman Catholic Diocese of Norwich. The last four digits of the Debtor's federal tax identification number are 7373.

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The Official Committee of Unsecured Creditors (the “Committee”), submits this first amended disclosure statement (the “Disclosure Statement”) in support of the *First Amended Chapter 11 Plan of Reorganization Proposed by the Official Committee of Unsecured Creditors* [Dkt. No. 1780] as it may hereafter be amended or modified (the “Plan”), a copy of which is attached to this Disclosure Statement as **Exhibit 1**.² The Committee through its Plan proposes to reorganize the Norwich Roman Catholic Diocesan Corporation, the debtor and debtor-in-possession in this Bankruptcy Case (the “Debtor” or “Diocese”), and make fair and equitable distributions to the Diocese’s creditors, including the survivors of sexual abuse that occurred within the Diocese.

I. EXECUTIVE SUMMARY OF THE PLAN

A. Introduction

The Committee was appointed at the inception of this Bankruptcy Case to represent the interests of all unsecured creditors including the Abuse Claimants. The Committee devoted much of the last two years to attempting to reach a global resolution of this Bankruptcy Case with the Diocese and certain other parties-in-interest through a joint plan of reorganization proposed by the Committee and the Diocese, and confirmed by the Bankruptcy Court, which they filed on July 31, 2023 [Dkt. No. 1351] (together with all subsequently amendments thereto, the “Joint Plan”). For a variety of reasons explained more fully in this Disclosure Statement, these efforts to confirm the Joint Plan have not been successful. Most recently, on June 27, 2024, the United States Supreme Court entered its decision in *Harrington v. Purdue Pharma L.P.*, which essentially rendered the Joint Plan unconfirmable.

Anticipating this possibility (if not likelihood), the Committee, through its counsel, in early April, 2024, attempted to negotiate an alternative joint plan of reorganization which would have also reached a global resolution with essentially the same contributions made for the benefit of Abuse Claimants as had been previously agreed to among these parties. Recognizing that a decision by the Supreme Court may not come until the end of June, 2024, the Committee did not want to just let three months go by without using that time to prepare for the possibility that the Committee and the Diocese could not go forward with their Joint Plan because of the Supreme Court’s decision in *Purdue Pharma*. In response, certain of the parties refused to even engage in such discussions, most notably, the Debtor’s sole insurer for all years since 1977, The Catholic Mutual Relief Society of America (“Catholic Mutual”). Catholic Mutual then instructed the Debtor and the Parishes not to enter into negotiations or an agreement with the Committee on a separate joint plan, which demand the Diocese and Parishes have since complied.

The Committee has now, with the assistance of its counsel, concluded that the best way to maximize value for all creditors and bring a relatively expeditious and cost-effective conclusion to this Bankruptcy Case is to reorganize the Diocese through the Plan which compels the Diocese to use of significant assets to make payments to its creditors including by contributing the Net Proceeds realized from the sale of real estate during the Bankruptcy Case (approximating \$7.1

² The definitions set forth in Section I of the Plan apply to capitalized terms used but not defined in this Disclosure Statement. The rules of construction set forth in Section II of the Plan apply to this Disclosure Statement.

million) plus the greatest additional amount of cash feasible for the Diocese (to be determined by the Bankruptcy Court) as well as various other assets transferred by the Diocese to the Trust for the benefit of Abuse Claimants. However, to avoid many disputed and contentious issues and the significant delays which would certainly follow, and to preserve for all Abuse Claimants their right to pursue all responsible third-parties (Persons other than the Debtor who have not filed bankruptcy), the Committee's Plan does not include the releases, the channeling of Abuse Claims to trusts, or the channeling injunctions demanded by various third-parties to insulate them from their potential liability for Abuse Claims.

Instead, those third-parties may enter into separate Settlement Agreements directly with Abuse Claimants who affirmatively consent to the release of such third-parties – which negotiation and resolution the Committee strongly encourages. Facilitated by the Committee's counsel, the Oceania Province of the Congregation of Christian Brothers f/k/a The St. Patrick's Province of the Christian Brothers has already agreed to enter into such a Settlement Agreement with the survivors of sexual abuse who suffered such harm during the years 1989 through 2002 while minors attending the Mount St. John's School owned and operated by Mount St. John, Inc. The Diocese and, in particular, its Bishop, played an active role in the management of the Mount St. John's School. This settlement is subject to the applicable Abuse Claimants entering into the Oceania Settlement Agreement and the Bankruptcy Court approving the settlement by its Approval Order (separate from confirmation of the Plan). If approved, the settlement with Oceania would realize \$7 million to be paid by Oceania to the Trust shortly after the Effective Date for Distribution to Abuse Claimants.

Unless and until released pursuant to a Settlement Agreement entered into between these various third-parties and those certain consenting Abuse Claimants, Abuse Claimants may pursue their Abuse Claims against these third-parties without any restriction imposed upon them by the Plan. Abuse Claimants may also, with the consent of the Trustee of the Trust as provided for in the Plan and the Trust Distribution Plan, pursue their Abuse Claims directly against the Diocese solely for purposes of recovering from the Non-Settling Insurers and on account of the Non-Settling Insurer Policies. Any Insurance Recoveries in such litigation against the Diocese shall be treated and distributed as provided in the Trust Distribution Plan.

Therefore, the cash contributions from the Diocese and Oceania transferred to the Trust for the benefit of Abuse Claimants total approximately \$14 million plus such additional amount as determined by the Bankruptcy Court that may be feasibly paid by the Diocese. The Plan also requires the transfer of non-cash assets (or the Net Proceeds from their sale) including the Transferred Real Estate (including the Xavier Property and the Mercy Property), the Transferred Claims and Causes of Action and the Mount St. John Debt and Mount St. John Mortgage Documents to the Trust to be liquidated by the Trustee with the proceeds realized from such liquidations to be distributed to the Abuse Claimants. Either by the assignment of the Transferred Insurance Interests or the Trustee's ability to control the prosecution and enforcement of the Debtor's Insurance Claims, the Trustee will be able to attempt to recover substantial amounts due on account of the Diocese's Insurance Claims against the Non-Settling Insurers and on account of the Non-Settling Insurer Policies for the benefit of Abuse Claimants.

Finally, pursuant to the Plan and the Bankruptcy Code, the Diocese shall be discharged of all Claims against it including Abuse Claims to the extent provided in Section XIII of the Plan. Once again, though, the Plan does not provide for the release of third-parties, the channeling of the Abuse Claims, or the entry of channeling injunctions precluding the prosecution and enforcement of Abuse Claims against third-parties.

Because the Plan realizes substantial and meaningful value consistent with the rights and interests of the Diocese, the bankruptcy estate, and its creditors, including the Abuse Claimants, and for the other reasons set forth herein and to be established at the Confirmation Hearing, the Committee submits that the Plan is in the best interests of, and provides the highest and most expeditious recoveries to all parties including the Abuse Claimants who hold Claims against the Debtor.

THE COMMITTEE STRONGLY RECOMMENDS THAT HOLDERS OF CLAIMS INCLUDING HOLDERS OF ABUSE CLAIMS VOTE TO ACCEPT THE PLAN.

This Disclosure Statement describes why Claims are placed into certain classes, the relative allocations of property to the Holders of such Claims, the manner by which the Diocese's Assets are to be distributed, the risks inherent in the Plan, and the applicable bankruptcy and tax consequences of the Plan. You are advised and encouraged to read this Disclosure Statement and the Plan in their entirety before voting to accept or reject the Plan.

The following table briefly summarizes the classification and treatment of Claims under the Plan. For a more detailed description of the Plan's classification and treatment of Claims, see Section V below.

CLASS	DESCRIPTION	IMPAIRMENT	VOTING	ESTIMATED RECOVERY
1	Other Priority Claims	Unimpaired	Deemed to Accept	100%
2	Secured Claim of Citizens Bank, N.A.	Impaired	Yes	100%
3	Secured Revolving Loan and Secured Guaranty Claims of M&T	Impaired	Yes	100%
4	Abuse Claims Other Than Unknown Abuse Claims	Impaired	Yes	To Be Determined
5	Unknown Abuse Claims	Impaired	Yes	To Be Determined
6	General Unsecured Claims	Impaired	Yes	20%

7	Abuse Related Contribution Claims	Impaired	Deemed to Reject	No Recovery
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As provided by § 1126 of the Bankruptcy Code, only classes of Claims that are both impaired under the Plan and entitled to a recovery under the Plan may vote to accept or reject the Plan. Here, the classes of Claims entitled to vote are Class 2 (Secured Claim of Citizens Bank, N.A.), Class 3 (Secured Revolving Loan and Secured Guaranty Claims of M&T), Class 4 (Abuse Claims other than Unknown Abuse Claims), Class 5 (Unknown Abuse Claims, and Class 6 (General Unsecured Claims) (collectively, the “Voting Classes”).

B. Principal Terms of the Plan

This Section contains a summary of the principal terms of the Plan. You should carefully review the Plan in full before determining whether to vote to accept or reject the Plan. To the extent that any provision of this Disclosure Statement conflicts with any term of the Plan, the terms of the Plan shall control.

Reorganization and Recovery

Through the Plan, the Committee seeks to establish a platform for the Debtor to reorganize and continue its Catholic mission and support its ministries, and to contribute a fair and equitable amount of its assets to pay a meaningful amount to its creditors including by funding Distributions to Abuse Claimants through the Trust and the Unknown Abuse Claims Trust. The rights of the Holders of secured Claims and general unsecured Claims against the Diocese are treated under the Plan in a manner authorized by and consistent with the Bankruptcy Code. The expeditious reorganization of the Diocese would also significantly reduce the further diminishment of the Diocese’s resources to pay for fees and expenses incurred by Professionals employed in this case, and other bankruptcy related costs. The Committee further expects the Plan to be funded by the \$7 million settlement payment made by Oceania conditioned upon the appropriate Abuse Claimants entering into the Oceania Settlement Agreement (including their release of Oceania), and the Bankruptcy Court approving such Settlement Agreement by its Approval Order.

The Non-Settling Insurers and other potentially responsible Persons (referred to in the Plan as Co-Defendants) also have the ability through the Plan to resolve with the Trustee Abuse Claims and Insurance Claims. The Abuse Claimant’s ability to pursue the Non-Settling Insurers, recoveries upon the Non-Settling Insurer Policies, and other Co-Defendants is preserved by the Plan (subject to its terms and conditions), but such Non-Settling Insurers and other Co-Defendants would still, even after the Effective Date, have the ability to reach a Settlement Agreement with the Trustee, among others, and thereby, upon consummation of such settlement, receive, if so negotiated, a release directly from consenting Abuse Claimants and the benefits of a Settled Party provided for in the Plan.

The funds and assets received by the Trust and the Unknown Abuse Claims Trust will be used for Distributions to Abuse Claimants, and in the case of the Trust will also be used for payment of expenses of the Trust, under the terms of the Trust Documents and Unknown Abuse

Claims Trust Documents. Notwithstanding the uncertainty concerning the precise total amount available to the Trust and the allocation to be determined by the Abuse Claims Reviewer, among other considerations, the Committee believes that those recoveries will be significantly greater than amounts to be distributed to Abuse Claimants under any other realistic alternative plan of reorganization or from liquidation.

Overview of the Treatment of Abuse Claims in Class 4 (Excluding Unknown Abuse Claims)

Excluding duplicative claims, 150 individuals have filed Abuse Claims against the Debtor classified in Class 4, including Late-Filed Abuse Claims and Barred Abuse Claims. Such Abuse Claims resulted or arose, in whole or in part, directly or indirectly, from Abuse, and seek monetary damages or any other relief, under any theory of liability, including vicarious liability, any negligence-based theory, contribution, indemnity, or any other theory based on any acts or failures to act by the Debtor.³

Summary of Contributions

On the Effective Date, under the terms of the Plan and the Trust Documents, the Trust shall be created for the benefit of all Class 4 Claimants. The Trust will be funded by the Debtor and the Reorganized Debtor with the following:

- The greatest amount of cash feasible for the Debtor to contribute to the Trust on the Effective Date as determined by the Bankruptcy Court in the Confirmation Order;
- \$7,177,663.24 (plus all interest accrued thereon) realized from the sale of real estate by the Debtor during the Bankruptcy Case;
- The Transferred Real Estate (including the Xavier Property and the Mercy Property) owned by the Diocese described in Plan Section 7.1(a)4 and Plan **Exhibit K**, or their Net Proceeds;
- All of the Debtor's Claims and Causes of Action (other than those held against Settled Parties) including, but not limited to the following Claims and Causes of Action against:
 - a. The Catholic Entities and the ACA for any accounts receivable, notes receivable or other receivables, loans, accounts or other amounts due, and any Claims and Causes of Action arising on account of any security provided therefor, including, but not limited to, those balances due from the corresponding Persons set forth in **Exhibit P** to the Plan;
 - b. Mercy and Xavier to the extent liable pursuant to Bankruptcy Code §§ 544, 548, 549 & 550, and pursuant to the Connecticut Uniform Fraudulent Transfer Act,

³ "Abuse Claim" does not include any Abuse Related Contribution Claim or Medicare Claim. To avoid doubt, an Abuse Claim only includes those resulting or arising in whole or in part, directly or indirectly, from Abuse the first occurrence of which against such Abuse Claimant was committed by any Person before the Effective Date. Abuse Claims also include Late-Filed Abuse Claims and Unknown Abuse Claims.

Conn. Gen. Stat. §§ 52-552a – 52-552l (“CUFTA”);

- c. The ACA to the extent liable pursuant to Bankruptcy Code §§ 542, 544, 548, 549 & 550, and pursuant to CUFTA; and all Causes of Action based on the equitable ownership and nominee doctrines;
 - d. The Catholic Foundation of the Diocese of Norwich, Inc. to the extent liable pursuant to Bankruptcy Code §§ 542, 544, 548, 549 & 550, and pursuant to CUFTA; and all Causes of Action based on the equitable ownership and nominee doctrines;
 - e. Any other Catholic Entities to the extent liable pursuant to Bankruptcy Code §§ 542, 544, 548, 549 & 550, and pursuant to CUFTA;
 - f. The Catholic Entities to the extent liable in connection with any Abuse Claim, for Abuse Related Contribution Claims;
 - g. Officers and directors of the Debtor on account of any breach of fiduciary duty or other Claim; and
 - h. Travelers Casualty and Surety Company for the Causes of Action alleged in that certain First Revised Complaint dated April 30, 2018, and filed in that certain civil action presently pending before the Superior Court, Judicial District of Hartford, at Hartford, captioned *The Norwich Roman Catholic Diocesan Corporation v. Travelers Casualty and Surety Company*, and bearing Docket No. HHD-CV17-6076687-S.
- \$800,000 evidenced by a promissory note granted by the Diocese to the Trust due and payable in one year from the Effective Date of the Plan;
 - The Transferred Insurance Interests related to the Non-Settling Insurers including the Insurance Claims against and Insurance Recoveries due from such Non-Settling Insurers and/or on account of the Non-Settling Insurer Policies; and
 - The Mount St. John Debt exceeding \$2.3 million, of which approximately \$1.5 million is secured by the Mount St. John Mortgage Documents.

If agreed to by the applicable Abuse Claimants and approved by the Bankruptcy Court, the Trust shall also be funded by the settlement payment made by Oceania in the amount of \$7 million pursuant to the Oceania Settlement Agreement.

The Diocese’s Contribution of Real Estate

The Transferred Real Estate consists in all of the Diocese’s right, title and interest in the following real estate:

Transferred Real Estate

Fair Market Value

7 Otis St. Norwich (the “Moss Property”)	\$ 583,200
181 Randolph Rd. Middletown (the “Xavier Property”)	\$ 13,800,000
1740 Randolph Rd, Middletown (the “Mercy Property”)	\$ 9,600,000

The fair market value of the Moss Property is based upon the appraised value reported by the City of Norwich. The fair market value of the Xavier Property and Mercy Property are based on appraisal reports obtained by counsel to the Committee effective as of February 3, 2022.

The actual liquidation value of the Diocese’s interest in the Xavier Property and the Mercy Property realizable by the Trust will be significantly reduced by the encumbrances against the properties, including the M&T Secured Guaranty Claim against the Mercy Property in the approximate amount of \$1.7 million as of March 31, 2023, and the Citizens Secured Guaranty Claim in the amount of approximately \$5 million as of the Petition Date. Although disputed by the Committee, the value realized may also be reduced by Xavier’s right, title and interest in the Xavier Property and Mercy’s right, title and interest in the Mercy Property, including those arising from any lease entered into with the Diocese prior to the Petition Date.

Other Potential Sources of Recovery by the Trust

After the Effective Date, the Trust will also be funded through settlements reached, if any, between the Trustee and any Non-Settling Insurers or Co-Defendants. These Settlement Agreements will be subject to Bankruptcy Court approval. In the event of such settlements, any post-Effective Date settled party shall then be entitled to the benefits of a Settled Party. Nothing in the Plan is intended to affect, diminish or impair a Class 4 Claimant’s rights against a Co-Defendant, including that Co-Defendant’s joint and several liability for Abuse, unless and until such Co-Defendant becomes a Settled Party pursuant to the terms of the Plan and receives a release directly from such Class 4 Claimant. The Plan is further intended to preserve and protect a Class 4 Claimant’s claims and interests in any Non-Settling Insurer Policies and against any Non-Settling Insurer; again, unless and until such Non-Settling Insurer becomes a Settled Party.

Late-Filed Abuse Claims

A Late-Filed Abuse Claim may be Allowed by the Bankruptcy Court as a Class 4 Claim upon motion by the Abuse Claimant and after due notice and a hearing where the Abuse Claimant establishes their excusable neglect excusing the late filing of their Proof of Claim and the Bankruptcy Court orders that the Late-Filed Abuse Claim shall be treated as timely filed on or before the Claims Bar Date. Unless and until such motion is granted and the Late-Filed Abuse Claim is Allowed as a Class 4 Claim by a Non-Appealable Order, no Distribution shall be paid on account of the Late-Filed Abuse Claim as a Class 4 Claim pursuant to the Trust Distribution Plan.

The Holder of a Late-Filed Abuse Claim may instead elect on their Ballot to be treated as an Unknown Abuse Claimant in Class 5. If this election is made, such Holder of a Late-Filed Abuse Claim will not be permitted to attempt to establish their excusable neglect to be Allowed as a Class 4 Claimant. Even if the election is made, such Holder must still establish that they are entitled to Distributions on account of an Unknown Abuse Claim pursuant to the Plan and the Unknown Abuse Claims Trust Distribution Plan.

Anticipated Distributions

Given the need to liquidate real estate and to litigate certain Claims, Causes of Action and Insurance Coverage, and for certain Abuse Claimants to litigate their Abuse Claims against the Diocese for the purpose of recovering from available insurance proceeds, among other significant factors, it is difficult to predict the actual total value that will be realized by the Trust for the benefit of all Abuse Claimants in Class 4. **Notwithstanding, based on the Committee's extensive investigation and analysis, the Committee is hopeful and reasonably estimates that the Trust will realize not less than \$30 million to be distributed to Abuse Claimants classified in Class 4.** Based upon this estimate and based further upon the Committee's own preliminary, non-binding assessment of Abuse Claims and the terms and conditions set forth in the Trust Distribution Plan, the Committee reasonably projects, upon information and belief, that the following average amounts will be available for the Distribution by the Trustee to Allowed Abuse Claimants over the entire term of the Trust:

<u>Type of Claimant in Class 4</u>	<u>Estimated Average</u>
Class 4 Claimant (excluding Barred Abuse Claimants):	\$ 300,000
Barred Abuse Claimant:	\$ 45,000

These amounts are estimates only based upon various projections and assumptions reasonably made by the Committee. They are also estimated averages based upon the anticipated amount of funds available and the projected number of Abuse Claimants in each category entitled to a Distribution pursuant to the Plan and the Trust Distribution Plan. The actual aggregate amount of Distributions made to each Abuse Claimant in Class 4 will depend upon the actual amount received by the Trust, the actual number of Abuse Claimants entitled to a Distribution, and the results of the claims review process implemented by the Abuse Claims Reviewer pursuant to the Trust Distribution Plan. Each Abuse Claimant in Class 4 may actually receive more or less in their Distributions, if not significantly more or less, than these estimated averages depending upon the Abuse Claims Reviewer's review of claims and application of the evaluation factors, additional factors and adjustments required by the Trust Distribution Plan among all of the Abuse Claimants in Class 4.

As soon as possible after the Effective Date, and under the terms of the Plan and the Trust Documents, the Trust shall make an initial Distribution to all Class 4 Claimants to the extent of then-available funds taking into account necessary reserves. The Committee anticipates that the Trustee will after the initial Distribution make additional Distributions to all Class 4 Claimants as he or she liquidates Trust Assets and otherwise realizes value for the benefit of such Class 4 Claimants.

Overview of Treatment of Unknown Abuse Claims in Class 5⁴

Unknown Abuse Claims in Class 5 are impaired under the Plan. Upon the submission of the required Proof of Unknown Abuse Claim form, the Abuse Claims Reviewer shall initially determine if any asserted Unknown Abuse Claim qualifies as an Unknown Abuse Claim pursuant to the Plan. If so qualified, the Abuse Claims Reviewer will then assess the Unknown Abuse Claim

⁴ The capitalized terms in this portion of the Disclosure Statement not defined by the Plan are defined in the Unknown Abuse Claims Trust Distribution Plan which definitions are incorporated herein by reference.

in the same manner as all other Abuse Claims and award points on a scale of up to 100 based upon the evaluative factors set forth in Section 5.2(b) of the Unknown Abuse Claims Trust Distribution Plan. These points will then be adjusted in accordance with the adjustment requirements set forth in Section 6 of the Unknown Abuse Claims Trust Distribution Plan. In particular, to determine the Point Total Award, the Abuse Claims Reviewer shall reduce the point total allocated for any Allowed Unknown Abuse Claim pursuant to paragraph 5.2(b) by fifty percent (50%) on account of the Abuse Claim constituting an Unknown Abuse Claim, rather than an Abuse Claim filed before the Bar Date.

The Abuse Claims Reviewer shall then provide the Point Total Award to the Unknown Abuse Claims Trustee who shall determine the Payment Amount to be distributed to the Unknown Abuse Claimant by multiplying the Point Total Award by the Initial Point Value provided to the Unknown Abuse Claims Trustee by the Trustee pursuant to Trust Distribution Plan. The Initial Point Value is the value of each point awarded on account of Abuse Claims (other than Unknown Abuse Claims) treated pursuant to the Trust Distribution Plan. In this manner, Unknown Abuse Claimants will be compensated identically to all other Abuse Claimants but with a reduction of fifty percent (50%). The Unknown Abuse Claims Trustee will then send the Award Notice to the Unknown Abuse Claimant setting forth the Payment Amount to be distributed.

The Unknown Abuse Claims Trustee shall also submit the Award Notice with a Funding Request to the Reorganized Debtor requesting the amount necessary to be funded by the Reorganized Debtor to fund fully such Payment Amount as set forth in the Award Notice. Within thirty (30) days of its receipt of the Funding Request, the Reorganized Debtor shall deliver an amount equal to the Payment Amount requested in the Funding Request to the Unknown Abuse Claims Trustee. The Unknown Abuse Claims Trustee shall make a Distribution to each Unknown Abuse Claimant on account of their Unknown Abuse Claim and Point Total Award by paying the Payment Amount within thirty (30) days of the Unknown Abuse Claims Trustee's receipt of payment from the Reorganized Debtor of the amount requested in the Funding Request. The Unknown Abuse Claims Trust Distribution Plan makes further adjustments to the timing and amounts of distributions based on any request for reconsideration of the Abuse Claims Reviewer's determination.

To the extent the Trustee of the Trust makes additional Distributions (after the initial Distribution which corresponded to the Initial Point Value) on account of Abuse Claims (other than Unknown Abuse Claims), the Trustee is required to provide such corresponding Supplemental Point Values to the Unknown Abuse Claims Trustee, who is then required to make Supplemental Funding Requests to the Reorganized Debtor. Within thirty (30) days of receiving the amount requested in the Supplemental Funding Request, the Unknown Abuse Claims Trustee is required to deliver the Subsequent Payment Amount to the Unknown Abuse Claimants.

Overview of Treatment of Classified Claims Other Than Abuse Claims

Claims against the Debtor that are not Abuse Claims are identified and described in full in Section VI of this Disclosure Statement. They will be treated as follows under the Plan:

- Other Priority Claims in Class 1 are unimpaired under the Plan and shall receive 100% recovery.
- The Citizens Secured Guaranty Claim in Class 2 is impaired and shall retain its Claims against the Reorganized Debtor and the Liens securing such Claims under the Plan.
- The M&T Secured Revolving Loan Claim and M&T Secured Guaranty Claim in Class 3 is impaired and shall retain its Claims against the Reorganized Debtor and the Liens securing such Claims under the Plan.
- General Unsecured Claims in Class 6 are impaired under the Plan and shall receive a twenty percent (20%) recovery on their Allowed Claims payable by the Diocese in five (5) equal annual installments.
- Abuse Related Contribution Claims in Class 7 are impaired under the Plan and shall receive no recovery.

With respect to Class 6, as set forth in the schedules filed by the Debtor shortly after the commencement of this Bankruptcy Case, the following Parishes and other Catholic Entities have each filed a Proof of Claim against the Debtor in the corresponding amounts:

<u>Parish / Catholic Entity</u>	<u>Amount of Claim</u>
Norwich Diocesan Cemetery Corporation ⁵	\$ 1,521,571.45
Saint Mary's Church Corp	\$ 98,013.37
St. John's Roman Catholic Cemetery Corporation	\$ 104,739.78
St. John's Roman Catholic Church Montville	\$ 394,936.22
St. Teresa of Calcutta Parish Corporation	\$ 101,381.71
The St. Joseph's Church Corporation of New London	\$ 96,091.54
The St. Paul Catholic Church Corporation ⁶	\$ <u>50,000.00</u>
Total:	\$ 2,366,734.07

These claimed amounts allegedly reflect loans made or other consideration provided by the corresponding entities to the Diocese prior to the commencement of this Bankruptcy Case.

With respect to Class 7, the Committee proposes to separately classify Abuse Related Contribution Claims given their unique legal distinctions. Xavier, Mount St. John, Mercy, St. Bernard, the Association of Parishes on behalf of all Parishes, and Oceania all filed Proofs of Claim in this Bankruptcy Case asserting Claims for contribution, indemnification and other related

⁵ In part, as successor in interest to St. Mary, New London Cemetery Corporation (in the amount of \$471,852.66), St. Mary's and St. Joseph's Cemetery Corporation (in the amount of \$795,574.55), and St. Patrick Cemetery Uncasville (in the amount of \$184,137.31).

⁶ On December 9, 2021, The St. Paul Catholic Church Corporation merged into The St Joseph's Church Corporation of New London. Therefore, Proof of Claim No. 10010 was filed by The St Joseph's Church Corporation of New London (the surviving entity) on behalf of The St. Paul Catholic Church Corporation (the merged entity).

Claims in connection with the Abuse Claims. These Claimants and other Claimants who filed Abuse Related Contribution Claims are not entitled to any monetary recovery from the Debtor because they are expressly disallowed pursuant to Bankruptcy Code § 502(e)(1)(B) and also because such Claimants have not paid more than their proportionate share of any money judgment awarded to Abuse Claimants—in fact, upon information and belief, they have not paid anything to Abuse Claimants on account of their Abuse Claims. Accordingly, the Committee proposes to treat all Abuse Related Contribution Claims with no Distribution.

Non-Monetary Commitments and Reforms

To further promote healing and reconciliation, and to continue its efforts to prevent Abuse and other injury to children from occurring in the Diocese in the future, the Diocese had agreed in conjunction with the Joint Plan that it will undertake and the Diocese shall comply with the Non-Monetary Commitments to Healing and Reconciliation attached as **Exhibit G** to the Plan. The Committee's Plan incorporates these obligations.

C. The Reorganized Debtor

Following confirmation of the Plan, the Diocese's assets not contributed to the Trust or the Unknown Abuse Claims Trust will be revested in the Diocese. To facilitate the Diocese's reorganization and continued fulfillment of its mission and support of its ministries, the Plan provides for the following assets, among others, to be retained by the Diocese:

- All personal property including all office equipment and books and records;
- All deposit and investment accounts with all financial institutions other than the amount necessary to make the payments due the Trust and on account of Allow Priority, Allowed Administrative and Allow Professional Claims;
- The Chancery Office, 201 Broadway, Norwich, CT 06360;
- The Bishop's Residence, 274 Broadway Norwich, CT 06360;
- St. Vincent De Paul Middletown, 613 Main St., Middletown, CT 06457; and
- Spanish Center New London, 60 Jay Street, New London, Ct 06320.

Based on the Diocese's operational history, the Committee submits that the Diocese will have sufficient assets to continue to execute its mission after the Effective Date of the Plan.

To confirm a plan, the Bankruptcy Code requires that a Bankruptcy Court find that confirmation of the plan is not likely to be followed by liquidation or the need to further financially reorganize the Debtor (the "Feasibility Test"). For a plan to meet this test, the Bankruptcy Court must determine there is a reasonable likelihood that the Reorganized Debtor will possess the working capital and other resources to meet its obligations under the Plan.

The Committee believes and will demonstrate at the Confirmation Hearing that the Reorganized Debtor can make all Distributions required by the Plan and to fund its operations going forward and, therefore, that confirmation of the Plan is not likely to be followed by liquidation or the need for further reorganization.

D. Voting and Confirmation Procedures

By order dated [_____, 2024 (the “Disclosure Statement Order”), the Bankruptcy Court approved this Disclosure Statement as containing adequate information of a kind and in sufficient detail to enable creditors of the Debtor to decide whether to accept the Plan.

A copy of the Disclosure Statement Order is attached as **Exhibit 3**. The Bankruptcy Court’s approval of the Disclosure Statement does not constitute a recommendation by the Bankruptcy Court to creditors they should vote to accept or to reject the Plan. Holders of Allowed Claims in Voting Classes can find voting instructions in the Disclosure Statement Order and in the Ballots that accompany this Disclosure Statement. Because the Abuse Claims have not been determined in a particular amount, for voting purposes only, each Abuse Claim in Class 4 will be valued at one dollar (\$1.00). Similarly, the Unknown Abuse Claims Representative is deemed to have an Allowed Claim in the amount of one dollar (\$1.00). To be counted, Ballots must be properly completed, executed, and actually received by the Debtor’s claims agent (the “Claims Agent”), by 5:00 p.m. (prevailing Eastern time), on [_____, 2024 (the “Voting Deadline”).

The Bankruptcy Court has scheduled a hearing to consider confirmation of the Plan to commence [_____, 2024 at 10:00 a.m. (prevailing Eastern time) (the “Confirmation Hearing”), at the United States Bankruptcy Court, Abraham Ribicoff Federal Building, 450 Main Street, 7th Floor, Hartford, CT 06103. This hearing may be adjourned occasionally, including without further notice other than by announcement in the Bankruptcy Court on the scheduled date of the Confirmation Hearing. At the Confirmation Hearing, the Bankruptcy Court will consider whether the Plan satisfies the Bankruptcy Code for confirmation. The Bankruptcy Court will also receive and consider a Ballot report prepared by the Claims Agent tabulating the votes accepting and rejecting the Plan.

DISCLAIMER

The Committee believes that the Plan, attached as Exhibit 1 to this Disclosure Statement, is in the best interests of creditors of the Debtor and urges all Holders of Claims entitled to vote to accept the Plan.

This entire Disclosure Statement and its related documents are the only documents approved by the Bankruptcy Court to be used in connection with the solicitation of votes to accept or reject the Plan.

This Disclosure Statement contains only a summary of the Plan and is not intended to replace a detailed review and analysis of the Plan. All Holders of Claims are encouraged to review the full text of the Plan and the exhibits to the Plan and this entire Disclosure Statement carefully before deciding whether to vote to accept or reject the Plan. In the event of a conflict between the Plan and this Disclosure Statement, the provisions of the Plan will govern.

This Disclosure Statement is based on the factual information and the financial, business, and accounting data provided by the Debtor, or data obtained from other sources considered reliable by the Committee. The Committee’s Professionals have not

independently verified the financial information provided by the Debtor contained in this Disclosure Statement and make no representations or warranties as to such information. The information contained in this Disclosure Statement has not been subject to a certified audit. Thus, the Committee is unable to warrant or represent that the information contained in this Disclosure Statement is complete and accurate, although reasonable effort has been made to present complete and accurate information based on information made available to the Committee and the Committee's Professionals.

This Disclosure Statement has been prepared in accordance with § 1125 of the Bankruptcy Code and Rule 3016(b) of the Bankruptcy Rules and not necessarily in accordance with federal or state securities law or other non-bankruptcy law.

This Disclosure Statement may not be relied on for any purposes other than to determine whether to vote to accept or reject the Plan. Nothing in this Disclosure Statement is, or shall be deemed to be an admission or a declaration against interest by the Debtor or Committee for purposes of any existing or future litigation as to contested matters, adversary proceedings and other actions or threatened actions. This Disclosure Statement shall not constitute or be construed as an admission of any fact or liability, stipulation, or waiver, but rather as a statement made in settlement negotiations. The Disclosure Statement shall not be admissible in any non-bankruptcy proceeding nor shall it be construed to be conclusive advice on the tax or other legal effects of the plan as to Holders of Claims in this case.

This Disclosure Statement contains statements that are forward-looking. Forward-looking statements are statements of expectations, beliefs, plans, objectives, assumptions, projections, and future events of performance. Among other things, this Disclosure Statement contains forward-looking statements with respect to anticipated future performance of certain trusts to be created for the benefit of Holders of Allowed Abuse Claims, as well as anticipated future determination of Claims, Distributions on Claims, and recoveries under insurance policies. These statements, estimates, and projections may or may not prove to be correct. Actual results could differ materially from those reflected in these forward-looking statements. Forward-looking statements are subject to inherent uncertainties and to a wide variety of significant business, economic, and competitive risks, including, among others, those described in this Disclosure Statement. The Committee undertakes no obligation to update any forward-looking statement. New factors emerge from time to time and it is not possible to predict all such factors, nor can the impact of any such factors be assessed.

The statements contained in this Disclosure Statement are made as of the date hereof. The delivery of this Disclosure Statement does not imply that the information contained herein is correct at any time after the date hereof, and the Committee does not assume any obligation to update this Disclosure Statement for events or information arising after the date hereof.

Holders of Claims shall not construe this Disclosure Statement as providing any legal, financial, or tax advice. All Holders of Claims should consult with their own advisors as to

any matters concerning the Plan, its solicitation, and the transactions, treatment, and distributions contemplated by the Plan.

II. QUESTIONS AND ANSWERS REGARDING THIS DISCLOSURE STATEMENT AND THE PLAN

Why is the Committee sending me this Disclosure Statement?

The Committee is seeking Bankruptcy Court confirmation of the Plan. This Disclosure Statement contains information about the Plan. Section 1125 of the Bankruptcy Code requires the proponent of the Plan, the Committee, to provide a Disclosure Statement approved by the Court with the Plan to assist you in making an informed judgment about whether you will accept or reject the Plan.

What happens to my recovery if the Plan is not confirmed, or does not go effective?

If the Plan is not confirmed, the Committee believes that recoveries for all Claimants, including Abuse Claimants, will be materially reduced.

If the Plan provides that I get a Distribution, do I get it upon Confirmation or when the Plan goes effective, and what do you mean when you refer to “Confirmation” and “Effective Date”?

“Confirmation” of the Plan refers to the Bankruptcy Court approving the Plan. Confirmation of the Plan by a final order of the Bankruptcy Court will bind the Debtor, any person acquiring property under the Plan, and any creditor, including Abuse Claimants, to the terms of the Plan, in full satisfaction and compromise of any obligations that arose before this Case. Confirmation of the Plan does not guarantee you will receive the Distribution contemplated under the Plan. After confirmation of the Plan by the Bankruptcy Court, there are conditions that need to be satisfied or waived so the Plan can be consummated and become effective on the “Effective Date.”

The “Effective Date” will occur when the order confirming the Plan has entered and the other conditions set forth in Section 12.1 of the Plan have been met, including that the Effective Date has not been stayed, the Trust Agreement and the Unknown Abuse Claims Trust Agreement have been signed by the appropriate parties, the Debtor has transferred the Transferred Cash pursuant to the Plan and all Settled Parties required to make their settlement payments before the Effective Date have actually transferred their funds or related assets to the Effective Date Escrow Agent.

Distributions will be made by the Debtor after the Effective Date or as set forth in the Plan to Holders of Claims other than Abuse Claimants in Class 4 and Unknown Abuse Claimants in Class 5. Abuse Claimants in Class 4 will receive Distributions under the terms of the Trust Agreement and the Trust Distribution Plan, and Unknown Abuse Claimants in Class 5 will receive Distributions under the terms of the Unknown Abuse Claims Trust Agreement and Unknown Abuse Claims Trust Distribution Plan.

Will there be any discharge or releases granted or any injunctions entered as part of the Plan?

Debtor Discharge

Except as otherwise provided in the Plan and in the Confirmation Order, on the Effective Date, pursuant § 1141(d) of the Bankruptcy Code and Section 13.1 of the Plan, the Diocese will be discharged from all liability for any Claims that arose before confirmation of the Plan. Notwithstanding the Debtor's discharge, to preserve coverage under any Non-Settling Insurer's Insurance Policies and Claims against the Non-Settling Insurers, the discharge does not apply to and Class 4 and Class 5 Claimants, who specifically reserve and retain, and do not release, any Claims they may have against the Diocese, but Class 4 and Class 5 Claimants shall only have recourse and they may only recover from the proceeds of the Non-Settling Insurer's Insurance Policies and all other damages (including on account of Extra-Contractual Insurance Claims), awards, judgments over policy limits, penalties, punitive damages and attorney's fees and costs that may be recoverable against any Non-Settling Insurers because of their conduct about Insurance Coverage for, or defense or settlement of, any Abuse Claim. Any such judgments or awards will be handled under the Plan and the Trust Distribution Plan. The Class 4 and Class 5 Claims will not be released or enjoined as against the Diocese for any Abuse that may be covered under any Non-Settling Insurer's Insurance Policies until such Claims are settled, as applicable, with the Trustee, the Reorganized Debtor and such Non-Settling Insurer or are adjudicated, resolved, and subject to a Non-Appealable Order, but recourse and any recovery on behalf of such Class 4 and Class 5 Claimants is limited to recoveries from the Non-Settling Insurer Policies and the Non-Settling Insurers as described above.

Exculpation and Limitation of Liability

The Exculpated Parties will be protected from claims arising from or relating to any act or omission occurring between the Petition Date and the Effective Date in connection with or relating to this Bankruptcy Case, including the exercise of their respective business judgment and the performance of their respective fiduciary obligations, the pursuit of confirmation of the Plan, or the negotiation of the Disclosure Statement, the Plan and related settlement agreements. These Exculpated Parties are defined in Section 1.1 of the Plan to include the Debtor, the Committee and the Committee's members, and each of their respective officers, directors, attorneys, financial advisors, accountants, and other duly authorized employed professionals in this Bankruptcy Case, including the Mediators and the Unknown Abuse Claims Representative.

This exculpation and limitation of liability will not extend to any person who committed an act or acts of Abuse resulting in a Claim against the Debtor. The exculpation and limitation of liability will also not apply to any Claims arising from actual fraud, willful misconduct, knowing and material violation of the law, gross negligence or professional malpractice.

No Third-Party Releases or Channeling Injunctions

The Committee's Plan does not provide for any releases in favor of third-parties (Persons other than the Debtor) who may be liable with the Debtor for Abuse Claims. The Plan also does

not contain or require the entry of any channeling injunctions precluding the assertion of Abuse Claims against such third-parties. Instead, the Plan contemplates the possibility of such third-parties entering into Settlement Agreements with the Trustee and certain Abuse Claimants who agree to settle with and release such third-parties.

How do I vote for or against the Plan?

This Disclosure Statement is being distributed to the holders of Claims entitled to vote on the Plan, along with Ballots to be used for voting on the Plan. If you are a Holder of a Claim in Class 2 (Secured Claim of Citizens Bank, N.A.), Class 3 (Secured Revolving Loan and Secured Guaranty Claims of M&T), Class 4 (Abuse Claims), Class 5 (the Unknown Abuse Claims),⁷ or Class 6 (General Unsecured Claims), you may vote for or against the Plan by executing and completing your Ballot and delivering it to the Claims Agent: (a) by first-class mail (whether in the return envelope provided with each Ballot or otherwise); (b) by overnight courier; (c) by hand delivery; or (d) via the Voting Upload Portal on the Chapter 11 Case website maintained by the Claims Agent so that it is actually received by the Claims Agent no later than 5:00 p.m. (Eastern Time) on [_____, 2024 (the “Voting Deadline”). Do not send your Ballot to the Debtor, the Committee or to the Bankruptcy Court – it will not be counted.

What is the deadline to vote on the Plan?

All Ballots must be **actually received** by the Claims Agent by the Voting Deadline of 5:00 p.m. (prevailing Eastern time) on [_____, 2024, via mail or email. If your Ballot is not received by the Debtor’s Claims Agent by the Voting Deadline, and such deadline is not extended, your vote on the Plan will not be counted. The same Voting Deadline applies to votes on the Diocese Plan.

What is the Confirmation Hearing and when is it scheduled to occur?

Section 1128(a) of the Bankruptcy Code requires that the Bankruptcy Court hold a hearing on confirmation of the Plan. Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to confirmation of the Plan. The standards for confirmation are set forth above and in § 1129 of the Bankruptcy Code.

The Bankruptcy Court has scheduled the Confirmation Hearing to commence on [_____, 2024 at 10:00 a.m. (prevailing Eastern time) before the Honorable James J. Tancredi, United States Bankruptcy Judge for the Bankruptcy Court of the District of Connecticut, at the Abraham Ribicoff Federal Building, 450 Main Street, 7th Floor, Hartford, CT 06103. The Confirmation Hearing may be adjourned occasionally, including without further notice except for an announcement of the adjourned date made at the Confirmation Hearing.

Objections to Confirmation of the Plan must be filed and served on the Notice Parties (defined below) **no later than [_____, 2024, at 5:00 p.m.** (prevailing Eastern Time) under the notice of the Confirmation Hearing that accompanies this Disclosure Statement. Unless objections

⁷ The Unknown Abuse Claims Representative will vote to accept or reject the Plan on behalf of Unknown Abuse Claims.

to the confirmation of the Plan are timely filed and served, those objections might not be considered by the Bankruptcy Court.

What role does the Bankruptcy Court play after the Confirmation Hearing?

After the Plan is confirmed, the Bankruptcy Court will still have exclusive jurisdiction over all matters arising under, in furtherance of, or in connection with, the Plan. These matters include: (1) determining objections to disputed Claims and requests for payment on administrative expense claims; (2) resolving controversies and disputes regarding interpretation and implementation of the Plan and related documents; (3) entering orders to protect parties from actions prohibited under the Plan; (4) approving amendments to and modifications of the Plan; (5) determining any applications, adversary proceedings, and contested or litigated matters pending on the Effective Date; and (6) the closure of this chapter 11 case.

Does the Committee recommend voting for the Committee Plan?

Yes. The Committee recommends voting for the Plan because the Plan provides for a larger distribution to the Abuse Claimants than would otherwise occur under any alternative plan of reorganization or result from liquidation.

THE COMMITTEE RECOMMENDS THAT THE HOLDERS OF CLAIMS IN THE VOTING CLASSES VOTE TO ACCEPT THE PLAN.

III. OVERVIEW OF THE CHAPTER 11 PROCESS

A. A Chapter 11 Case

Chapter 11 of the Bankruptcy Code allows a debtor to reorganize its operations in an orderly fashion to benefit its creditors and other parties in interest.

The commencement of a chapter 11 case creates an estate comprised of all the legal and equitable interests of the debtor as of the date the petition is filed. Sections 1101, 1107, and 1108 of the Bankruptcy Code provide that a debtor may continue to operate and remain in possession of its property as a debtor-in-possession unless the Bankruptcy Court orders the appointment of a trustee. In the Debtor's case, there has been no request to appoint a trustee and the Debtor remains a debtor-in-possession.

Filing a petition under the Bankruptcy Code triggers the automatic stay provisions of the Bankruptcy Code. Section 362 of the Bankruptcy Code provides for an automatic stay of all attempts by individuals and entities to collect on pre-petition claims against a debtor, continue lawsuits against a debtor, or otherwise exercise control over or interfere with a debtor's property or operations. The automatic stay remains in full force and effect until the effective date of a confirmed chapter 11 plan, unless otherwise ordered by the Bankruptcy Court.

B. A Chapter 11 Plan

The formulation of a chapter 11 plan is the principal purpose of a chapter 11 case. A chapter 11 plan sets forth the means for satisfying the claims against in a debtor's estate. Once a plan is confirmed by a bankruptcy court, it becomes binding on a debtor and all of its creditors, and the prior obligations owed by a debtor to such parties are compromised and exchanged for the obligations specified in the Plan.

C. Voting On a Chapter 11 Plan

Court Approval Required

Before a debtor solicits votes to accept a proposed plan, § 1125 of the Bankruptcy Code requires a debtor to prepare and file a disclosure statement containing adequate information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment about whether to accept or reject the Plan. This Disclosure Statement is presented to Holders of Claims against the Debtor to satisfy the requirements of § 1125 of the Bankruptcy Code.

Impaired Classes with Recoveries Entitled to Vote

After the disclosure statement to a chapter 11 plan has been approved by a bankruptcy court, creditors whose claims against a debtor are impaired under a plan, and who may receive some recovery under the plan, may vote to accept or reject the plan. Section 1124 of the Bankruptcy Code provides that a claim is impaired if the legal, equitable, or contractual rights of the claim are altered. As an example, a claim is impaired if the time for the debtor to pay the amount due is extended beyond the time originally contemplated by the parties. A claim is also impaired if the plan provides that a claimant may only pursue recovery on the claim against certain, rather than all, of the debtor's assets after the chapter 11 case.

Applying these rules, only certain classes of Claims against the Debtor are entitled to vote. Class 2 (Secured Claim of Citizens Bank, N.A.), Class 3 (Secured Revolving Loan and Secured Guaranty Claims of M&T), Class 4 (Abuse Claims), Class 5 (Unknown Abuse Claims), and Class 6 (General Unsecured Claims) are each impaired under the Plan and are entitled to receive or retain their interests in some property. As a result, each of these Voting Classes may vote to accept or reject the Plan.

Class 1 (Other Priority Claims) is unimpaired under the Plan and cannot vote because they are deemed to accept the Plan. Relatedly, Class 7 (Abuse Related Contribution Claims) is impaired under the Plan, will not receive any property pursuant to the Plan, and is, therefore, deemed to reject the Plan without voting. Any Ballots cast by Holders of Claims in these classes will not be counted.

Acceptance of a Chapter 11 Plan

Section 1126 of the Bankruptcy Code defines acceptance of a plan as votes for the plan by at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of the Holders of

allowed claims in each voting class who cast Ballots. Here, the Claims Agent will collect and tabulate all Ballots cast by the Voting Classes and report this information to the Bankruptcy Court.

In addition, under Bankruptcy Rule 3018(a), the Bankruptcy Court may temporarily allow any claim in an amount that the Court deems proper for the purpose of voting to accept or reject the Plan. In this case, the Abuse Claims in Class 4 are unliquidated. The amount of damages to which any Abuse Claimant is entitled, if any, has not yet been determined by any court or by any agreement between the Debtor, its insurers, and any Abuse Claimant.

Here, to determine if the required dollar amount of the Class 4 Abuse Claims voted for the Plan, each Claim in such Classes will be temporarily allowed in the amount of \$1.00 for voting purposes only. If more than 2/3 of voting Class 4 Abuse Claimants vote for the Plan, Class 4 will have accepted the Plan.

Voting by Disputed Claims

If any Claim in any class, other than Abuse Claims in Class 4 and Class 5, entitled to vote is disputed, the individual holding that Disputed Claim is not entitled to vote on the Plan. A Claim is disputed if it is subject to an objection timely filed and has neither been overruled nor denied by a final order and has not been withdrawn. A Claim is also disputed if it is listed on the Debtor's schedules as disputed, unliquidated, or contingent, and regarding which a superseding Proof of Claim has not been filed. Holders of Disputed Claims may seek the Bankruptcy Court's approval to vote notwithstanding the dispute.

D. Effect of Rejection Upon Confirmation of a Chapter 11 Plan

The Bankruptcy Court may confirm the Plan even though a creditor class rejects the Plan (Class 7 is deemed to reject the Plan because Class 7 creditors are not receiving anything on account of Class 7 claims). In order for the Plan to be confirmed despite its rejection by a Class of impaired Claims, the Plan must be accepted by at least one class of impaired Claims (determined without counting the votes of "insiders") and the Committee must show that the Plan does not "discriminate unfairly" and that the Plan is "fair and equitable" regarding each Impaired Class of Claims that does not vote to accept the Plan.

Under § 1129(b) of the Bankruptcy Code, a plan is "fair and equitable" as to a rejecting class of claims or equity interests if the plan provides that: (a) each Holder of a secured claim will receive or retain because of its claim property with a value, as of the effective date of the plan, equal to the allowed amount of such claim or such other treatment as accepted by the Holder of such claim; and (b) each Holder of an unsecured claim junior to the claims of such class will not receive because of such junior claim any property unless the senior class is paid in full.

A plan does not "discriminate unfairly" against a rejecting class of claims if (a) the relative value of the recovery of such class under the plan does not differ materially from that of any class (or classes) of similarly situated claims, and (b) no senior class of claims is to receive over 100% of the claims in such class.

The Committee believes that the Plan will satisfy the foregoing requirements as to any rejecting class of Claims, and can, therefore, be confirmed.

IV. THE DEBTOR, ITS OPERATIONS AND THE CHAPTER 11 CASE

A. Nature and History of the Diocese

The Roman Catholic Church is comprised of territories, known as dioceses, each of which is subject to the authority and control of a bishop. The Diocese is a Roman Catholic diocese in the eastern half of Connecticut and a small part of New York founded in 1953 by Pope Pius XII, encompassing Middlesex, New London, Windham and Tolland counties in Connecticut, as well as Fisher Island, New York. Every Catholic entity, including the Diocese, is subject to church law also called Canon Law. The Diocese is structured and operates in accordance with Canon Law and is a juridic person under Canon Law.

The Most Reverend Michael R. Cote, D.D. (the “Bishop”) has been the Bishop of the Diocese since May 14, 2003. Monsignor Leszek T. Janik is the Diocese’s Vicar General. The Diocese serves various ministries, including Catholic Charities, Saint Vincent de Paul, Catholic Family Services, Campus Ministry, Ministry to the Sick, the Norwich Diocesan Council of Catholic Women.

The Diocese also owns multiple pieces of real estate. In particular, the Diocese owns or formerly owned the real estate, including the buildings and improvements situated thereon, used by three separately incorporated non-profit schools operated by Xavier and Mercy in Middletown, Connecticut and St. Bernard in Montville, Connecticut (collectively, the “High Schools”).

Each of the Parishes located within the Diocese’s geographic region is a non-profit organization separately incorporated under the laws of the State of Connecticut. None of the Parishes are debtors in this Chapter 11 Case. Each Parish corporation owns various real and personal property that it uses in its ministry.

B. Hierarchy of the Roman Catholic Church

The hierarchy of the Roman Catholic Church “above the Diocese” may be found at <https://www.catholic-hierarchy.org/diocese/dhart.html>. The governance and relationships by and amongst Catholic Entities are governed by *The Code of Canon Law* (Washington, DC: Canon Law Society of America, 1999). Each bishop is appointed to exercise authority over a particular territory called a *diocese*.

An archdiocese also is called a *metropolitan see* or the “head” diocese of an *ecclesiastical province*. For example, the Archdiocese of Hartford is the metropolitan see for the ecclesiastical Province of Hartford, which includes the Archdiocese itself and the *suffragan* Dioceses of Norwich, and Bridgeport. (The term *suffragan* simply refers to those dioceses of a province under the leadership of the archdiocese.) The purpose of forming such a province is to foster cooperation and common pastoral action within a region. *Code of Canon Law*, § 434. The archbishop has immediate jurisdiction only over his own diocese.

C. Operations of the Diocese

The Diocese, through its central administrative offices: (a) provides operational support to certain of the Parishes within the Diocese, and certain other Catholic Entities that operate within the territory of the Diocese (collectively, the “Participating Employers”); (b) maintains the properties it owns including those used by the High Schools; (c) provides comprehensive risk management services to the Participating Employers; (d) administers employee benefits, including medical, insurance, and retirement benefits, for the clergy and lay employees of the Diocese (the “Diocesan Employees”) and for employees of the Participating Employers (the “Non-Diocesan Employees”); (e) administers payroll for the Diocese and for certain of the Participating Employers; and (f) coordinates other administrative services as needed. Each of the Parishes, High Schools, and other Catholic Entities are separately incorporated from the Diocese.

Further, the Diocese provides services for several charitable organizations, including the ACA; St. Vincent de Paul Place, Norwich, Inc.; St. Vincent DePaul, Middletown, Inc.; Diocese Of Norwich Outreach To Haiti, Inc.; Norwich Diocesan Cemetery Corporation; Catholic Charities, Diocese of Norwich, Incorporated; Holy Apostles College and Seminary, Inc.; Holy Family Home and Shelter, Inc.; St. Joseph’s Living Center, Inc.; St. James School Associations, Inc.; and Saint John Paul II School. These parties are not debtors in the Chapter 11 Case.

D. Mount St. John’s School

Mount St. John’s School was a Catholic residential school for disadvantaged and at-risk boys originally established in 1904. The Diocese operated the school by Diocesan authority until approximately 2013 when the residential program was closed.

While some boys residing at Mount St. John’s School had allegedly been sexually abused by priests and other clergy in the years prior, a significant number of such incidents of Abuse at issue in this Bankruptcy Case arose after the Diocese in 1989 appointed Br. Paul McGlade to serve as assistant to the Executive Director of the school. A total of 98 non-duplicative Abuse Claims have been asserted in this Bankruptcy Case related to Abuse which allegedly occurred while the Abuse Claimant attended at Mount St. John’ School. Of these claims, 13 related to Abuse that allegedly took place prior to the appointment of Br. Paul McGlade in 1989.

By letter dated March 9, 1989, the then Bishop of Norwich, the Most Reverend Bishop Daniel P. Reilly (“Bishop Reilly”) wrote to the Very Reverend Brother Provincial of St. Patrick’s Province of the Christian Brothers (“St. Patrick’s Province,” the predecessor to Oceania) to ask if he would consider lending Br. McGlade to the Diocese to prepare him and eventually to take over as Executive Director of Mount St. John’s School. After further correspondence, arrangements were made and on October 11, 1989, Bishop Reilly entered into an agreement between the Diocese and St. Patrick’s Province for Br. McGlade to serve first as assistant to the Executive Director for a period of twelve (12) months and then as Executive Director for a period of three to five years. Br. McGlade ultimately served as Executive Director until 2002.

On or about 1993, the St. Patrick’s Province transferred Br. Donald Pascal Alford to the Diocese of Norwich and Mount St. John’s School. Br. Alford served as a music teacher at the Mount St. John’s School and the leader of its Boy Scout Troop.

In this bankruptcy case, 74 Proofs of Claim have been filed against the Diocese by Abuse Claimants alleging that they had been sexually abused by Br. McGlade when they resided as children at Mount St. John's School. Similarly, approximately 23 Proofs of Claim have been filed against the Diocese involving acts of child sexual abuse committed by Br. Alford at Mount St. John's School. Furthermore, 40 Proofs of Claims have been filed against the Diocese alleging that they had been sexually abused by perpetrators at Mount St. John's School other than Br. McGlade and Br. Alford.

E. Insurance Liability Coverage

To insure the Diocese's many activities, the Diocese maintained extensive insurance coverage over the course of decades. Specifically, the Diocese purchased and continues to purchase a broad range of primary commercial liability insurance and, at various times, excess and/or umbrella liability insurance policies to protect itself from a myriad of risks. These Insurance Policies provided and continue to provide substantial insurance coverage, including under the older policies, for claims arising out of sexual abuse or sexual misconduct. The Insurance Policies provide coverage to the Diocese and the incorporated Parishes, schools, and other Catholic Entities within the Diocese's territory.

From 1957 to the present, the Diocese was insured for sexual abuse and sexual misconduct under Insurance Policies purchased from different insurance companies. The Schedule of Insurance Policies is appended as **Exhibit C** to the Plan. These insurance policies can be broken down into three groups: the Aetna Casualty & Surety Co.⁸ ("Aetna") years (from 1957 to 1974); the American Employers Insurance Company⁹ ("American Employers") years (from 1974 to 1977); and the Catholic Mutual years (from 1977 to the present). The rights of all parties – including the Insurers, the Diocese, the Catholic Entities, and the Abuse Claimants – under the Insurance Policies issued by these Insurers are reserved and the Plan is "insurance neutral" with respect to all of the Non-Settling Insurers.

In the following sections, the statements made concerning various numbers of Abuse Claims and the specific details related to them apparently triggering certain policies and coverage periods are based upon the limited information available to the Committee, including the allegations made by Abuse Claimants in their Proofs of Claim, and they are subject to further investigation, verification and proof.

The Aetna Policies (1957 to 1974)

With one possible exception, effective from May 4, 1957, through June 1, 1974, the Diocese purchased primary insurance coverage (the "Aetna Policies") from Aetna. The Aetna Policies cover both the Diocese and, at various times, certain other Catholic Entities.

The Aetna Policies from May 4, 1957, through June 1, 1971, did not have any aggregate limits of liability. In certain periods within this time frame, the Aetna Policies contained per-person

⁸ Upon information and belief, Travelers Casualty & Surety is the successor to Aetna and obligated under the Aetna Policies purchased by the Diocese.

⁹ Upon information and belief, SPARTA Insurance is the successor to American Employers and obligated under the American Employers Policy.

and per-occurrence limits of liability. Specifically, the Aetna Policy for the period from January 12, 1957, through January 12, 1961, imposed limits of \$100,000 per-person and \$300,000 per-accident. Each of the Aetna Policies for the three periods from June 1, 1968, through June 1, 1969, June 1, 1969, through June 1, 1970, and June 1, 1970, through June 1, 1971, imposed \$500,000 per-person and \$1,000,000 per-occurrence limits on liability coverage. All other Aetna Policies during this time frame contained no fixed dollar limits upon liability coverage.

The Aetna Policies for the period from June 1, 1972, through June 1, 1973, and June 1, 1973, through June 1, 1974, imposed an aggregate limit on liability in the amount of \$1,000,000. They also each contained a per-person limit of \$500,000 and a per-occurrence limit of \$1,000,000.

Abuse Claimants have filed approximately 35 Abuse Claims in this Bankruptcy Case that may implicate these policy periods from 1957 to 1974. All of these claims may be subject to Connecticut's statute of limitations and, in particular, for claims of child sexual abuse, Conn. Gen. Stat. 52-577(d) (2018), since they apparently were first asserted when the Abuse Claimant was over 48 years of age.

The American Employers Policy (1974 to 1977)

For the period from July 1, 1974, through July 1, 1977, the Diocese purchased primary insurance coverage (the "American Employers Policy") from American Employers. With respect to bodily injury liability, the American Employers Policy originally provided limits of liability of \$500,000 per-occurrence and an aggregate limit of \$500,000. However, by an endorsement effective April 3, 1975, the limits of liability were amended to increase the per-occurrence limit to \$5,000,000 and the aggregate limit to \$5,000,000.

Abuse Claimants have filed approximately 8 Abuse Claims in this Bankruptcy Case that may implicate this policy period from July 1, 1974 to July 1, 1977. All of these claims may be subject to Connecticut's statute of limitations and, in particular, for claim of child sexual abuse, Conn. Gen. Stat. 52-577(d) (2018), since they apparently were first asserted after the Abuse Claimant had reached 48 years of age.

The Catholic Mutual Certificates (1977 to the Present)

Between July 1, 1977, to the present, the Diocese's longtime coverage provider—Catholic Mutual—issued more than forty (40) separate coverage certificates to the Diocese. Those certificates provide varying levels of sexual abuse coverage to the Diocese on varying terms. In general, the certificates fall into one of three categories based upon the nature and scope of coverage provided: the occurrence-based certificates with no exclusion or limitation for sexual abuse claims (from 1977 to 1986); the occurrence-based certificates with specific limits for sexual abuse claims (from 1986 to 1990); and the claims-made certificates (from 1990 to the present).

For the period from July 1, 1977, through July 1, 1986,¹⁰ the Diocese purchased five separate certificates providing primary liability insurance coverage. In particular, each of these policies contained a per-occurrence limit of \$300,000 and an aggregate limit upon liability of \$300,000. The Diocese also purchased from Catholic Mutual separate policies for each of these five policy periods providing \$10,000,000 of umbrella excess liability coverage. None of these certificates provided any express limitation or exclusion for claims arising out of sexual abuse or sexual misconduct.

Abuse Claimants have filed approximately 19 Abuse Claims in this Bankruptcy Case that may implicate these policy periods from July 1, 1977 to July 1, 1986. Some of these Abuse Claims may be subject to Connecticut's statute of limitations and, in particular, for claims of child sexual abuse, Conn. Gen. Stat. 52-577(d) (2018), since they apparently were first asserted after the Abuse Claimant had reached forty-eight (48) years of age.

Effective July 1, 1986, Catholic Mutual purported to alter the three-year term liability coverage provided by the last of these five certificates, for the period from July 1, 1985, to July 1, 1988 (the "July 1, 1985 Policy"). Catholic Mutual issued a new certificate and added an exclusion for "any and all liability resulting from any actual, attempted or alleged conduct or contact of a sexual nature, including negligent or intentional infliction of mental or emotional anguish, harm, injury or distress of any kind." The certificate issued for the July 1, 1986 through July 1, 1987 period provided separate "morality coverage," albeit with an aggregate limit of \$100,000 including "payments for damages, legal fees and all other loss adjustment and defense costs." The Committee believes that Catholic Mutual had not, however, effectively cancelled the July 1, 1985 Policy as required by applicable law and the Connecticut Amendatory Endorsement included with the July 1, 1985 Policy. The endorsement required Catholic Mutual to provide not less than thirty (30) days written notice stating when such cancellation shall be effective. Despite extensive discovery conducted by the Committee, there is no evidence that such required written notice had been provided. There also is no evidence that Catholic Mutual cancelled the umbrella excess liability policy provided for this same three-year time period, which contained its own cancellation requirements.

Catholic Mutual issued similar one-year certificates for each of the years from July 1, 1987 through July 1, 1990. However, for each of these certificates, the morality coverage (for claims based on sexual abuse) increased with an annual aggregate liability limit of \$250,000. By its coverage position letter dated June 22, 2022, Catholic Mutual acknowledged available coverage for Abuse Claims which arose during this period from July 1, 1986, through July 1, 1990, in the amount of nearly \$570,000.

Commencing, July 1, 1990, Catholic Mutual issued annual certificates providing for liability coverage on a "claims-made" basis – meaning, coverage extended only to claims filed during the policy period. Coverage was further limited by the "retroactive date": the incident giving rise to the claim had to have occurred after a specific date to qualify for coverage. Catholic Mutual issued such certificates to the Diocese each year thereafter including on July 1, 2021 – days prior to the commencement of this bankruptcy case. Applying the retroactive dates provided in each of these

¹⁰ As explained further herein, the Committee disputes that Catholic Mutual effectively cancelled the certificate which initially had a term of July 1, 1986 through July 1, 1988. The Committee reserves all rights in this regard.

policies, the annual aggregate limit provided for morality or sexual misconduct coverage ranged during this period (post-July 1, 1990) from \$650,000 to \$2 million.

Based on the Abuse Claims first asserted through the commencement of civil actions in 2014, and in 2017 through the Petition Date (July 15, 2021), combined with those first asserted through proofs of claim filed in this Bankruptcy Case by Abuse Claimants, the Committee believes that five separate claims-made policies provided by Catholic Mutual have been triggered. Even applying the applicable retroactive dates and corresponding annual aggregate limits, the Committee submits that an additional \$10,000,000 of coverage is available for the Diocese and the Catholic Entities from Catholic Mutual.

Thus, it appears to the Committee that more than \$60 million of insurance coverage may be available from Catholic Mutual on account of Abuse Claims filed in this Bankruptcy Case. The Committee acknowledges and cautions that coverage issues exist and that Catholic Mutual has repeatedly expressed its intent to defend against these Insurance Claims vigorously.

Beyond coverage for Abuse Claims, Catholic Mutual also provided to the Diocese pre-Petition Date – and will continue to provide post-Effective Date – a number of other coverages, including property coverage, various general liability coverages, crime coverages, builders risk coverages, directors & officers coverage, priests/religious personal property and liability coverages, excess liability coverage, and equipment breakdown coverage. These various coverages are subject to the terms, conditions, exclusions, and limits set forth Catholic Mutual’s certificates.

F. Diocese Non-Abuse Related Liabilities

Secured Debt

M&T Bank Corporation (Manufacturers and Traders Trust Company) (“M&T”) alleges to hold a Claim against the Diocese secured by a possessory Lien against the Diocese’s post-petition deposit accounts for the approximate amount of \$276,543.32.

Additionally, on February 26, 2016, the Diocese and M&T, as successor by merger of People’s United Bank, National Association, executed that certain Limited Guaranty Agreement to secure the alleged indebtedness of Mercy High School to Farmington Bank, a Capital Stock Savings Bank, as M&T’s predecessor in interest, as same may have been amended from time to time, secured by a certain mortgage granted on 1740 Randolph Rd., Middletown, Connecticut. M&T holds a secured guaranty claim in the approximate amount of \$1,752,820.46 as of the Petition Date, arising as a result of the M&T Secured Guaranty Agreement (the “M&T Secured Guaranty Claim”).

Lastly, on April 30, 1998, the Diocese and RBS Citizens, N.A. (“Citizens”) executed that certain Limited Guaranty Agreement to secure the alleged indebtedness of Xavier High School to Citizens, as same may have been amended from time to time, secured by certain mortgages granted on 181 Randolph Road, Middletown, Connecticut (the “Citizens Secured Guaranty Claim”). Citizens holds a secured guaranty claim in the approximate amount of \$5,046,752.32 as of the Petition Date as a result of the Citizens Secured Guaranty Claim.

Unsecured Trade Debt

The Diocese owed its ordinary course vendors approximately \$27,318.92 as of the Petition Date, 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.

G. Events Leading to the Chapter 11 Case

Although the public generally would later learn of the systemic sexual abuse by clergy within Catholic institutions throughout much of the 20th century, widespread public attention to the issue within in the United States appears to have first occurred during the years 1984 and 1985 with the pervasive sexual abuse committed by Father Gilbert Gauthe in the Diocese of Lafayette, Louisiana. After the coverage of Gauthe's crimes subsided, the issue faded until the mid-1990s, when the issue was again brought to national attention after a number of books on the topic were published.

Then, in 2002, The Boston Globe's Pulitzer Prize-winning coverage of sexual abuse cases involving Catholic priests within the Roman Catholic Archdiocese of Boston drew the attention, first of the United States and ultimately the world, to the problem. Other victims began to come forward with their own allegations of abuse, resulting in more lawsuits and criminal cases. In the years that followed, the problem of clerical abuse of minors has received significantly more attention from the Church hierarchy, law enforcement agencies, government and the news media. Over the course of the following two decades, numerous dioceses have acknowledged their failures in addressing the pervasive child sexual abuse committed by clergy, and paid substantial amounts to childhood sexual abuse victims. Many dioceses have also resorted to bankruptcy to attempt address their obligation to compensate these survivors while seeking to reorganize so they may continue with their mission.

Sadly, the Diocese has also had its own history of priests and other clergy sexually abusing minors within their care. Perhaps the most notorious involved Fr. Thomas Shea who was accused of molesting at least sixteen (16) girls in eleven (11) different Parishes over a span of thirty years. His name is included in the List of Clergy with Allegations of Substance of Sexual Abuse of a Minor published by the Diocese in 2021, along with the names of thirty-one (31) other priests who served within the Diocese.

Over the course of many years, once asserted against the Diocese, the vast majority of these claims of child sexual abuse had been settled through substantial payments to the survivors. Then, the Diocese and its Insurer, Catholic Mutual, chose not to compensate a single survivor of child sexual abuse inflicted by Br. McGlade at Mount St. John's School, or any of the other survivors of child sexual abuse committed by distinct perpetrators at Mount St. John's School during this time frame from 1989 through 2002.

On or about July 11, 2014, the individual using the pseudonym, Hector Doe, commenced a civil action against Mount St. John's School, the Diocese and Bishop Reilly in the Superior Court, State of Connecticut, alleging their responsibility for the sexual abuse he suffered as a child committed by Br. McGlade when Hector Doe resided at Mount St. John's School.

In 2017, two additional survivors commenced their civil actions against the Diocese, Mount St. John and Bishop Reilly, alleging child sexual abuse committed by Br. McGlade at Mount St. John's School. In 2018, survivors commenced an additional twenty (20) civil actions alleging acts of sexual abuse that had occurred at Mount St. John's School. Most of these claims asserted sexual abuse committed by Br. McGlade. Some survivors asserted that they had suffered sexual abuse committed by Br. Alford. While some survivors asserted that Br. Alford had acted together with Br. McGlade, some survivors alleged claims of sexual abuse solely against Br. Alford.

In the years that followed, numerous additional complaints had been filed against the Diocese, Mount St. John and Bishop Reilly asserting that the plaintiffs had been sexually abused as children residing at Mount St. John's School during the years from approximately 1989 through 2002, by Br. McGlade, Br. Alford, and multiple other distinct perpetrators. In total, approximately fifty-four (54) civil lawsuits had been commenced. As these lawsuits progressed, Hector Doe and the other survivors amended their complaints to assert related claims against Oceania for its role in transferring Br. McGlade and Br. Alford to Mount St. John's School.

On January 28, 2019, Catholic Mutual provided the Diocese with its first formal coverage position letter related to the coverage of claims of sexual abuse arising at the Mount St. John's School that were subject to the July 1, 2014, to July 1, 2015 certificate. Catholic Mutual asserted that all of approximately twenty-three (23) claims of sexual abuse were deemed to have been first made during the July 1, 2014, to July 1, 2015, policy period and, therefore, subject to the single annual aggregate limit of \$2 million.

Over these years since 2019 and before the Diocese filed bankruptcy, the attorneys for the survivors, the Diocese, Oceania and Catholic Mutual negotiated in an effort to settle the Abuse Claims related to Mount St. John. They were unsuccessful. On July 15, 2021, the Diocese chose instead to file bankruptcy to attempt to use the bankruptcy process to address all of the Abuse Claims against it including those that arose at Mount St. John's School.

H. Events During the Chapter 11 Case

Bankruptcy Filing and First Day Orders

The Diocese commenced the Chapter 11 Case on the Petition Date, by filing a voluntary petition under chapter 11 of the Bankruptcy Code [Dkt. No. 1]. The Diocese has continued in possession of its assets and the management of its business as debtor-in-possession, pursuant to §§ 1107(a) and 1108 of the Bankruptcy Code.

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:

- **Cash Management Motion.** On July 22, 2021, the Bankruptcy Court entered the *Interim Order (I) Authorizing the Continued Use of the Debtor's Cash Management System, Bank Accounts and Business Forms and (II) Granting Related Relief* [Dkt. No. 59] authorizing the Diocese to continue use of its cash management system, bank

accounts and business forms as they existed immediately prior to the Petition Date. On September 13, 2021, the Bankruptcy Court entered a final order granting such relief on a final basis. [Dkt No. 239]. On September 16, 2021, the Bankruptcy Court entered an amended final order granting such relief on a final basis. [Dkt. No. 266].

- **Wage and Benefits Motion.** On July 22, 2021, the Bankruptcy Court entered the *Interim Order (I) Authorizing the Debtor to (A) Pay Prepetition Wages, Salaries, Reimbursable Expenses, and Other Obligations on Account of Compensation and Benefits Programs and (B) Continue Compensation and Benefits Programs; and (II) Granting Related Relief* [Dkt. No. 61] authorizing the payment of certain pre- and post-petition wage, benefit, and expense obligations. On September 13, 2021, the Bankruptcy Court entered a second interim order granting such relief. [Dkt. No. 237]. On September 22, 2021, the Bankruptcy Court entered a final order granting such relief on a final basis. [Dkt. No. 286].
- **Motion to Seal.** On July 24, 2021, the Bankruptcy Court entered the *Interim Order on Debtor's Motion for Entry of Interim and Final Orders (I) Authorizing and Approving Special Noticing and Confidentiality Procedures; (II) Authorizing and Approving Procedures for Providing Notice of Commencement and (III) Granting Related Relief* [Dkt. No. 74] approving the Diocese's proposed procedures to protect the confidentiality of the identities and personal contact information of certain Holders of Claims against the Diocese arising from allegations of Abuse. On September 16, 2021, the Bankruptcy Court entered a final order granting such relief on a final basis [Dkt. No. 265].
- **Utility Motion.** On August 10, 2021, the Bankruptcy Court entered the *Interim Order Granting Motion of Debtor for Entry of an Order (I) Approving Proposed Form of Adequate Assurance of Payment to Utility Providers; (II) Establishing Procedures for Determining Adequate Assurance of Payment for Future Utility Services; (III) Prohibiting Utility Providers from Altering, Refusing, or Discontinuing Utility Service; and (IV) Granting Related Relief* [Dkt. No. 128] approving the Diocese's proposed adequate assurance of future performance and related procedures, and barring utility providers from altering, refusing, or discontinuing service. On August 30, 2021, the Bankruptcy Court entered a second interim order granting such relief. [Dkt. No. 178]. On September 16, 2021, the Bankruptcy Court entered a final order granting such relief on a final basis. [Dkt. No. 264].
- **Insurance Motion.** On August 31, 2021, the Bankruptcy Court entered the *Interim Order Authorizing Debtor To (I) Continue Insurance Coverage and Insurance Programs Entered into Prepetition and Satisfy Prepetition Obligations Related Thereto and (II) Renew, Amend, Supplement, Extend, or Purchase Insurance Policies; and (III) Granting Related Relief* [Dkt. No. 180] authorizing the Diocese to continue their insurance program in the ordinary course of business and renew or extend insurance coverage with the written consent of the Committee. On September 13, 2021, the Bankruptcy Court entered a final order granting such relief on a final basis [Dkt. No. 236].

Retention and Employment of the Diocese's Professionals

During the Chapter 11 Case, the Bankruptcy Court approved the Diocese's retention and employment of the following professionals to assist in the administration of the Diocese's Chapter 11 Case: (1) Ice Miller LLP as bankruptcy co-counsel to the Diocese [Dkt. No. 272]; (2) Robinson & Cole LLP as bankruptcy co-counsel to the Diocese [Dkt. No. 321]; (3) Brown Jacobson PC as special counsel to the Diocese [Dkt. No. 234]; (4) Gellert Scali Busenkell & Brown, LLC as special counsel to the Diocese [Dkt. No. 482]; (5) GlassRatner Advisory & Capital Group, LLC d/b/a B. Riley Advisory Services as financial advisors to the Diocese [Dkt. No. 271]; (6) Epiq Corporate Restructuring, LLC as claims and noticing agent [Dkt. No. 168] (services terminated by order entered on March 17, 2023 [Dkt. No. 1213]); (7) Hilco Real Estate Appraisal, LLC as real estate appraiser to the Diocese [Dkt. No. 483]; (8) Omni Agent Solutions as replacement claims and noticing agent [Dkt. No. 1213]; and (9) U.S. Properties Real Estate Services, LLC as real estate broker [Dkt. No. 1381].

Appointment of the Official Committee of Unsecured Creditors

On July 29, 2021, the Office of the United States Trustee appointed the Committee pursuant to § 1102(a)(1) of the Bankruptcy Code [Dkt. No. 90]. On September 10, 2021, the Bankruptcy Court approved the Committee's retention of Zeisler & Zeisler, P.C. as counsel to the Committee [Dkt. No. 233]. During the Chapter 11 Case, the Bankruptcy Court also approved the Committee's retention and employment of the following professionals to assist in the administration of the Chapter 11 Case: (1) Wellspeak Dugas & Kane, L.L.C. as real estate appraiser to the Committee [Dkt. No. 448]; (2) O'Sullivan McCormack Jensen & Bliss PC as special counsel to the Committee [Dkt. No. 551]; and (3) Karp & Langerman, P.C. as special counsel to the Committee on trust, corporate, and real estate matters [Dkt. No. 1453].

Bar Date and Claims Process

By order dated November 19, 2021, the Bankruptcy Court set March 15, 2022 at 5:00 P.M. (prevailing Eastern time) (the "Claims Bar Date") as the last day for creditors, including Abuse Claimants, to file a proof of claim. Pursuant to both the Court's *Order Establishing March 15, 2022 Deadline for Filing Proofs of Claim and Approving the Form and Manner of Notice Thereof* (the "Bar Date Order") [Dkt. No. 386] and the Court's *Final Order on Debtor's Motion for Entry of Interim and Final Orders (I) Authorizing and Approving Special Noticing and Confidentiality Procedures; (II) Authorizing and Approving Procedures for Providing Notice of Commencement; and (III) Granting Related Relief* [Dkt. No. 265] notice of the Bar Date was published in a variety of both local and national publications.

Committee's Objection to Proof of Claim Filed by Oceania

On March 15, 2022, Oceania filed its proof of claim in this case against the Debtor in an unspecified amount. Oceania asserted a claim for "indemnification, reimbursement and contribution and similar liability" arising from the "alleged sexual abuse by clergy or any other persons, or for negligence, negligent supervision, or other tort or breach of duty claims, under applicable common law or any statute." It also asserted "a claim against the Debtor for insurance

coverage under any policies of insurance issued to or on behalf of the Debtor or others under which the [Oceania] may be entitled to insurance coverage or some other payment or benefit”

On May 2, 2022, the Committee filed *The Official Committee of Unsecured Creditors’ Objection to Claim No. 10014 Filed by the Oceania Province of the Christian Brothers f/k/a The St. Patrick Province of the Christian Brothers* [Dkt. No. 588]. The Committee asserted that based on Oceania’s knowledge and/or reckless conduct at the time of the transfer of Br. McGlade and Br. Alford, the Court should disallow Oceania’s claim in its entirety.

The Committee ultimately elected not to prosecute its objection based first upon Oceania’s willingness to mediate and, then, based upon the significant progress made in its settlement discussions with Oceania.

Appointment of the Unknown Abuse Claims Representative

On July 18, 2022, the Diocese moved for the appointment of an unknown abuse claims representative and applied to approve the employment of retired U.S. District Judge Michael R. Hogan as the “Unknown Abuse Claims Representative” (the “Application”) [Dkt. No. 720] to represent the interests of persons who may have claims arising from sexual abuse experienced as minors, but who did not, as a result of a valid legal excuse, timely submit a Proof of Claim in this Chapter 11 Case against the Diocese. On August 4, 2022, an order was entered appointing an Unknown Abuse Claims Representative and approving the employment of Judge Hogan to serve in this role [Dkt. No. 753]. Pursuant to §§ 327 and 328 of the Bankruptcy Code, the Unknown Abuse Claims Representative is authorized to perform the services as the legal representative for the Unknown Abuse Claimants that are necessary and appropriate in connection with this Chapter 11 Case, including those described in the Application.

The Unknown Abuse Claims Representative is the legal representative for any Person with an Abuse Claim that occurred against such Person when that Person was a minor for which a Proof of Claim was not filed before the Claims Bar Date and such Person (a) was under a disability (such as minority, mental disability, or alienage) on the Petition Date, (b) neither discovered, nor reasonably should have discovered before the Claims Bar Date that their childhood injury was caused by an act of Abuse, or (c) such Claim was barred by the applicable statute of limitations as of the Claims Bar Date, but is no longer barred by the applicable statute of limitations for any reason.

The Unknown Abuse Claims Representative’s responsibilities and duties include:

- Undertaking an investigation and analysis to assist the Court in determining the estimated number of Unknown Abuse Claimants and the estimated amounts of the Unknown Abuse Claims held by the Unknown Abuse Claimants;
- Filing one or more Proofs of Claim on behalf of all Unknown Abuse Claimants by any (i) extension by consent of the Diocese, the Committee and the United States Trustee, or (ii) Court-ordered extension of the Bar Date and voting such Proofs of Claim to accept or reject a plan of reorganization;

- Negotiating, with the Diocese and other appropriate parties, the treatment of Unknown Abuse Claims through the provisions of a plan of reorganization for the evaluation, determination, and number and amounts of Sexual Abuse Claims of Unknown Abuse Claimants;
- Advocating the legal positions of the Unknown Abuse Claimants before this Court, and if necessary, filing pleadings and presenting evidence on any issue affecting the claims of the Unknown Abuse Claimants;
- Taking all other legal actions reasonably necessary to represent the interests of the Unknown Abuse Claimants; and
- Serving as an independent fiduciary acting solely on behalf of all Unknown Abuse Claimants.

The Unknown Abuse Claims Representative has access to the confidential Abuse Claimants' Proofs of Claim, subject to the confidentiality protocol established in the Bar Date Order (the "Confidentiality Protocol") that applies to all Abuse Claimants' Proofs of Claim submitted to the Claims and Noticing Agent (but not those submitted to the Clerk of Court) and the *Confidentiality Agreement and Protective Order Between the Debtor and Official Committee of Unsecured Creditors* [Dkt. No. 276], entered on September 20, 2021.

The Unknown Abuse Claims Representative also has standing, pursuant to § 1109(b) of the Bankruptcy Code, to raise and appear and be heard as a party in interest on any issue in this Chapter 11 Case. Additionally, the Unknown Abuse Claims Representative may employ attorneys and other professionals consistent with the applicable provisions of the Bankruptcy Code, §§ 105, 327, and 328, but only with prior approval of the Court.

Committee Investigation and Discovery

Since its appointment, the Committee has conducted an extensive investigation into the insurance coverage, assets, liabilities and affairs of the Diocese. The Committee has focused, in particular, on attempting to recover the greatest value possible to enhance funds available to pay Creditors including Abuse Claimants. In furtherance of this investigation, the Committee has sought discovery over the course of this Bankruptcy Case.

The Committee's extensive review of thousands of pages of production and substantive conversations with various parties both in mediation and outside of mediation has allowed the Committee to conduct substantial investigation into the issues relevant to this case and determine the existence and scope of claims against various parties all in an effort to maximize Distributions to Creditors, including Abuse Claimants. It is with the benefit of all of this information that the Committee proposes the Plan and represents that the Plan is in the best interest of and maximizes the Distributions to all Claimants including all Abuse Claimants.

Accounts Receivable and Other Debts Due Diocese from Catholic Entities

The Debtor, in its practice of serving essentially as a management company for the Catholic Entities, has amassed significant accounts receivable which represent a substantial portion of the value of the Debtor's Estate. The Debtor has acknowledged in sworn schedules and other filings in the Bankruptcy Case that the majority of these accounts receivable are collectible. For example, on September 21, 2021 filed sworn amended schedules (the "Amended Schedules") [Dkt. No. 277] and represented that the current (collectible) value of its accounts receivable, as of the Petition Date, is \$9,345,528.01.¹¹ More recently, the Debtor represented in its monthly operating report for the month ending April 30, 2024 [Dkt. No. 1774] that its total accounts receivable "net of allowance" (meaning, excluding amounts representing doubtful or uncollectible accounts) is \$12,531,948.

There are numerous bases upon which the accounts receivable can be collected. The Debtor holds breach of contract claims against each of the Catholic Entities owing money to the Debtor. In the alternative and to the extent that a contract, written or oral, does not exist between the Debtor and those certain Catholic Entities, the Debtor holds unjust enrichment claims and can recover the value of the benefits conferred upon those Catholic Entities by the Debtor. Furthermore, to the extent that the Debtor sent statements of the amounts due to Catholic Entities, as was the Debtor's practice, and those amounts were acknowledged by the Catholic Entities by either (1) failing to dispute or otherwise challenge the amounts due or (2) reflecting amounts payable or other similar liabilities owed to the Debtor on their balance sheets, the Debtor holds accounts stated claims against those Catholic Entities. Amounts recovered on these accounts receivable could be used to fund Trust for the benefit of Abuse Claimants.

As attested to in the Debtor's Amended Schedules, the balances due the Diocese from the corresponding Persons as of the Petition Date include those set forth in the schedule appended to the Plan as **Exhibit P**.

Ability to Reach Assets of the Annual Catholic Appeal

Also based upon the Committee extensive investigation, the Committee has concluded that the ACA's assets are, in law and fact, the Debtor's assets. Therefore, the Plan transfers to the Trust all Claims and Causes of Action against the ACA to the extent liable pursuant to Bankruptcy Code §§ 542, 544, 548, 549 & 550, and pursuant to CUFTA; and all Causes of Action based on the equitable ownership and nominee doctrines.

In 1997, the ACA, formerly known as the Annual Bishop's Appeal, was incorporated as the Annual Bishop's Appeal of the Diocese of Norwich, Inc. as a civil non-stock corporation under the Connecticut Revised Nonstock Corporation Act, Connecticut General Statutes §§ 33-1000 *et. seq.* On or about February 3, 2011, the ACA changed its name from the Annual Bishop's Appeal of the Diocese of Norwich, Inc. to the ACA. The Trust intends to allege that despite this purported separate incorporation, the Debtor has sole control over and uses the ACA and its assets for the Debtor's benefit and that the minimal corporate formalities in which the ACA engages are merely a façade. In particular, without limitation:

¹¹ The Debtor represented in the Amended Schedules that its total face value of its accounts receivable is \$15,410,857.98, but that \$6,065,329.97 are from "doubtful or uncollectible accounts."

- The Debtor and the ACA share the same members, directors, and officers: the Bishop of the Debtor, the Vicar-General of the Debtor, the Chancellor of the Debtor, and the Chief Financial Officer of the Debtor;
- The Diocesan Finance Council oversees and governs the finances of both the Debtor and the ACA;
- The ACA's principal office is 201 Broadway, Norwich, Connecticut, which is also the principal office of the Debtor;
- There are substantial transfers of funds between the Debtor and the ACA and the audited financial statements of the Debtor and ACA are consolidated and make no distinction between assets and liabilities of the Debtor and the ACA; and
- The ACA is operated by the employees of the Debtor out of the Debtor's Development Office.

As a result, the Trust will seek: (1) a declaration that the ACA is a mere instrumentality of the Debtor, (2) the substantive consolidation of the Debtor and the ACA; (3) a declaration that the Debtor holds a beneficial or equitable ownership interest in the ACA's assets and that such beneficial or equitable ownership interest and the Debtor's control and authority over the ACA are property of the Debtor's Estate; and (4) a declaration that ACA holds its assets merely as the nominee for the Debtor. If these claims are successful, the ACA's assets would be available to fund distributions to creditors.

Avoidance Actions and the Tolling Agreements

The Committee has identified certain potential claims and avoidance actions that may be brought by the Diocese, the Diocese's Estate, and by way of the Transferred Claim and Causes of Action, the Trust. Such potential claims include, but are not limited to, claims pursuant to §§ 502(d), 542, 544, 545, 547, 548, 549, 550 and/or 553 of the Bankruptcy Code and applicable state and federal laws (the "Potential Claims").

Following mediation, the Diocese, Committee, Parishes, the ACA and various Catholic Entities, including Mercy, and Xavier high schools (the "Tolling Agreement Parties") agreed to resolve the Potential Claims through the terms and conditions set forth in the Plan, and executed a tolling agreement dated July 14, 2023, and then again by their subsequent amendments to the tolling agreement, to facilitate the final resolution of any actions or proceedings relating to the Potential Claims through confirmation of the Plan without the time and expense of litigation.

Specifically, effective currently, the Tolling Agreement Parties have agreed pursuant to the most recent amendment to toll and extend any limitations periods (including, without limitation, those arising by virtue of state law, federal law, 11 U.S.C. § 546(a), 11 U.S.C. § 108 or otherwise) that would bar any claim or remedy or the bringing of any action or proceeding related to the Potential Claims, through and including 11:59 p.m. (Eastern) November 1, 2024 (the "Tolling Period"). The Tolling Agreement Parties have expressly agreed not to assert any time-based defense of any kind, including but not limited to laches, waiver, or estoppel, to the Potential Claims

due to the passage of time during the Tolling Period. The Tolling Period may be extended if further tolling agreements are executed.

Settlement Negotiations and Mediation

To facilitate settlement negotiations, the Diocese and the Committee filed the *Joint Motion for Entry of an Order Referring Parties to Mediation and Appointing Mediator* [Dkt. No. 645] (the “Mediation Motion”) seeking to submit several matters to negotiation and appointing Attorney Paul A. Finn as mediator. On August 4, 2022, the Court entered the *Order Referring Parties to Mediation and Appointing Mediator* [Dkt. No. 752] approving the relief sought in the Mediation Motion and appointing Attorney Paul A. Finn as mediator, with a term to serve for six months.

The Diocese, Committee, and other parties in interest including Xavier, Mercy, St. Bernard, Oceania, and the Association of Parishes (collectively, the “Mediation Parties”), subsequently participated in four in-person and two remote mediation sessions with Attorney Paul A. Finn. Two mediation sessions were held on September 14, 2022, and September 15, 2022, in New York, New York. Early in these mediation sessions, the Debtor and Committee reached an agreement in principle with Oceania on its contribution to the contemplated settlement fund to be established for the benefit of Abuse Claimants, and the releases, channeling injunction and other terms to be provided in exchange. Two additional mediation sessions took place on October 24, 2022, and October 25, 2022, also in New York, where all five members of the Committee, Bishop Michael R. Cote, D.D. and Monsignor Leszek T. Janik, JCL, were in attendance. Two additional remote mediation sessions were held on November 22, 2022 and January 20, 2023.

Near the end of Atty. Finn’s sixth-month term to conduct the mediation, on January 20, 2023, the Diocese and Committee disagreed regarding whether Mr. Finn’s term should be extended. See *Motion to Extend the Term of Appointment of Paul A. Finn as Mediator* [Dkt. No. 1051] and *Objection of the Official Committee of Unsecured Creditors to the Debtor’s Motion to Extend the Term of Appointment of Paul A. Finn as Mediator* [Dkt. No. 1075].

On February 24, 2023, the Bankruptcy Court entered its order appointing former Second Circuit Judge Christopher Droney to serve as mediator for a period of sixty (60) days pursuant to the same terms and provisions of the Bankruptcy Court’s initial mediation order, and that the service period of Atty. Finn having expired, it was suspended until further order of the Bankruptcy Court [Dkt. No. 1167].

Debtor’s Plan Exclusivity and Committee’s Competing Plan

Pursuant to § 1121 of the Bankruptcy Code, a debtor-in-possession is granted a 120-day period from the chapter 11 filing date to file a plan of reorganization. During such time, only a debtor can file a plan of reorganization. However, the Bankruptcy Code provides that the court can increase a debtor’s exclusive period to file a plan of reorganization for cause shown but such period cannot be extended beyond eighteen (18) months after the commencement of the case.

During the pendency of the Diocese’s Chapter 11 Case, the Diocese had requested and the Court has granted, seven (7) extensions of exclusivity [Dkt. Nos. 362, 480, 543, 665, 847, 912, and 1037] based upon the perceived progress made in the Bankruptcy Case including in settlement

negotiations through the mediation. The 18-month deadline expired on January 17, 2023, and so the Diocese filed its plan of reorganization (the “Diocese Plan”) on that day. The Debtor is then provided an additional 60-day period to solicit and obtain the acceptances of each class of claims that is impaired under the Diocese Plan.

Considering, among other things, the impasse that had been reached and the Diocese Plan that had then been filed, the Committee sought to file its own plan of reorganization to be considered by the Bankruptcy Court, the Diocese and all other parties in interest in this Bankruptcy Case including the Abuse Claimants. Accordingly, on February 3, 2023, the Committee filed *The Official Committee of Unsecured Creditors’ Motion to Terminate Debtor’s Exclusive Period to Solicit Acceptances of Chapter 11 Plan* [Dkt. No. 1076]. After argument by counsel for the Diocese and counsel for the Committee, among others, and considering comments made by the Bankruptcy Court at the hearing held on February 21, 2023, the Diocese decided to consent to the termination of its exclusive period to solicit acceptance of the Diocese Plan. On February 24, 2023, the Bankruptcy Court entered its order [Dkt. 1164] granting the Committee’s motion and terminating the Diocese’s exclusive solicitation period. The Bankruptcy Court then entered a further order, consistent with the representation made by the Committee’s counsel, that the Committee shall file its competing plan of reorganization by February 28, 2023 [Dkt. No. 1166]. Accordingly, on February 28, 2023, the Committee filed its own plan of reorganization [Dkt. No. 1169] (the “Committee’s Competing Plan”) and corresponding disclosure statement. The Plan amends the Committee’s Competing Plan.

Further Mediation

Following the Mediation Parties’ submission of their respective mediation statements on March 16, 2023, Judge Droney on March 23, 2023, held an in-person mediation session with all Mediation Parties in order to break the impasse and resolve the remaining issues between them. Significant progress had been made and a global agreement nearly reached. Unfortunately, several items remained to be resolved but enough progress had been accomplished for the parties to agree to begin drafting a joint plan of reorganization between the Debtor and the Committee.

The parties then spent the next several months attempting to resolve the remaining issues, and drafting the joint plan of reorganization, corresponding disclosure statement and related documents. During this process, additional issues surfaced. Further negotiations took place which required the assistance of Judge Droney. Ultimately, the parties were successful in reaching an agreement to be set forth in a joint plan of reorganization and a related joint disclosure statement.

Sale of Real Estate Used by St. Bernard

Founded in 1967, St. Bernard is a Roman Catholic co-educational college preparatory school for grades 6 through 12 located in Montville, Connecticut. It is co-sponsored by the Diocese and the Xaverian Brothers.

The Diocese owned the real estate and building and improvements (the “Montville Property”) used by St. Bernard to operate its school. The Montville Property consists of a 113-acre site on Route 32 that is improved with the 155,865 square foot school, an 800 square foot detached

garage and two 80 square foot sheds. Besides the buildings and improvements, the Montville Property includes extensive woodlands and clearings for fields, lawns and parking.

In September 2022, the Committee received an unsolicited letter of intent (“Thames River LOI”) from an attorney acting on behalf of an unidentified private entity interested in purchasing the Montville Property. The Committee’s counsel promptly forwarded the Thames River LOI to the Debtor’s counsel. The Thames River LOI contemplated, and counsel for the unidentified potential purchaser insisted, that the sale of the Montville Property be effectuated through a private sale for \$6 million that was not subject to higher and better offers (the “Private Sale”). The unidentified potential purchaser, Thames River Acquisitions, LLC (“Thames River”), thereafter incorporated as a Connecticut limited liability company in December 2022, three months after the Thames River LOI.

The Thames River LOI and subsequent negotiations with Thames River reflected an interest in entering into a new written lease with St. Bernard (the “School Lease”). In or around December 2022 through early February 2023, attorneys for the Debtor, Thames River and the St. Bernard negotiated the terms of the Private Sale, including the terms of the School Lease; however, those discussions collapsed after an impasse arose related to certain deal terms, including the terms related to the School Lease.

Since February 23, 2023—and after the New London Day wrote an article about Saints Country’s interest in purchasing the Property and entering into the School Lease—Thames River resurfaced with an increased bid, which included a willingness to expose the increased bid to higher and better offers through formal sale procedures and a public auction.

On or about January 27, 2023, Saints Country submitted its unsolicited letter of intent (“Saints LOI”) which provided, among other things, that Saints Country would purchase the Property for \$6 million. Subsequent discussions with Saints Country that ensued revealed that Saints Country was a consortium of the school’s alumni and certain entities that were devoted to continuing the school’s Catholic education mission. In addition to disclosing the names and identities of all individuals, trusts and entities with an interest in Saints Country, its counsel shared proof of financial capacity to close.

Subsequent discussions with Saints Country also revealed its desire to enter into a School Lease and willingness to expose the Montville Property to higher and better offers through formal sale procedures and a public auction. Saints Country’s interest in the Montville Property and desire to continue the school has garnered extensive press coverage in the New London Day, as well as additional coverage in the Boston Globe.

After discussions with the various parties in interest during March 2023, and after consulting with the Committee, the Debtor determined in the exercise of its business judgment to file a motion seeking (i) an order approving sale procedures and scheduling an auction and sale hearing, and (ii) an order approving the ultimate sale of the Montville Property, among other related relief [Dkt. No. 1225].

Following due notice and a hearing, on May 8, 2023, the Bankruptcy Court entered its *Order (A) Approving Sale Procedures for the Sale of Certain Property, Including All*

Improvements Thereon in Montville, Connecticut; (B) Scheduling an Auction and a Sale Hearing Related Thereto; (C) Approving the Form of Purchase and Sale Agreement; and (D) Approving the Form of Notice of the Auction and Sale Hearing [Dkt. No. 1307] (“Sale Procedures Order”). The Sale Procedures Order established May 26, 2023 as the deadline for all bids for the Montville Property, June 2, 2023 as the auction date (in the event competing qualified bids had been timely submitted), and June 7, 2023 as the hearing on the approval of the sale of the Montville Property.

Two competing bids were submitted by the May 26th bid deadline each for \$6,500,000, including one by Thames River. The Debtor thereafter determined that both bids constituted qualified bids pursuant to the Sale Procedures Order. At that auction on June 2nd, Thames River increased its bid to \$6,550,000. No competing bids were submitted and the Debtor determined, in consultation with the Committee, that Thames Rivers had submitted the highest and best bid at the auction for the purchase of the Montville Property.

At the Sale Hearing on June 7th, the Debtor presented the highest and best bid submitted by Thames River and requested, with the support of the Committee and St. Bernard, that the Bankruptcy Court approve the sale of the Montville Property to Thames River in exchange for the payment of \$6,550,000. Following the submission of evidence and argument by counsel, the Bankruptcy Court approved the sale subject to the submission of a revised proposed order consistent with statements made on the record. Counsel submitted such revised proposed order which the Bankruptcy Court entered on June 20, 2023 [Dkt. No. 1344]. The Debtor closed on its sale of the Montville Property to Thames River on June 21, 2023, and received the net proceeds of the sale in the amount of \$6,550,000.

Sale of Other Real Estate by Diocese

Following the entry of the order [Dkt. No. 1381] approving the employment of U.S. Properties Real Estate Services, LLC (“U.S. Properties”) as real estate broker for the Debtor, U.S. Properties immediately began marketing certain real estate for sale, subject to the Debtor’s oversight and the Committee’s input. Ultimately, U.S. Properties was able to secure offers to purchase four of the properties on terms and conditions acceptable to the Debtor and the Committee.

Accordingly, on September 29, 2023, the Debtor filed its motion [Dkt. No. 1461] for approval of the sale of 17 Otis St., Norwich, Connecticut, in exchange for the payment of \$191,000. The Bankruptcy Court approved the sale on October 27, 2023. [Dkt. No. 1512]

On October 20, 2023, the Debtor filed separate motions [Dkt. Nos. 1489 & 1490] for the approval of the sale of 31 Perkins St. and 7-11 Bath St., both situated in Norwich, Connecticut, in exchange for \$145,000 and \$190,000, respectively. On November 8, 2023, the Debtor filed its motion [Dkt. No. 1520] for the approval of the sale of 25 Otis St., Norwich, Connecticut, in exchange for the payment of \$174,000.

After a hearing before the Bankruptcy Court, on November 22, 2023, the Bankruptcy Court entered its orders [Dkt. Nos. 1557, 1558 & 1559] approving the Debtor’s motions for entry of orders approving the sale of 31 Perkins St., 7-11 Bath St. and 25 Otis St. on the terms and conditions set forth in the motion.

Pursuant to the orders approving the sale of these properties, the Net Proceeds realized shall be held in an interest-bearing account designated for the purpose of maintaining proceeds from the sales of real estate used by the Debtor to fund its contributions to the Trust, or as otherwise ordered by the Bankruptcy Court.

The Joint Plan and Significant Further Delays

After extensive further negotiations to attempt to resolve the myriad of issues which arose while drafting the Joint Plan, the corresponding joint disclosure statement and the other related documents, the Diocese and the Committee ultimately agreed to propose jointly the terms and conditions of reorganization set forth in the Joint Plan. Essential to the Joint Plan was the ability of the Bankruptcy Court to compel the release of all known and unknown Abuse Claims, to channel those Abuse Claims to trusts created for their benefit, and to enter injunctions precluding the assertion and enforcement of these Abuse Claims against the Mediation Parties. The Mediation Parties agreed to make the contributions set forth in the Joint Plan for the benefit of Abuse Claimants in exchange for receiving the benefits of these releases and injunctions, and the channeling of their Abuse Claims as provided for in the Joint Plan.

Prior to the filing of the Joint Plan, the United States Court of Appeals for the Second Circuit on May 30, 2023, in considering the plan of reorganization proposed by Purdue Pharma L.P., decided that the Bankruptcy Code authorized the plan's nonconsensual third-party releases. *Purdue Pharma, L.P. v. City of Grande Prairie (In re Pharma L.P.)*, 69 F.4th 45, at 56, 58-63 (2d Cir. 2023), *cert. granted sub nom., Harrington v. Purdue Pharma L.P.*, 2023 U.S. LEXIS 2872 (Aug. 10, 2023) ("*Purdue Pharma*"). The Debtor and the Committee filed the Joint Plan in compliance with the standards enunciated by the Second Circuit in *Purdue Pharma*.

On August 10, 2023, ten days after the Debtor and Committee filed their Joint Plan, the United States Supreme Court granted certiorari to decide the issue: "Whether the Bankruptcy Code authorizes a court to approve, as part of a plan of reorganization under Chapter 11 of the Bankruptcy Code, a release that extinguishes claims held by nondebtors against nondebtor third parties, without the claimant's consent." The Supreme Court heard oral argument on December 4, 2023. Recognizing that the Supreme Court likely would not decide *Purdue Pharma* until sometime in June, 2024, the Debtor and the Committee endeavored to move forward with the confirmation process with respect to their Joint Plan in the hopes of confirming the Joint Plan prior to a decision by the Supreme Court in *Purdue Pharma*.

On August 29, 2023, the Bankruptcy Court held the initial hearing to consider the disclosure statement filed in connection with the Joint Plan and *sua sponte* raised the issue of whether the Debtor and Committee could or should proceed with their Joint Plan while *Purdue Pharma* was before the Supreme Court. The Bankruptcy Court scheduled a status conference for September 13, 2023, to consider this issue. On August 30, 2023, the Bankruptcy Court specifically ordered the status conference to "hear parties on the question of whether it is in the best interest of this Chapter 11 Estate and the administration of this Chapter 11 case to pause or reorder the priorities or scheduling of [the Joint] Plan confirmation and related motions in judicial deference to, and in light of the stay by the United States Supreme Court and the pending petition for certiorari of [*I*]n re *Purdue Pharma L.P.* confirmation decision on non-consensual third party releases." [Dkt. No. 1413.]

On September 1, 2023, the Bankruptcy Court entered The Court's Preliminary Statement of Concerns, Questions, and Issues Presented by the Joint Disclosure Statement and Plan identifying twenty-nine (29) issues related to the disclosure statement and thirteen (13) related to the Joint Plan. [Dkt. No. 1418.] At the status conference held on September 13, 2023, the Debtor's and the Committee's counsel reported that they needed more time to address the concerns raised by the Bankruptcy Court and to address other issues.

Ultimately, the Debtor and the Committee filed their second amended disclosure statement and second amended Joint Plan [Dkt. Nos. 1472 & 1473] on October 12, 2023, and their third amended disclosure statement and third amended Joint Plan on October 27, 2023. [Dkt. No. 1513 & 1514.] Following the objection to the third amended disclosure statement filed by the United States Trustee on November 14, 2023, and the hearing on the third amended disclosure statement held on November 17, 2023, the Bankruptcy Court entered the following decision and orders on November 22, 2023:

- Preliminary Order Related to: (I) Proposed Order Approving Disclosure Statement and Providing Other Relief [sic] and, (II) The Court's Review and Approval of Ancillary Proposed Documents [Dkt. No. 1555];
- Preliminary Ruling on Objection of the United States Trustee to the Adequacy of the Information Contained in the Third Amended Joint Disclosure Statement of the Debtor and the Official Committee of Unsecured Creditors [Dkt. No. 1556];
- Preliminary Order Regarding Third Amended Disclosure Statement [Dkt. No. 1560]; and
- Preliminary Order Regarding Separate Motions in the Exercise of the Court's Case Management Authority [Dkt. No. 1561].

The Debtor and Committee spent the following several months attempting to satisfy the requirements imposed and otherwise address the issues raised by the Bankruptcy Court in the above orders and decision. On December 29, 2023, the Debtor and Committee filed their fourth amended disclosure statement and fourth amended Joint Plan. [Dkt. Nos. 1594 & 1595.]

Significantly compounding the delay in proceeding with the Joint Plan throughout this period of time was the lack of a completed report by the Unknown Abuse Claims Representative. Finally, on January 16, 2024, the Debtor provided notice and a copy of the Unknown Claims Representative's Report and Recommendations. [Dkt. No. 1622.] On January 24, 2024, the Bankruptcy Court entered its Order to Show Cause Regarding Unknown Claims Representatives Report [Dkt. No. 1640] ("Order to Show Cause") raising eight (8) issues to be addressed at the show cause hearing to be held on February 13, 2023.

On January 16, 2024, the Bankruptcy Court ordered a deadline of February 2, 2024, to file any missing documents and motions, to file any responses to the filings by February 12, 2024, and a hearing for February 14, 2024. On February 2, 2024, the Debtor and the Committee filed their fifth amended disclosure statement and fifth amended Joint Plan [Dkt. Nos. 1653 & 1654] along with other related motions and documents.

While the Debtor and the Committee were able to proceed with various motions related to the Joint Plan on February 12th and 13th before the Bankruptcy Court, they were not able to address the issues raised in the Order to Show Cause. That matter was not heard until March 26, 2024, when after hearing the testimony of the Unknown Abuse Claims Representative and arguments of counsel, the Bankruptcy Court found that the Unknown Abuse Claims Representative's report was incomplete. [Dkt. No. 1733.] The Bankruptcy Court concluded that the Unknown Abuse Claims Representative needed to review all of the Diocese records evidencing the Abuse within the Diocese over its history and revise his report. The Bankruptcy Court then on March 28, 2024, entered its Supplemental Filing Order, [Dkt. No. 1739], ordering that, "[i]n order to assist the Court in its analysis of these and other issues, ... [t]he debtor and debtor-in-possession, The Norwich Roman Catholic Diocesan Corporation (Debtor), shall, within ten days of the date of this order, file upon the record a matrix of additional information regarding the allegations of substance of sexual abuse of a minor." *Id.*

In response, the Debtor and the Committee on April 1, 2024, requested a status conference which request the Bankruptcy Court granted on April 3, 2024. [Dkt. Nos. 1741 & 1743.] At the status conference held on April 4, 2024, the Debtor explained various logistical issues related to its compliance with the Supplemental Filing Order and sought and obtained certain clarifications from the Bankruptcy Court.

By this time, the Committee and its counsel had recognized certain unfortunate realities related to the confirmation of the Joint Plan, including the following:

- The additional time that would be required for the Debtor to provide the Unknown Abuse Claims Representative the records necessary for him to complete his report;
- The additional time necessary for the Unknown Abuse Claims Representative to review the Diocese's records of Abuse;
- The additional time necessary to address the other outstanding issues that needed to be addressed with respect to the Joint Plan;
- The additional time required, even assuming things went as well as could be expected, to hold the hearing on the fifth amended disclosure statement, solicit votes from all Claimants entitled to vote and obtain signed releases from the Abuse Claimants, hold the confirmation hearing and obtain the Confirmation Order, fund the contributions to the Effective Date Escrow Agent and accomplish the Effective Date of the Plan;
- The impending decision by the Supreme Court in *Purdue Pharma* likely to enter within the following two months (by the end of June, 2024), and
- The Committee's desire not to put the Abuse Claimants through the voting and release process or incur the costs associated with solicitation and confirmation of the Joint Plan with the looming possibility (and perhaps even likelihood) that the Supreme Court reverses *Purdue Pharma* and thereby precludes the confirmation of the Joint Plan.

Accordingly, the Committee concluded and its counsel at the status conference held on April 4th informed the Bankruptcy Court that the Committee would not be seeking a hearing on the fifth amended disclosure statement at that time and would wait until a decision had entered by the Supreme Court in *Purdue Pharma*. The Committee's counsel explained, however, that it would

be working diligently during this time frame to address the remaining outstanding issues with the fifth amended disclosure statement and fifth amended Joint Plan.

During this time frame, the Committee also attempted to negotiate an alternative plan (dubbed a “pocket-plan”) that required all releases to be consensual (with each Abuse Claimant exercising the right to “opt-in”) and that maintained all of the contributions agreed to be made by the various third-parties pursuant to the Joint Plan (estimated to total \$32 million). The alternative plan would be filed in the event the Supreme Court held in *Purdue Pharma* that the Bankruptcy Code did not authorize nonconsensual releases by non-debtors against non-debtor third parties. The Committee sought to have an alternative plan and related documents fully agreed upon and prepared so that it and the Debtor would be ready to proceed expeditiously regardless of how the Supreme Court ruled. The Committee reasonably anticipated that virtually all if not all of the Abuse Claimants would affirmatively consent to release the third-parties in exchange for the third-parties’ contributions to the trust created pursuant to the Plan for the benefit of those Abuse Claimants.

Certain third parties, including Catholic Mutual, declined to engage in such negotiations. Then, by letter dated May 24, 2024, Catholic Mutual, through its counsel, “instruct[ed] and direct[ed] the Diocese and the parishes therein to *not* agree to any opt-in plan prepared by the [Committee],” and “not enter into any agreement with the [Committee] that transfers, assigns, or in any way modifies the [Settlement] Agreement [with Catholic Mutual] set forth in the [Joint] Plan without Catholic Mutual’s express written consent.”

Thus, in order to facilitate and expedite the Debtor’s reorganization and the payment of appropriate compensation to the Abuse Claimants, the Committee, through its counsel, over the past months prepared the Plan—which has no mechanism for consensual third-party releases, the channeling of Abuse Claims to trusts, or channeling injunctions—and all related motions and documents to be filed if the Supreme Court reversed the Second Circuit’s decision in *Purdue Pharma*.

United States Supreme Court Reverses *Purdue Pharma*

On June 27, 2024, the Supreme Court in *Purdue Pharma* held that “the bankruptcy code does not authorize a release and injunction that, as part of a plan or reorganization under Chapter 11, effectively seeks to discharge claims against a nondebtor without the consent of the affected claimants.” Accordingly, later in the day on June 27, 2024, the Committee filed its withdrawal of the Joint Plan and filed the Plan to reorganize the Debtor without any provision for non-consensual third-party releases of nondebtors, the channeling of Abuse Claims or channeling injunctions.

V. KEY TERMS OF THE PLAN

The Committee proposes the Plan in good faith and believes the Plan is feasible and in the best interest of the creditors of the Debtor. The Committee, therefore, recommends acceptance of the Plan by Holders of Claims in the Voting Classes, and recommends that the Abuse Claimants vote to accept the Plan. This Disclosure Statement summarizes key components of the Plan. To the extent of any inconsistencies between these summaries and the terms of the Plan, the Plan controls. To the extent the summaries omit any provisions of the Plan, such omission does not

affect the enforceability of those provisions in the Plan. All Claimants are encouraged to carefully read the Plan before voting.

A. Treatment of Unclassified Claims

The following summarizes the treatment of Administrative Claims, Professional Claims, Priority Tax Claims, and U.S. Trustee Fees under the Plan. In accordance with § 1123(a)(1) of the Bankruptcy Code, Administrative Claims, Professional Claims, Priority Tax Claims, and U.S. Trustee Fees have not been classified under the Plan. Section III of the Plan sets forth the treatment for each type of Claim. The Debtor anticipates that it will pay these unclassified claims in full on the Effective Date.

Administrative Claims

An Administrative Claim is a claim for payment of an administrative expense of a kind specified in Bankruptcy Code § 503(b) and referred to in Bankruptcy Code § 507(a)(2), including the actual and necessary costs and expenses of preserving the estate or operating the Debtor's businesses after the commencement of a chapter 11 case, and compensation for legal and other services and reimbursement of expenses awarded or allowed under Bankruptcy Code §§ 330(a), 331, or 503.

Generally, ordinary course post-petition administrative expenses have been paid by the Debtor in the ordinary course and as reflected in the monthly operating reports filed in this Bankruptcy Case by the Debtor. The Debtor has represented that the amount outstanding as due in the ordinary course of the Debtor's operations is consistently under \$10,000 to \$15,000, which sum shall be paid when due in accordance with ordinary course business terms with each vendor.

The Plan provides that Holders of Administrative Claims (other than Professional Claims) shall receive payment from the Debtor or Reorganized Debtor either (a) on the Effective Date, or, if later, within fourteen (14) days of being Allowed; or (b) upon such terms as agreed to in writing by the Administrative Claimant.

Professional Claims

The Plan sets forth the manner and timing in which Professionals must submit Professional Claims to be considered for payment. All Professionals or other Persons requesting compensation or reimbursement of expenses under any of §§ 327, 328, 330, 331, 503(b), and 1103 of the Bankruptcy Code for services rendered by the Effective Date (including any compensation requested by any Professional or any other Person for making a substantial contribution in the Chapter 11 Case) shall file and serve an application for final allowance of compensation and reimbursement of expenses accruing from the Petition Date to the Effective Date, no later than thirty (30) calendar days after a notice of the Effective Date is filed. If there is a dispute over what amount of a Professional Fee Claim should be Allowed, the dispute shall be resolved by the Bankruptcy Court.

A schedule of the fees and expenses incurred but not yet paid in this Bankruptcy Case through and including April 30, 2024, is as follows:

Debtor's Professionals [TO BE PROVIDED]:

Ice Miller LLP	\$	12
Robinson & Cole, LLP	\$	
Brown Jacobson PC	\$	
B. Riley Advisory Services	\$	
Omni Agent Solutions	\$	

Committee's Professionals:

Zeisler & Zeisler, P.C.	\$	318,007.04
Karp & Langerman, LLC	\$	7,233.00

Priority Tax Claims

A Priority Tax Claim is an unsecured Claim of a governmental unit entitled to priority in payment under any provision of § 507(a)(8) of the Bankruptcy Code. As for any Allowed Priority Tax Claim not paid before the Effective Date, the Reorganized Debtor shall (a) pay such Claim on the Effective Date; or (b) provide such other treatment agreed to by the Holder of such Allowed Priority Tax Claim and the Debtor and the Estate (if before the Effective Date) or the Reorganized Debtor (if on and after the Effective Date).

U.S. Trustee Fees

All fees due and payable under 28 U.S.C. § 1930 and not paid before the Effective Date shall be paid on and after the Effective Date when due and payable. After the Effective Date, the Reorganized Debtor shall pay quarterly fees to the U.S. Trustee until the Bankruptcy Case is closed, and a Final Decree is entered. In addition, the Reorganized Debtor shall file post-Confirmation Date reports in conformity with the U.S. Trustee guidelines. The U.S. Trustee shall not be required to file a request for payment of its quarterly fees, which will be deemed Administrative Claims against the Diocese. The Trust and Unknown Abuse Claims Trust shall have no liability for U.S. Trustee fees.

B. Treatment of Classified Claims

The Plan does not treat each Claim identically; rather, the Plan categorizes Claims into Classes, consistent with the requirements in §§ 1122 and 1123(a)(1) of the Bankruptcy Code. That means that under the Plan some Holders of Claims will receive full satisfaction of their Claims, some will receive partial satisfaction, and some will receive nothing. In each instance, the Committee believes that Holders of Claims will receive at least as much value as they would receive if the Debtor's Assets were to be liquidated under chapter 7 of the Bankruptcy Code and that impaired creditors will receive more than they would receive in a chapter 7 liquidation.

¹² Ice Miller also held back \$400,000 of services billed during the Fifth Interim Fee Period (November 1, 2022 through September 30, 2023) to the category of Plan and Disclosure Statement.

Regardless, it is important for Holders of Claims to read the Plan and this Disclosure Statement carefully to understand how they will be treated under the Plan.

The categories of Claims in the Plan and summarized below classify Claims for all purposes, including voting, confirmation, and distribution under the Plan and §§ 1122 and 1123(a)(1) of the Bankruptcy Code. A Claim shall be deemed classified in a particular Class only if the Claim qualifies within the description of that Class and shall be deemed classified in a different Class if any remainder of the Claim qualifies within the description of such different Class. A Claim is classified within a particular Class to receive Distributions only if such Claim is Allowed and has not already been satisfied before the Effective Date.

Except to the limited extent provided in the Plan with respect to Abuse Claims to preserve Claims and interests in connection with Non-Settling Insurer Policies and Non-Settling Insurers, on account of the discharge provided by Bankruptcy Code § 1141(d) and Section 13.1 of the Plan, the treatment in the Plan is in complete satisfaction of the legal, contractual, and equitable rights that each Holder of a Claim may have against the Debtor or its property. This treatment supersedes and replaces any agreements or rights those Holders have in or against the Debtor or its property. All Distributions under the Plan will be tendered to the entity holding the Claim. **Except as set forth in the Plan, no Distributions will be made from and no rights will be retained against the Debtor or its property on account of any Claim that is not an Allowed Claim.**

Class 1: Other Priority Claims

- (a) **Definition.** A “Class 1 Claim” means an Allowed Claim described in, and entitled to priority under, §§ 507(a) and 503(b)(9) of the Bankruptcy Code other than an Administrative Claim or a Priority Tax Claim.
- (b) **Unimpaired and Not Voting.** Class 1 is not impaired under the Plan. The Class 1 Claimants are conclusively presumed to have accepted and are not entitled to vote on the Plan.
- (c) **Treatment.** Unless the Holder of an Allowed Class 1 Claim and the Diocese or the Reorganized Debtor (as applicable) agree to a different treatment, the Reorganized Debtor shall pay each such Allowed Class 1 Claim in full, in cash, without interest, from ongoing operations on the later of the Effective Date and the date a Class 1 Claim becomes an Allowed Claim (or as soon thereafter as is practicable).

Class 2 Citizens Bank, N.A.

- (a) **Class 2 Definition.** Class 2 consists of the Citizens Secured Guaranty Claim.
- (b) **Impaired and Voting.** Class 2 is impaired under the Plan. The Class 2 Claimant is entitled to vote on the Plan.
- (c) **Class 2 Treatment.** The collateral securing the Citizens Secured Guaranty Claim

shall upon the Effective Date vest in the Reorganized Debtor and the collateral shall continue to secure the Citizens Secured Guaranty Claim. The mortgage and security interest held by Citizens to secure Citizens Guaranty Claim shall remain in place and Citizens may exercise any and all rights and remedies against the collateral referenced in such mortgage and security agreement, available to Citizens. The Reorganized Debtor shall be liable to Citizens on the Citizens Secured Guaranty Claim to the same extent and validity as the Diocese immediately prior to the Petition Date. Notwithstanding the foregoing, the Reorganized Debtor shall be obligated to comply with the provisions of the Plan governing the subject collateral including its maintenance and sale or transfer of as set forth in Sections 7.1(a)4 and 7.3 of the Plan.

Class 3: M&T Bank Corporation

- (a) **Class 3 Definition.** Class 3 consists of all claims held by M&T. Class 3 is comprised of the following Sub-Classes:
 - i. Sub-Class 3-A consists of the M&T Secured Revolving Loan Claim; and
 - ii. Sub-Class 3-B consists of the M&T Secured Guaranty Claim.
- (b) **Impaired and Voting.** Class 3-A and Class 3-B are Impaired under the Plan. The Class 3 Claimant is entitled to vote on the Plan.
- (c) **Class 3 Treatment.** The Holder of Allowed M&T Secured Claim and Allowed M&T Secured Guaranty Claim against the Diocese shall receive the treatment set forth below:
 - i. Class 3-A: The collateral securing the M&T Secured Revolving Loan Claim shall upon the Effective Date vest in the Reorganized Debtor and the collateral shall continue to secure the M&T Secured Revolving Loan Claim. The security interest held by M&T to secure M&T Secured Revolving Loan Claim shall remain in place and M&T may exercise any and all rights and remedies against the collateral referenced in such security agreement, available to M&T. The Reorganized Debtor shall be liable to M&T on the M&T Secured Revolving Loan Claim to the same extent and validity as the Diocese immediately prior to the Petition Date.
 - ii. Class 3-B: The collateral securing the M&T Secured Guaranty Claim shall upon the Effective Date vest in the Reorganized Debtor and the collateral shall continue to secure the M&T Secured Guaranty Claim. The security interest held by M&T to secure M&T Secured Guaranty Claim shall remain in place and M&T may exercise any and all rights and remedies against the collateral referenced in such security agreement, available to M&T. The Reorganized Debtor shall be liable to M&T on the M&T Secured Guaranty Claim to the

same extent and validity as the Diocese immediately prior to the Petition Date. Notwithstanding the foregoing, the Reorganized Debtor shall be obligated to comply with the provisions of the Plan governing the subject collateral including its maintenance and sale or transfer as set forth in Sections 7.1(a)4 and 7.3 of the Plan.

Class 4: Abuse Claims (Other Than Unknown Abuse Claims)

- (a) **Definition.** A “Class 4 Claim” means an Abuse Claim other than an Unknown Abuse Claim. A “Class 4 Claimant” shall mean a Holder of a Class 4 Claim.
- (b) **Impaired and Voting.** Class 4 is impaired under the Plan. The Class 4 Claimants (including Late-Filed Abuse Claimants) are entitled to vote on the Plan. Only for purposes of voting, each Claim in Class 4 is deemed to be Allowed in the amount of \$1.00.
- (c) **Treatment of Class 4.** On and after the Effective Date, and subject to the Plan provisions, the Trust shall pay all Abuse Claims (except Unknown Abuse Claims) in accordance with and under the Plan and Trust Documents. Class 4 Claimants shall have their Abuse Claims treated and Allowed or Disallowed in accordance with the terms and conditions set forth in the Trust Distribution Plan.
- (d) **Diocese Cooperation with Trustee and Abuse Claims Reviewer.** The Diocese and its counsel shall reasonably cooperate with the Trustee and the Abuse Claims Reviewer with any inquiries by either in the administration of the Trust Distribution Plan.
- (e) **Class 4 Claim Objections.** No Person, other than the Committee or, following the Effective Date, the Trustee may: (i) object to any Class 4 Claim; or (ii) challenge the merit, validity, or amount of any Class 4 Claim. Except for any objection to a Class 4 Claim filed by the Committee, any objection to a Class 4 Claim pending as of the Effective Date (including any filed by the Debtor) is deemed withdrawn. After the Effective Date, the Trustee has the exclusive right to object to a Class 4 Claim and shall succeed to the rights of the Committee because of any Committee’s objection to a Class 4 Claim.
- (f) **Diocese Discharge of Class 4 Claim Liability.** The Debtor shall be discharged to the extent provided in Section 13.1 of the Plan of any liability arising on account of all Class 4 Claims, even if the Claimant rejects the Plan.
- (g) **Late-Filed Abuse Claims.**

- 1. Unless and until Disallowed by a Non-Appealable Order entered by this

Court, each Late-Filed Abuse Claim shall be classified as a Class 4 Claim and entitled to vote on the Plan. The determination of whether a Late-Filed Abuse Claimant is entitled to vote shall be made as of the Voting Record Date .

2. A Late-Filed Abuse Claim may be Allowed by the Bankruptcy Court as a Class 4 Claim upon motion by the Abuse Claimant and after due notice and a hearing where the Abuse Claimant establishes their excusable neglect excusing the late filing of their Proof of Claim and the Bankruptcy Court orders that the Late-Filed Abuse Claim shall be treated as timely filed on or before the Claims Bar Date. Unless and until such motion is granted and the Late-Filed Abuse Claim is Allowed as a Class 4 Claim by a Non-Appealable Order, no Distribution shall be paid on account of the Late-Filed Abuse Claim as a Class 4 Claim pursuant to the Trust Distribution Plan.
 3. An Abuse Claimant holding a Late-Filed Abuse Claim may elect at their sole and absolute discretion to be treated exclusively as an Unknown Abuse Claimant by making such election upon their Ballot returned at any time on or before the deadline for the return of Ballots. In such event, such Late-Filed Abuse Claim shall be treated in accordance with such Class 5 and the Unknown Abuse Claims Trust Distribution Plan, and such Late-File Abuse Claimants shall not be entitled to vote.
 4. After the deadline for the return of Ballots, any Holder of a Late-Filed Abuse Claim that had not on their Ballot elected to be treated as an Unknown Abuse Claimant shall be only entitled to pursue their Late-Filed Abuse Claim as a Class 4 Claim in accordance with the terms of the Plan, and shall have waived and shall thereafter be barred from asserting an Unknown Abuse Claim.
 5. Any Abuse Claimant holding a Late-Filed Abuse Claim who elects on their Ballot to be treated as holding an Unknown Abuse Claim shall only be Allowed and receive a Distribution as a Class 5 Claim if it meets the definition of Unknown Abuse Claim under the Plan and satisfies the requirements in the Unknown Abuse Claims Trust Distribution Plan to receive any Distributions on account of such Unknown Abuse Claim.
- (h) **Barred Abuse Claims.** All Barred Abuse Claims constitute Class 4 Claims classified and treated in accordance with this Class 4 and the other terms of the Plan, the Confirmation Order and the Trust Distribution Plan, specifically, without limitation, Section 7.2 of the Trust Distribution Plan. Each Barred Abuse Claim shall be entitled to vote for the Plan. A Class 4 Claim's qualification as a Barred

Abuse Claim shall not constitute a basis for any party in interest, including the Trustee, to object to the Allowance of such Abuse Claim. For the avoidance of doubt, a Barred Abuse Claim may also constitute a Late-Filed Abuse Claim subject to the provisions of Section 5.4(g) of the Plan.

- (i) **Litigation of Class 4 Claims against Non-Settling Insurers.** Notwithstanding the discharge provided or in Bankruptcy Code § 1141(d) and Section 13.1 of the Plan, Class 4 Claimant may commence an action against the Diocese solely for liquidating a Class 4 Claim in order to pursue Insurance Claims and/or Insurance Recoveries regarding such Class 4 Claim from Non-Settling Insurers and/or on account of Non-Settling Insurer Policies; provided, however, that, if applicable, prior to the Trust Termination Date, a Class 4 Claimant may only commence such an action with the consent of the Trustee and pursuant to the terms and conditions of the Trust Distribution Plan. Notwithstanding any provision in the Plan to the contrary, the Diocese is not required by the Plan to expend any funds to defend against any action commenced by a Class 4 Claimant except to the extent required by the terms of any Insurance Policy issued by a Non-Settling Insurer. Consistent with the discharge provided for in Section 13.1, any judgment obtained in such action may not be enforced against the Diocese and/or any of assets of the Diocese (including, but not limited to, the Revested Assets or any assets acquired by the Reorganized Debtor after the Effective Date), other than with respect to the Non-Settling Insurers' Insurance Policies and/or the Non-Settling Insurers but any such judgment shall only be satisfied in accordance with the Plan and the Trust Distribution Plan and shall be fully enforceable against and paid by any Non-Settling Insurer including under the terms of that Non-Settling Insurer Policy. Prior to the Trust Termination Date, any recovery from the prosecution of such an action shall be treated and shall be paid to the Trust to the extent provided in the Trust Distribution Plan, if applicable.

Class 5: Unknown Abuse Claims

- (a) **Definition.** A "Class 5 Claim" means an Unknown Abuse Claim. A "Class 5 Claimant" shall mean a Holder of a Class 5 Claim.
- (b) **Impaired and Voting.** Class 5 is impaired under the Plan. The Unknown Abuse Claims Representative is entitled to vote on the Plan on behalf of Class 5 Claimants, including Late-Filed Abuse Claimants that elect to be treated as Unknown Abuse Claimants. Only for purposes of voting, the Unknown Abuse Claims Representative is deemed to have a single Allowed Claim in the amount of \$1.00.
- (c) **Treatment of Class 5.** The Unknown Abuse Claims Trust will be funded by the Debtor on the Effective Date pursuant to the provisions of the Plan and after the

Effective Date, by the Reorganized Debtor pursuant to the Unknown Abuse Claims Trust Documents. On and after the Effective Date, the Unknown Abuse Claims Trust shall pay all Class 5 Claims in accordance with the Plan and the Unknown Abuse Claims Trust Documents. Class 5 Claimants shall have their Abuse Claims treated and Allowed or Disallowed in accordance with the terms and conditions set forth in the Unknown Abuse Claims Trust Distribution Plan. In particular, without limitation, each Unknown Abuse Claimant asserting an Unknown Abuse Claim must prove by credible evidence that its Claim constitutes an Unknown Abuse Claim (as defined in the Plan) and, in particular, that the Abuse was perpetrated by a Perpetrator of the Debtor.

- (d) **Diocese Cooperation with Unknown Abuse Claims Trustee and Abuse Claims Reviewer.** The Diocese and its counsel shall reasonably cooperate with the Unknown Abuse Claims Trustee and the Abuse Claims Reviewer with any inquiries by either in the administration of the Unknown Abuse Claims Trust Distribution Plan.
- (e) **Class 5 Claim Objections.** No Person, other than the Committee or, following the Effective Date, the Unknown Abuse Claims Trustee may: (i) object to any Class 5 Claim; or (ii) challenge the merit, validity, or amount of any Class 5 Claim. Except for any objection to a Class 5 Claim filed by the Committee, any objection to a Class 5 Claim pending as of the Effective Date (including any filed by the Debtor) is deemed withdrawn. After the Effective Date, the Unknown Abuse Claims Trustee has the exclusive right to object to a Class 5 Claim and shall succeed to the rights of the Committee because of any Committee's objection to a Class 5 Claim.
- (f) **Diocese Discharge of Unknown Abuse Claim Liability.** The Debtor shall be discharged to the extent provided in Section 13.1 herein of any liability arising on account of all Class 5 Claims, even if the Unknown Abuse Claims Representative rejects the Plan.

Class 6: General Unsecured Claims

- (a) **Definition.** A "Class 6 Claim" or "General Unsecured Claim" means (i) any Claim arising out of the rejection of any Executory Contract, or (ii) any Unsecured Claim that is not included in another class under the Plan and is not listed as disputed, contingent or unliquidated on the Debtor's schedules filed in connection with this Chapter 11 Case or as to which the Holder of such Claim timely filed a Claim.
- (b) **Impaired and Voting.** Class 6 is Impaired under the Plan. The Class 6 Claimants are entitled to vote on the Plan.
- (c) **Treatment.** Except to the extent that a Class 6 Claimant agrees to less favorable

treatment of their Class 6 Claim, in exchange for full and final satisfaction of such Allowed General Unsecured Claim, each Class 6 Claimant shall receive payment in Cash in an amount equal to twenty percent (20%) of such Allowed General Unsecured Claim payable in five (5) equal annual installments (each equal to four percent (4%) of such Allowed General Unsecured Claim), commencing on last to occur of (i) the Effective Date, (ii) the date on which such General Unsecured Claim becomes an Allowed General Unsecured Claim, and (iii) the date on which the Class 6 Claimant and the Diocese or Reorganized Debtor, as applicable, shall otherwise agree in writing; and payable thereafter on each yearly anniversary of the Effective Date with the last annual installment due on the fourth (4th) anniversary of the Effective Date.

Class 7: Abuse Related Contribution Claims

- (a) **Class 7 Definition.** A “Class 7 Claim” means all Abuse Related Contribution Claims.
- (b) **Impaired and Not Voting.** Class 7 is impaired under the Plan. The Class 7 Claimants are conclusively presumed to have rejected and not entitled to vote on the Plan.
- (c) **Class 7 Treatment.** Class 7 Claims against the Debtor shall be Disallowed in accordance with § 502(e)(1) of the Bankruptcy Code, and Class 7 Claims will receive no Distribution under the Plan.

VI. MEANS FOR IMPLEMENTATION OF THE PLAN

A. Establishment of Trust

On the Effective Date, the Trust shall be established under the Trust Documents and the Unknown Abuse Claims Trust shall be established under the Unknown Abuse Claims Trust Documents. The Trust Documents and Unknown Abuse Claims Trust Documents, including the Trust Agreement and Unknown Abuse Claims Trust Agreement, are incorporated herein by reference. Within seven (7) calendar days of the entry of the Confirmation Order, the Trustee and the Diocese shall sign the Trust Agreement, and the Unknown Abuse Claims Trustee and Diocese shall sign the Unknown Abuse Claims Trust Agreement.

Funding of Trust

The Trust will be funded as follows:

- **Transferred Cash.** The Debtor shall make the following cash contributions to the Trustee for the benefit of the Trust, by delivering the following Transferred Cash to the Effective Date Escrow Agent. The following Transferred Cash shall be delivered to the Effective Date Escrow Agent within seven (7) calendar days of the entry of the Confirmation Order:

- (i) The Debtor shall transfer or cause to be transferred on its behalf by wire transfer to the Effective Date Escrow Agent the greatest amount of cash available to the Debtor (including through the liquidation of cash equivalents and other similar highly-liquid assets) to be contributed to the Trust while still allowing the Plan to satisfy the requirement that the confirmation of the Plan is not likely to be followed by the liquidation or the need for further reorganization of the Debtor, as determined by the Bankruptcy Court and ordered in the Confirmation Order; and
- (ii) The Debtor shall transfer or cause to be transferred on its behalf by wire transfer to the Effective Date Escrow Agent all Net Proceeds realized from the sale of the following real estate sold by the Diocese during the Bankruptcy Case, consisting in the following amounts (plus all interest accrued thereon):

<u>Real Estate</u>	<u>Amount</u>
1593 Route 32, Montville	\$ 6,550,000.00
31 Perkins Ave., Norwich	\$ 136,935.80
25 Otis St., Norwich	\$ 158,125.00
7-11 Bath St., Norwich	\$ 177,080.84
17 Otis St., Norwich	<u>\$ 155,521.60</u>
TOTAL:	\$ 7,177,663.24

- **Transferred Real Estate.** Subject to and in accordance with the terms and conditions set forth in Section 7.3 of the Plan (including the timing of such transfers), the Diocese shall transfer by quitclaim deed to the Trust's designee each piece and parcel of Transferred Real Estate identified in **Exhibit K** or the Net Proceeds realized from the sale of such Transferred Real Estate, including the Mercy Property and the Xavier Property.
- **Transferred Claims and Causes of Action.** All of the Debtor's and the Estate's right, title and interest in all Claims and Causes of Action, known and unknown, are automatically and without further act or deed assigned and transferred to the Trust as of the Effective Date; provided, however, that such assigned and transferred Claims and Causes of Action shall not include all such Claims and Causes of Action against: (i) Settled Parties which are waived, released and discharged pursuant to Section 13.5 of the Plan; and (ii) those Claims and Causes of Action specifically identified in **Exhibit N** to the Plan. The Claims and Causes of Action assigned and transferred pursuant to this paragraph shall include, but shall not be limited to, the following Claims and Causes of Action against:
 - (i) The Catholic Entities and the ACA for any accounts receivable, notes receivable or other receivables, loans, accounts or other amounts due, and any Claims and Causes of Action arising on account of any security provided

therefor, including, but not limited to, those balances due from the corresponding Persons set forth in **Exhibit P** to the Plan;

- (ii) Mercy and Xavier to the extent liable pursuant to Bankruptcy Code §§ 544, 548, 549 & 550, and pursuant to the Connecticut Uniform Fraudulent Transfer Act, Conn. Gen. Stat. §§ 52-552a – 52-552l (“CUFTA”);
- (iii) The ACA to the extent liable pursuant to Bankruptcy Code §§ 542, 544, 548, 549 & 550, and pursuant to CUFTA; and all Causes of Action based on the equitable ownership and nominee doctrines;
- (iv) The Catholic Foundation of the Diocese of Norwich, Inc. to the extent liable pursuant to Bankruptcy Code §§ 542, 544, 548, 549 & 550, and pursuant to CUFTA; and all Claims and Causes of Action based on the equitable ownership and nominee doctrines.
- (v) Any other Catholic Entities to the extent liable pursuant to Bankruptcy Code §§ 542, 544, 548, 549 & 550, and pursuant to CUFTA;
- (vi) The Catholic Entities to the extent liable in connection with any Abuse Claim for Abuse Related Contribution Claims;
- (vii) Officers and directors of the Debtor on account of any breach of fiduciary duty or other Claim; and
- (viii) Travelers Casualty and Surety Company for the Causes of Action alleged in that certain First Revised Complaint dated April 30, 2018, as further revises or amended, and filed in that certain civil action presently pending before the Superior Court, Judicial District of Hartford, at Hartford, captioned *The Norwich Roman Catholic Diocesan Corporation v. Travelers Casualty and Surety Company*, and bearing Docket No. HHD-CV17-6076687-S.

For the avoidance of doubt, such Transferred Claims and Causes of Action shall also include such Claims and Causes of Action unknown to the Committee and first discovered by the Trustee after the Effective Date.

- **Promissory Note.** Immediately after the Effective Date, the Reorganized Debtor shall execute and deliver to the Trustee a negotiable promissory note in the original principal amount of Eight Hundred Thousand (\$800,000) due and payable to the Trustee one year after the Effective Date. Said promissory note shall contain ordinary and customary terms and conditions mutually acceptable to the Debtor and the Trustee including, but not limited to, interest at the rate of five percent (5%) per year accruing only on and after the due date, and costs of collection including reasonable attorneys’ fees.
- **Transferred Insurance Interests.** As set forth and to the extent provided in Section IX of the Plan and the Confirmation Order, on the Effective Date, with no further act

by any party, the Diocese shall be deemed to have assigned the Transferred Insurance Interests to the Trustee for the benefit of the Trust, as provided in the Confirmation Order, and such assignment shall immediately be deemed effective.

- **Transferred Mount St. John Debt and Mortgage Documents.** On the Effective Date, with no further act by any party, the Diocese shall be deemed to have assigned the Mount St. John Debt and the Mount St. John Mortgage Documents to the Trustee for the benefit of the Trust, and such assignment shall immediately be deemed effective.
- **Oceania Settlement Payment.** Pursuant to the Oceania Settlement Agreement, Oceania shall transfer or cause to be transferred on its behalf by wire transfer to the Trustee Seven Million (\$7,000,000) Dollars in good and immediately available funds within fourteen (14) calendar days after the Effective Date.
- **Vesting.** All Trust Assets required by the Plan and the Confirmation Order to be transferred to the Trustee for the benefit of the Trust on or before the Effective Date shall vest in the Trustee on the Effective Date, and the Diocese and the Settled Parties shall be deemed for all purposes to have transferred all of their respective rights, title and interests in the Trust Assets to the Trustee.
- **Extinguishment of Interests.** Upon the transfer of Trust Assets in accordance with Section 7.1(a) of the Plan, the Diocese shall have no further rights, title or interests in or with respect to the Trust Assets except as otherwise explicitly provided in the Plan and the Effective Date Escrow Agent Agreement in the event of a Termination of the Plan.

Contribution of Funds to Unknown Abuse Claims Trust on the Effective Date

The Unknown Abuse Claims Trust shall be funded exclusively by the Debtor and the Reorganized Debtor. Initially, the Debtor shall transfer to the Unknown Abuse Claims Trust Fifty Thousand Dollars (\$50,000) on the Effective Date, and the balance of such funding shall be paid by the Reorganized Debtor in accordance with the terms and conditions of Section 4.1 of the Unknown Abuse Claims Trust Agreement to fund the Payment Amounts awarded to the Unknown Abuse Claimants pursuant to the Unknown Abuse Claims Trust Distribution Plan.

Reserve Accounts

As set forth in the Trust Agreement and Unknown Abuse Claims Trust Agreement, the Trustee and Unknown Abuse Claims Trustee shall establish reserves for various purposes.

No Execution

All funds held by the Trustee will remain property of such Trust until the funds have been actually paid to and received by a Person entitled to receive payment under the Plan, Confirmation Order and Trust Documents. Except as provided in the Plan, Confirmation Order and the Trust Documents, the Trustee and Trust shall not be responsible for any Claims against the Debtor. All funds held by the Unknown Abuse Claims Trustee will remain property of the Unknown Abuse Claims Trust until the funds have been actually paid to and received by a Person entitled to receive payment under the Plan, Confirmation Order and Unknown Abuse Claims Trust Documents.

Except as provided in the Plan, Confirmation Order and the Unknown Abuse Claims Trust Documents, the Unknown Abuse Claims Trustee and the Unknown Abuse Claims Trust shall not be responsible for any Claims against the Debtor.

Payments Effective Upon Tender

Whenever the Plan requires payment to be made to a creditor, such payment will be deemed made and effective upon tender thereof by the Trustee, the Debtor, or the Reorganized Debtor to the creditor to whom payment is due. If any creditor refuses a tender, the amount tendered and refused will be held by the Trust, the Debtor, or the Reorganized Debtor for the benefit of that creditor pending final adjudication of the dispute. However, when and if the dispute is finally adjudicated and the creditor receives the funds previously tendered and refused, the creditor will be obliged to apply the funds in accordance with the Plan as of the date of the tender; and while the dispute is pending and after adjudication thereof, the creditor will not have the right to claim interest or other charges or to exercise any other rights which would be enforceable by the creditor, if the Trust, the Debtor, or the Reorganized Debtor failed to pay the tendered payment.

Sale or Transfer of Transferred Real Estate

For a period of time not to exceed one (1) year following the Effective Date (the “Real Estate Sale Period”), the Diocese shall retain title to and exclusive possession of the Transferred Real Estate (referred to in Section 7.3 of the Plan as the “Real Estate”) and shall reasonably cooperate, in good faith, in the Trustee’s efforts to sell the Real Estate. The Trustee shall determine all manner and methods of the sale process for the Real Estate, and all terms and conditions of the sale for the Real Estate, at his sole and absolute discretion; provided, however, that such shall not materially prejudice the Diocese without its written consent, which shall not be unreasonably withheld. During the Real Estate Sale Period, the Diocese’s reasonable cooperation as provided herein shall include, but shall not be limited to, the following: (i) providing a copy of all documents requested by the Trustee concerning the Real Estate (including all Permits and Plans); (ii) permitting reasonable access to the Real Estate including for inspections by the Trustee’s professionals; (iii) providing its written agreement, authorization or affirmation in furtherance of such sale process; and (iv) executing all customary closing documents including the deed, title affidavit, conveyance tax forms, closing statement, and such other documents reasonably necessary or required by a purchaser’s title insurance company to effectuate the transfer of good and marketable title to the subject Real Estate.

During the Real Estate Sale Period, the Diocese shall continue to maintain and keep the Real Estate in substantially the same condition as in existence as of the date of the Plan, including the mowing of lawns, the raking of fallen leaves, the removal of fallen trees and large branches (except in uncultivated areas), and the removal of snow and ice from walks and driveways, and the Diocese agrees not to commit or permit waste upon the Real Estate, or to remove or permit the removal of anything from the Real Estate without the written consent of the Committee (before the Effective Date) or the Trustee (on or after the Effective Date).

During the Real Estate Sale Period, the Diocese shall obtain and maintain insurance on the Real Estate (including the Improvements) in amounts and coverages substantially identical to what had been obtained and maintained on or about the date of the Plan, and will pay promptly, when

due, any premiums on such insurance; provided, however, that the Diocese shall obtain and maintain for the duration of the Real Estate Sale Period a loss payee endorsement for the Trustee for all insurance coverage provided on account of the Real Estate (including all Improvements). In the event of loss to the Real Estate, the Diocese will give immediate written notice to the Trustee. In case of loss and payment by any insurance company on account of a loss to the Real Estate, the insurance proceeds received, after deducting all costs of collection, including reasonable attorney's fees, shall be paid to the Trustee. The Diocese hereby agrees and consents to permit the Trustee to negotiate with any insurance company following a loss to the Real Estate to ensure an equitable settlement. The Diocese agrees that any sums which may become payable under such insurance shall name on the payment the Diocese and the Trustee. The Diocese will require all insurance policies on the Real Estate to provide the Trustee with at least ten (10) days prior written notice to Trustee of cancellation or modification. At the Trustee's request, the Diocese will deliver to him certified copies of all of these insurance policies, binders or certificates applicable to the Real Estate during the Real Estate Sale Period.

At the closing of any sale of Real Estate during the Real Estate Sale Period (the "Closing"), the Diocese shall deliver to the Trustee the Net Proceeds of the sale of Real Estate.

Immediately after the end of the Real Estate Transfer Period, the Diocese shall promptly transfer by quitclaim deed to the Trustee's designee in accordance with Section 7.1(a)5 of the Plan any and all pieces and parcels of Real Estate that it had not sold in accordance with Section VII of the Plan, unless the Trustee provides advance written notice waiving the Trust's right to acquire title to such Real Estate.

The Diocese makes the representations, warranties and covenants to the Committee (and to the Trustee upon the Effective Date and at all time through the Real Estate Sale Period) as set forth in **Exhibit J** to the Plan which are incorporated into the Plan by reference, and such representations, warranties and covenants shall survive the termination of the Real Estate Sale Period.

Additional Documentation; Non-Material Modifications to Effectuate Transfers

From and after the Effective Date, the Trustee, the Reorganized Debtor, and the Settled Parties are authorized and directed to enter into, execute, adopt, deliver and/or implement all agreements, assignments, deeds and other documents necessary to facilitate, effectuate or memorialize the transactions and transfers provided for in Section VII of the Plan at the request of the Trustee and without further Order of the Bankruptcy Court, including, but not limited to, by the Reorganized Debtor and the Trustee signing the Trust Agreement, and the Reorganized Debtor and the Unknown Abuse Claims Trustee signing the Unknown Abuse Claims Trust Agreement immediately after the Effective Date. Also, the Trustee, the Reorganized Debtor, and the Settled Parties may make technical and/or immaterial alterations, amendments, modifications or supplements to the terms of any transfer in the Plan, without Bankruptcy Court approval, provided that the amendment or modification does not materially and adversely change the treatment of any Holder of a Class 4 Claim without the prior written agreement of such Holder. A class of Claims that has accepted the Plan shall be deemed to have accepted the Plan, as altered, amended, modified or supplemented under Section 7.4 of the Plan, if the proposed alteration, amendment, modification

or supplement does not materially and adversely change the treatment of the Claims within such class. An order of the Bankruptcy Court approving any amendment or modification made or other action taken under Section VII of the Plan and directing compliance therewith shall constitute an order in aid of consummation of the Plan and shall not require the re-solicitation of votes on the Plan, and the enforcement of such order to compel compliance therewith may be enforced by this Bankruptcy Court through contempt or otherwise.

Bond Requirement

As provided in each of the Trust Agreement and the Unknown Abuse Claims Trust Agreement, each of the Trustee and Unknown Abuse Claims Trustee shall post a bond or other form of surety or security on such terms and conditions as ordered by the Bankruptcy Court in the Confirmation Order.

Identity of Proposed Trustee and Maintenance of Trust Assets

The Committee proposes Craig R. Jalbert to serve as the Trustee of the Trust. Mr. Jalbert is presently and has been since 1987 a principal of Verdolino & Lowey, P.C., in Foxboro, Massachusetts. The Committee submits that Mr. Jalbert is an eminently qualified and cost-effective candidate to serve as Trustee based on his extensive experience in serving as a fiduciary and representing fiduciaries in similar situations.

The Committee seeks through the confirmation of the Plan the Bankruptcy Court's approval of Mr. Jalbert's appointment as the Trustee of the Trust. The replacement of the Trustee, if and when necessary, shall be subject to Bankruptcy Court approval and otherwise shall be effectuated as provided in the Trust Documents.

The Trustee shall be compensated by the Trust for their reasonable and necessary fees and expenses incurred in connection with the fulfillment of their services performed pursuant to the Trust. The Trustee may employ other professionals and paraprofessionals to assist in the fulfillment of their duties under the Trust, and the Trust shall also compensate for such reasonable and necessary services in accordance with the Trust Agreement. If Mr. Jalbert's appointment is approved by the Bankruptcy Court, Mr. Jalbert shall be compensated at his ordinary and customary hourly rate of \$540, less a ten percent (10%) public interest discount agreed to by Mr. Jalbert. Any professionals and paraprofessionals that the Trustee engages shall also be compensated at their ordinary and customary hourly rate less the 10% public interest discount.

The Trustee shall post and at all times while so serving maintain a bond or other form of surety or security as ordered by the Bankruptcy Court in the Confirmation Order or otherwise. Typically, the bond ordered and issued is in an amount equal to One Hundred Fifty Percent (150%) of the value of the trust assets. In addition, the Trustee and his firm maintain their own errors and omissions insurance coverage up to One Million Dollars (\$1,000,000).

Until distributed to Abuse Claimants, the Trustee shall maintain the liquid Trust Assets as cash and cash equivalents; cash equivalents shall include time deposits, certificates of deposit, money market funds, U.S. Treasury bills having a maturity date of no more than three months from

the date of purchase and similar temporary investments that are (i) readily convertible to known amounts of cash and (ii) so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. The Trustee is not authorized to make and is expressly precluded from making any other type of investment with the liquid Trust Assets. The Trustee intends to maintain the Trust's financial accounts with Citizens Bank with whom the Trustee has a preexisting relationship from when he has served as a fiduciary in other matters.

Identity of Proposed Unknown Abuse Claims Trustee

The Committee proposes Kara S. Rescia, Esq. to serve as the Unknown Abuse Claims Trustee of the Unknown Abuse Claims Trust. Attorney Rescia is presently and has been since 2015 a partner at Rescia Law, P.C., in Enfield, Connecticut. Since 2010, Attorney Rescia has served as the Chapter 7 Panel Trustee for the U.S. Bankruptcy Court for the District of Connecticut. She also serves as a Subchapter V Panel Trustee and a Chapter 12 Trustee for the U.S. Bankruptcy for the District of Connecticut. The Committee submits that Attorney Rescia is an eminently qualified and cost-effective candidate to serve as the Unknown Abuse Claims Trustee based on her extensive experience serving as a fiduciary and representing fiduciaries in similar situations.

The Committee seeks through the confirmation of the Plan the Bankruptcy Court's approval of Attorney Rescia's appointment as the Unknown Abuse Claims Trustee of the Unknown Abuse Claims Trust. The replacement of the Unknown Abuse Claims Trustee, if and when necessary, shall be subject to Bankruptcy Court approval and otherwise shall be effectuated as provided in the Unknown Abuse Claims Trust Documents.

The Unknown Abuse Claims Trustee shall be compensated by the Reorganized Debtor for their reasonable and necessary fees and expenses incurred in connection with the fulfillment of their services performed pursuant to the Unknown Abuse Claims Trust. The Unknown Abuse Claims Trustee may employ other professionals and paraprofessionals to assist in the fulfillment of their duties under the Unknown Abuse Claims Trust, and the Unknown Abuse Claims Trust shall also compensate for such reasonable and necessary services in accordance with the Unknown Abuse Claims Trust Agreement. If Attorney Rescia's appointment is approved by the Bankruptcy Court, Attorney Rescia shall be compensated at her ordinary and customary hourly rate of \$460 less a ten percent (10%) public interest discount agreed to by Attorney Rescia. Any professionals or paraprofessionals that the Unknown Abuse Claims Trustee engages shall also be compensated by their ordinary and customary hourly rate less the 10% public interest discount.

The Unknown Abuse Claims Trustee shall post and at all times while so serving maintain a bond or other form of surety or security as ordered by the Bankruptcy Court in the Confirmation Order, in addition to trust insurance obtained in accordance with Section 5.9(h) of the Unknown Abuse Claims Trust Agreement.

Until distributed to Unknown Abuse Claimants, the Unknown Abuse Claims Trustee shall maintain the liquid Unknown Abuse Claims Trust Assets as cash and cash equivalents; cash equivalents shall include time deposits, money market funds, U.S. Treasury bills having a maturity

date of no more than three months from the date of purchase and similar temporary investments that are (i) readily convertible to known amounts of cash and (ii) so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. The Unknown Abuse Claims Trustee is not authorized to make and is expressly precluded from making any other type of investment with the liquidated Unknown Abuse Claims Trust Assets. The Unknown Abuse Claims Trustee intends to maintain the Unknown Abuse Claims Trust's financial accounts with TriState Capital Bank with whom the Unknown Abuse Claims Trustee has a preexisting relationship from when she has served as a fiduciary in other matters.

B. Liquidation And Payment of Abuse Claims

The Trustee and Trust and Unknown Abuse Claims Trustee and Unknown Abuse Claims Trust, respectively, shall pay Abuse Claims under the terms of the Plan, Confirmation Order, the Trust Agreement, the Trust Distribution Plan, the Unknown Abuse Claims Trust Agreement, and the Unknown Abuse Claims Trust Distribution Plan, as applicable.

The Abuse Claims Reviewer's determinations shall not be a finding or fixing of the fact or liability or the amount payable for any Abuse Claim with any binding legal effect, other than for distribution purposes by the Trust under the Trust Distribution Plan or the Unknown Abuse Claims Trust under the Unknown Abuse Claims Trust Distribution Plan. The Trustee's, Unknown Abuse Claims Trustee's or Abuse Claims Reviewer's determination of qualification of an Abuse Claim, payment on account of an Abuse Claim or reserve for payment on account of an Abuse Claim is not an admission of liability by the Debtor, the Trust, or the Unknown Abuse Claims Trust regarding any Abuse Claims, or to establish the Diocese's liability on the Abuse Claim, but any such judgment awarded to an Abuse Claimant will be reduced by the Trust Distributions or Unknown Abuse Claims Trust Distributions already paid by the Trust or Unknown Abuse Claims Trust to such Abuse Claimant on their Abuse Claim(s).

Identity of Proposed Abuse Claims Reviewer

The Committee proposes for the Honorable Salvatore C. Agati (Ret.) to serve as the Abuse Claims Reviewer for both the Trust Distribution Plan and Unknown Abuse Claims Trust Distribution Plan, based on his honorable character and sympathetic and patient demeanor, as well as his extensive experience litigating, adjudicating and mediating civil matters including matters involving the sexual abuse of minors.

Judge Agati attended college and obtained his Bachelor of Arts degree in 1979 from Fairfield University, and his Juris Doctor degree from Temple University in 1982. Judge Agati began his legal career as a Superior Court Law Clerk in 1982 and served in private practice in Waterbury for seventeen years from 1983 to 2000. At the time of his appointment, Judge Agati was a partner at the law firm of Rinaldi, Zipoli, Bruno & Agati, P.C.

The Committee seeks through the confirmation of the Plan the Bankruptcy Court's approval of Judge Agati's appointment as the Abuse Claims Reviewer for the Plan and, more specifically, for the implementation of the Trust Distribution Plan and the Unknown Abuse Claims

Trust Distribution Plan. The replacement of the Abuse Claims Reviewer if and when necessary, shall be subject to Bankruptcy Court's approval and otherwise shall be effectuated as provided in the Trust Documents.

The Abuse Claims Reviewer shall be compensated by the Trust for his reasonable and necessary fees and expenses incurred in connection with the fulfillment of his services performed pursuant to the Trust Distribution Plan. The Abuse Claims Reviewer shall be compensated by the Reorganized Debtor for his reasonable and necessary fees and expenses incurred in connection with the fulfillment of his services performed pursuant to the Unknown Abuse Claims Trust Distribution Plan. The Abuse Claims Reviewer's compensation may include the reasonable and necessary services provided by other professionals and paraprofessionals to assist in the fulfillment of their duties under the distribution plans. If his appointment is approved by the Bankruptcy Court, Judge Agati shall be compensated at his ordinary and customary hourly rate of \$600, less a ten percent (10%) public interest discount agreed to by Judge Agati, and any professionals and paraprofessionals that he engages shall be compensated at their ordinary and customary hourly rate less the 10% public interest discount.

Scope of Damages and Effect of No Award on Abuse Claims

As provided in Section 3.3 of the Trust Distribution Plan, in determining the distribution to any Abuse Claimant, punitive damages and damages that can be classified as economic damages that do not compensate the Abuse Claimant for bodily injury and/or emotional distress or mental anguish attributable to their bodily injury shall not be considered or allowed, even if these damages could have been considered or allowed under applicable non-bankruptcy law. Any distribution to an Abuse Claimant shall be solely because of bodily injury and/or emotional distress or mental anguish attributable to the bodily injury to such Abuse Claimant.

If an Abuse Claim is Disallowed under the Trust Distribution Plan or Unknown Abuse Claims Trust Distribution Plan, the Holder of such Abuse Claim will have no further rights against the Diocese, the Trust, the Trustee, Unknown Abuse Claims Trust, or the Unknown Abuse Claims Trustee relating to such Abuse Claim other than as provided in the Plan for purposes of recovering from the Non-Settling Insurers and/or on account of the Non-Settling Insurer Policies.

Treatment of Punitive Damages

Claims for punitive or exemplary damages in connection with any of the Claims will receive no Distribution under the Plan.

Withdrawal of Abuse Claims

An Abuse Claimant may withdraw an Abuse Claim at any time on written notice to the Trustee or Unknown Abuse Claims Trustee, as applicable. If withdrawn, the Claim will be withdrawn with prejudice as to and may not be reasserted against the Diocese Parties, the Reorganized Debtor, the Trust or Unknown Abuse Claims Trust, as applicable.

Medicare Reimbursement and Reporting Obligations

The Trust and Unknown Abuse Claims Trust shall register as a Responsible Reporting Entities (“RRE”) under the reporting provisions of Section 111 of MMSEA.

The Trust and Unknown Abuse Claims Trust shall timely submit all reports required under MMSEA because of any claims settled, resolved, paid, or otherwise liquidated by the Trust or Unknown Abuse Claims Trust. The Trust or the Unknown Abuse Claims Trust, as an RRE, shall follow all applicable guidance published by the Centers for Medicare & Medicaid Services of the United States Department of Health and Human Services and/or any other agency or successor entity charged with responsibility for tracking, assessing, or receiving reports made under MMSEA (collectively, “CMS”) to determine whether, and, if so, how, to report to CMS under MMSEA.

For Abuse Claims that occurred after December 5, 1980, before remitting funds to Claimants’ counsel, or to the Claimant if such Claimant is acting pro se, regarding any Abuse Claim, the Trustee or Unknown Abuse Claims Trustee shall obtain (i) a certification that said Claimant (or such Claimant’s authorized representative) has provided or will provide for the payment and/or resolution of any obligations owing or potentially owing under 42 U.S.C. § 1395y(b), or any related rules, regulations, or guidance, in connection with, or relating to, such Abuse Claim and (ii) that the Claimants’ counsel or Claimant (if Claimant is acting pro se) indemnifies the Trust for any such obligations.

No Admission

Section 8.4 of the Plan does not imply, and shall not be an admission that the Debtor is an “applicable plan” within the meaning of Medicare, Medicaid and SCHIP Extension Act of 2007, or that it has any legal obligation to report any actions undertaken by the Trust or Unknown Abuse Claims Trust or contributions to the Trust or Unknown Abuse Claims Trust under Medicare, Medicaid and SCHIP Extension Act of 2007 or any other statute or regulation.

Delay Regarding Failure to Comply

The failure by one or more Medicare beneficiaries or other Abuse Claimants to follow these provisions shall not delay or impair the payment by the Trustee or Unknown Abuse Claims Trustee to any other Medicare beneficiary or other Abuse Claimant following these provisions.

Documentation by Estate of Abuse Claimant

If the Abuse Claimant is the estate of an Abuse Claimant, then the letters or documentation required under Section 8.4 of the Plan need not be dated within 120 days of payment by the Trustee or the Unknown Abuse Claims Trustee to such Claimant.

C. Insurance Matters Regarding Non-Settling Insurers

Transfer of Insurance Interests

On the Effective Date, and with no further action by any party, but subject to the Plan, the Diocese will be deemed to have assigned to the Trust the Diocese's Transferred Insurance Interests. The Transferred Insurance Interests shall be effective to the maximum extent permissible under applicable law and shall not be construed: (i) as an assignment of the Non-Settling Insurer Policies issued by the Non-Settling Insurers or (ii) to entitle any Person to Insurance Coverage other than those Persons or entities entitled to such coverage under the terms of the Non-Settling Insurer Policies. The determination of whether the assignment of Transferred Insurance Interests provided for in this Section is valid and legally enforceable shall be made by the Bankruptcy Court at the Confirmation Hearing and in the Confirmation Order.

If a party in interest fails to timely file an objection to the proposed assignment by the deadline for filing objections to confirmation of the Plan, that party in interest shall be deemed to have irrevocably consented to the assignment and will be forever barred from asserting that the assignment affects the ability of the Trust to pursue Transferred Insurance Interests against the Non-Settling Insurers.

Trustee's Right to Pursue Insurance Claims and Recover Insurance Recoveries

In the event that the Bankruptcy Court determines that the assignment of Transferred Insurance Interests provided for in Section 9.1 of the Plan is valid and legally enforceable pursuant to applicable law, as of the Effective Date and until the Trust Termination Date:

- The Trust shall be entitled to assert, prosecute, enforce and/or settle all Insurance Claims and recover all Insurance Recoveries assigned to the Trust, including any and all Insurance Recoveries relating to or arising out of any Abuse Claim held by a Litigation Claimant; and such Insurance Recoveries shall constitute Trust Assets subject to the terms and conditions of the Trust Documents including the Trust Distribution Plan; and
- Following the Effective Date, the Trustee shall assume responsibility for, and be bound by, only such obligations of the Diocese under the Non-Settling Insurer Policies as are necessary to assert, prosecute, enforce and/or settle the Transferred Insurance Interests; provided, however, that the Trustee's assumption of such responsibility shall not relieve the Diocese from the Diocese's Post-Effective Date Insurance Obligations.

Consequences of Determination that Assignment and Appointment is Invalid

In the event that the Bankruptcy Court determines that the assignment of Transferred Insurance Interests provided for in Section 9.1 of the Plan is invalid and legally unenforceable pursuant to applicable law, as to such Non-Settling Insurer Policy, the assignment will be deemed not to have been made and the Insurance Claims and Insurance Recoveries held by the Debtor

against Non-Settling Insurers shall constitute Revested Assets vested in the Reorganized Debtor as of the Effective Date, and the following terms and conditions shall apply to such Insurance Claims and Insurance Recoveries held by the Debtor and vested in the Reorganized Debtor as of the Effective Date until the Trust Termination Date:

- The Reorganized Debtor shall assert, prosecute, enforce and/or settle the Insurance Claims to the extent requested by the Trustee against any Non-Settling Insurer.
- The Trustee shall have a common interest with the Reorganized Debtor in prosecuting the Insurance Claims and shall enter into a common interest agreement related to pursuing the Insurance Claims, consistent with Section 9.3(a) of the Plan and subject to the approval of the Bankruptcy Court. In the event the Trustee and the Reorganized Debtor do not agree on the form and substance of such common interest agreement, they shall each file a separate proposed common interest agreement by a reasonable date certain established by the Trustee, and the Bankruptcy Court shall decide upon the form and substance of the common interest agreement. The Trustee may appear and be heard in connection with the prosecution of such Insurance Claims subject only to any limitations of law and equity.
- All Insurance Recoveries received by the Reorganized Debtor shall be immediately paid to the Trust.
- The Reorganized Debtor will select and retain counsel to pursue its Insurance Claims under this Section, subject to the Trustee's approval, which approval shall not be unreasonably withheld.
- The Reorganized Debtor shall cooperate with the Trustee regarding the Insurance Claims, including that the Reorganized Debtor will provide the Trustee and his or her counsel with all discovery requests, pleadings, moving documents and other papers that the Reorganized Debtor intend to make or file regarding the Insurance Claims and any related counterclaims against the Non-Settling Insurers before making such requests or filing. The Reorganized Debtor shall keep the Trustee advised of any settlement discussions regarding any litigation against a Non-Settling Insurer and will involve the Trust's counsel in all settlement discussions with any Non-Settling Insurer.
- The Trust shall pay the reasonable attorneys' fees, costs and expenses allowed by the Bankruptcy Court incurred by the Reorganized Debtor in pursuing the Insurance Claims under Section 9.3 of the Plan, subject to a monthly cap to be established by the Trustee, in consultation with the Reorganized Debtor.
- The Trust shall, in addition to reasonable attorneys' fees, costs and expenses provided for in Section 9.3(a)4 of the Plan, reimburse the Reorganized Debtor for any reasonable out of pocket costs and expenses it incurs as a direct consequence of pursuing such Insurance Claims pursuant to Section 9.3 of the Plan, but will not compensate the Reorganized Debtor for any time any of its employees spend.

- All Insurance Recoveries received by the Reorganized Debtor on account of such Insurance Claims subject to Section 9.3 of the Plan shall be held in trust to benefit the Trust and shall be immediately remitted by the Reorganized Debtor to the Trustee.

Preservation of Insurance Obligations

Nothing in this Plan or any of the other Plan Documents, including, without limitation, (i) the discharge provided by Bankruptcy Code § 1141(d) and Section 13.1 of the Plan, (ii) any determination or Distribution with respect to a Class 4 Claim under the Trust Documents, (iii) any determination or Distribution with respect to Class 5 Claim under the Unknown Abuse Claims Trust Document, or (iv) the Transferred Insurance Interests shall impair or diminish any Non-Settling Insurer's obligations under or related to the Non-Settling Insurer Policies including, but not limited to, pursuant to the doctrines of *res judicata*, collateral estoppel, admission, accord and satisfaction, novation or waiver. No provision of this Plan or any of the other Plan Documents shall impair or diminish any Insurance Claims or Insurance Recoveries, or any Non-Settling Insurer's legal, equitable, or contractual obligations arising out of or relating to the Non-Settling Insurer Policies or applicable non-bankruptcy law, including, but not limited to, the duty to defend the Diocese. Under no circumstance shall the review or determination of an Abuse Claim by the Abuse Claims Reviewer, Trustee or Unknown Abuse Claims Trustee or any Distribution made in accordance therewith affect the rights or obligations of a Non-Settling Insurer.

Effect of Discharge on Insurance Claims

Notwithstanding any provision of the Plan or any other Plan Document, including, without limitation, the discharge provided by Bankruptcy Code § 1141(d) and Section 13.1 of the Plan, to preserve Insurance Coverage under any Non-Settling Insurer Policy and to preserve all Insurance Claims and all Insurance Recoveries, including the Transferred Insurance Interests, the Abuse Claimants specifically reserve and shall retain, and do not release, and are not enjoined or otherwise precluded from asserting, prosecuting and enforcing through any form of legal proceeding their Abuse Claims against the Reorganized Debtor solely for the purpose of asserting, prosecuting and enforcing those Abuse Claims to recover, in conjunction with the Trustee pursuant to the Plan and the Plan Documents including the Trust Distribution Plan, on Insurance Coverage under any Non-Settling Insurer Policy, or any Insurance Claims or Insurance Recoveries; provided, however, that recourse is limited to the proceeds of such Non-Settling Insurer Policies and all Insurance Claims and Insurance Recoveries that may be recoverable against Non-Settling Insurers, and any such assertion, prosecution and/or enforcement shall be subject to the terms and conditions of the Plan and Section 11 of the Trust Distribution Plan.

Post-Judgment Actions against Non-Settling Insurers

If the Trust or any Abuse Claimant obtains a judgment against the Reorganized Debtor, the Reorganized Debtor will cooperate with the Trust or Abuse Claimant in the pursuit of any action brought by the Trust or Abuse Claimant against a Non-Settling Insurer that may, based upon allegations made in good faith, provide Insurance Coverage applicable to such judgment. The Reorganized Debtor will provide the Trust or Abuse Claimant with any non-privileged and

relevant documents and information reasonably requested by the Trust or Abuse Claimant in pursuit of such an action.

Settlement with Non-Settling Insurers

Following the Effective Date and prior to the Trust Termination Date, the Reorganized Debtor shall not enter into an agreement affecting any Insurance Policy, Insurance Claims or Insurance Recoveries with any Non-Settling Insurer without the express written consent of the Trustee, which consent may be granted or withheld at the Trustee's sole and absolute discretion.

Such settlements may provide for the Non-Settling Insurer to become a Settled Party.

Cooperation with Non-Settling Insurer in Defense of Claim

Without limiting the Diocese's obligations under Section IX of the Plan, if any Abuse Claimant prosecutes an action against the Diocese, the Diocese will cooperate, under the terms of any applicable Non-Settling Insurer Policy, with a Non-Settling Insurer providing a defense to such a Claim, and otherwise fully comply with all of its Post-Effective Date Obligations.

Insurance Neutrality

Other than as expressly provided in Section IX of the Plan, no provision of the Plan or the other Plan Documents including the Trust Documents, or procedure implemented pursuant thereto including the Trust Distribution Plan shall in any civil action or other proceeding by or against a Non-Settling Insurer:

- constitute an adjudication, judgment, trial, determination on the merits, finding, or conclusion of law establishing:
 1. the liability (including the extent of money damages) or other obligation of (a) the Diocese with respect to any Abuse Claim; or (b) any Non-Settling Insurer with respect to any Insurance Claim;
 2. that the aggregate value of the Abuse Claims is equal to the amount to be paid by the Diocese into the Trust;
 3. that it is reasonable, in good faith, or consistent with the terms and conditions of any Non-Settling Insurer Policy for the Abuse Claims Reviewer and/or the Trustee to allow, assign any value to, liquidate, and/or pay (or present to any Non-Settling Insurer for payment) any Abuse Claim on any terms or conditions contemplated by the Plan, the Trust Distribution Plan (including any procedures or criteria used or considered in valuing, estimating or allowing Abuse Claims thereunder), any other Plan Documents, or any other document or agreement;
 4. that the Plan, any other Plan Document, or any other document or agreement (including any procedures or criteria used or considered in valuing, estimating

or allowing Abuse Claims thereunder) are reasonable or consistent with any procedures that were used to evaluate, settle, or pay Abuse Claims against the Diocese before the Petition Date or under the terms and conditions of any Non-Settling Insurer Policy or applicable nonbankruptcy law;

5. that the conduct of the Committee or the Abuse Claimants in connection with the negotiation, development, settlement and/or implementation of the Plan, the other Plan Documents, or any related documents or agreements was, is, or will be consistent with the terms and conditions of any Non-Settling Insurer Policy or applicable nonbankruptcy law; or
 6. that any Non-Settling Insurer was invited to participate in or participated in, consulted on, negotiated, and/or consented to the Trust Distribution Plan, the Trust Documents and other Plan Documents;
- have any res judicata, collateral estoppel or other preclusive effect with respect to any matter set forth in Section 9.9(a) of the Plan, or shall otherwise prejudice, diminish, impair, or affect (under principles of waiver, estoppel, or otherwise) any defense, Claim or right any Non-Settling Insurer may have under any Non-Settling Insurer Policy or applicable non-bankruptcy law with respect thereto. Without limiting the foregoing, but subject to Section 9.9 of the Plan, it is expressly agreed by the Committee that the Committee is not litigating in connection with the confirmation of the Plan any issue set forth in Section 9.8(a) of the Plan or any other Non-Settling Insurer coverage defenses, rights, obligations, or other coverage issue of any kind;
 - constitute a decision on any matter at issue or which may be raised as an issue in any civil action or other proceeding by or against a Non-Settling Insurer;
 - subject to Section 9.10 of the Plan, impair any Non-Settling Insurer's legal, equitable, or contractual rights under any Non-Settling Insurer Policy or with respect to Insurance Claims, or any policyholder's legal, equitable or contractual rights under any Non-Settling Insurer Policy or with respect to Insurance Claims. The Non-Settling Insurers shall retain, and be permitted to assert, in any civil action or other proceeding by or against any Non-Settling Insurer, all defenses, including any coverage defenses related to the Abuse Claims, the Insurance Claims and/or the Non-Settling Insurer Policies, notwithstanding any provision of the Plan, the Trust Distribution Plan, the Trust Documents, the other Plan Documents, the Confirmation Order, any findings of fact and/or conclusions of law with respect to the confirmation of the Plan, or any Non-Appealable Order or opinion entered on appeal from the Confirmation Order; or
 - subject to Sections 9.10 of the Plan, impair any Non-Settling Insurer's Abuse Related Contribution Claims, which may be asserted as a defense or counterclaim against the Diocese or the Trust (as applicable) in any civil action or other proceeding by or against any Non-Settling Insurer. To the extent the Non-Settling Insurer's Abuse Related Contribution Claims are determined to be valid, the liability (if any) of such Non-Settling Insurer to the Trust or the Abuse Claimant (as applicable) may be reduced by

the amount of such Abuse Related Contribution Claims to the extent provided by applicable non-bankruptcy law. For avoidance of doubt, and notwithstanding anything to the contrary in Section 9.9 of the Plan, no Abuse Related Contribution Claim held by a Non-Settling Insurer shall be the basis for any affirmative recovery against the Diocese, the Reorganized Diocese, or any Participating Party

On and after the Effective Date, the Trustee shall not assert anything to the contrary of Section 9.9 of the Plan in any civil action or other proceeding by or against a Non-Settling Insurer. Each of the Trustee and any Non-Settling Insurer shall be entitled to enforce the terms and conditions set forth in Section 9.9 of the Plan.

Denial of Coverage as Sole Remedy

Notwithstanding anything to the contrary in Section 9.9, the sole remedy of any Non-Settling Insurer for any failure by the Diocese to observe and perform any Post-Effective Date Insurance Obligations (if any) or any other duties or obligations that may exist under a Non-Settling Insurer Policy shall be limited to asserting any defenses to providing Insurance Coverage under the applicable Non-Settling Insurer Policy and non-bankruptcy law, and nothing in this Plan shall serve as a basis for any Non-Settling Insurer to seek or be granted any affirmative relief against the Diocese.

No Duty of Trust to Prosecute Insurance Claims

The Trust shall not have any obligation to take any action to enforce any Non-Settling Insurer Policy or any Insurance Claims against any Non-Settling Insurer, pursuant to the rights and interests conferred pursuant to Sections 9.1 through 9.3 of the Plan, including any obligation to commence and prosecute any action against any Non-Settling Insurer or to defend an action commenced by a Non-Settling Insurer, though the Trust may choose to do so. **Notwithstanding and for the avoidance of doubt, pursuant to the Plan and specifically Sections 9.3 and 9.4, and subject to the provisions of Section 10 of the Trust Distribution Plan, each Class 4 Claimant retains the right to assert, prosecute and enforce through any form of legal proceeding any Claims they may have against the Diocese solely for the purpose of recovering or having the Trustee recover Insurance Coverage under any Non-Settling Insurer Policies, or any Insurance Claims or Insurance Recoveries.**

Effect Under Non-Settling Insurer Policies

The Debtor's contributions to the Trust and the Unknown Abuse Claims Trust pursuant to the Plan are being made in respect of the uninsured or underinsured exposure of the Debtor for Abuse Claims and to satisfy self-insured retentions or deductibles under Non-Settling Insurer Policies.

D. Settled Parties and Settlement Agreements

Settled Parties and Settlement Agreements

A compromise or settlement reached between, *inter alia*, the Debtor, the Committee, the Trustee, a Settled Party and/or an Abuse Claimant may be memorialized in a separate written

Settlement Agreement or the Plan or both. Each Settlement Agreement shall comply and be consistent with the provisions of the Plan and, in particular, without limitation, the provisions of Section X of the Plan. Upon satisfaction of the conditions precedent to any Settlement Agreement becoming effective, including the order approving the Settlement Agreement becoming a Non-Appealable Order (if required), any Settlement Agreement will be fully binding on the Debtor, the Committee, the Settled Parties, Abuse Claimants, the Reorganized Debtor, the Trust, the Unknown Abuse Claims Trust, and any of the foregoing Person's successors and assigns, and shall not be in any way be affected by the discharge provided by Bankruptcy Code § 1141(d) and Section 13.1 of the Plan.

Settlement Payments; Escrow

Each Settled Party will pay to the Trust the sums set forth in each applicable Settlement Agreement on the terms and subject to the conditions set forth in such Settlement Agreement including within the time set forth in such Settlement Agreement. In the event that a payment by a Settled Party is required to be made prior to the Effective Date, it shall be paid to the Effective Date Escrow Agent and held in escrow and delivered to the Trust or returned promptly in accordance with the Settlement Agreement, the Confirmation Order and the Effective Date Escrow Agreement.

Post-Effective Date Approval

After the Effective Date, upon consent of the Trustee, a Person may become a Settled Party if the Bankruptcy Court, after notice and hearing, approves the Settlement Agreement between, *inter alia*, the Person and the Trustee. After the Effective Date, the Trustee shall have the exclusive authority to seek approval of such a Settlement Agreement. Such approval shall be subject to the same standards of law applicable to the approval of a compromise or settlement pursuant to Fed. R. Bankr. P. 9019(a). Upon the Bankruptcy Court's entry of a Non-Appealable Order approving such Settlement Agreement, the definition of Settled Parties in the Plan, and the list of Settled Parties set forth in **Exhibit E** to the Plan, as appropriate, shall be amended by the Trustee to include such Person. The Bankruptcy Court's retained jurisdiction to approve a Settlement Agreement under Section 10.3 of the Plan shall include jurisdiction to determine the adequacy of notice of a motion to approve such a Settlement Agreement.

Effect of Post-Effective Date Settlement Agreements

Any Person that enters into a Settlement Agreement with the Trustee after the Effective Date which has been approved by a Non-Appealable Order shall have all of the rights, remedies and duties of a Settled Party under the Plan notwithstanding that such Person originally may have been a Non-Settling Insurer or may not have been a Settled Party under any provision of the Plan on the Effective Date.

Additional Documentation; Non-Material Modifications to Effectuate Settlements

From and after the Effective Date, the Trustee, the Reorganized Debtor, and the Settled Parties are authorized and directed to enter into, execute, adopt, deliver and/or implement all contracts, leases, instruments, releases, and other agreements or documents necessary to effectuate or memorialize the settlements provided for in Section 10 of the Plan at the direction of the Trustee and without further order of the Bankruptcy Court. Also, the Trustee, the Reorganized Debtor, and the Settled Parties may make technical and/or immaterial alterations, amendments, modifications or supplements to the terms of any settlement in the Plan, without Bankruptcy Court approval, provided that the amendment or modification does not materially and adversely change the treatment of any Holder of a Class 4 Claim without the prior written agreement of such Holder. A class of Claims that has accepted the Plan shall be deemed to have accepted the Plan, as altered, amended, modified or supplemented under this Section, if the proposed alteration, amendment, modification or supplement does not materially and adversely change the treatment of the Claims within such class. An order of the Bankruptcy Court approving any amendment or modification made or other action taken under this Section and directing compliance therewith shall constitute an order in aid of consummation of the Plan and shall not require the re-solicitation of votes on the Plan, and the enforcement of such order to compel compliance therewith may be enforced by this Bankruptcy Court through contempt or otherwise.

Reservation of Rights

Nothing in the Plan shall be construed to bar either (a) a Claim based on Abuse against a Person who is not the Diocese or (b) a Claim by such Person for insurance coverage in connection with a Claim described in the Section 10.6(a) of the Plan under an insurance policy.

E. Means of Implementation of the Plan

Funding of Plan

On the Effective Date, the Debtor shall make all payments and effectuate all transfers required to be performed on the Effective Date pursuant to the Plan, including by transferring any Trust Assets due on the Effective Date to the Trust on the Effective Date. On or immediately after the Effective Date, the Effective Date Escrow Agent shall transfer to the Trustee, for the benefit of the Trust, in accordance with the Plan and the Effective Date Escrow Agreement, all Cash Contributions received by the Effective Date Escrow Agent in accordance with Section 7.1(a)3 of the Plan.

Transfer of Real Estate and Reversionary Interests

After the Real Estate Sale Period, the Diocese shall take all steps necessary to effectuate transfer of ownership to the Trust of all Transferred Real Estate pursuant to the Plan. After the Real Estate Sale Period, the Diocese shall also take all steps necessary to effectuate the transfer of

all reversionary interests in the Transferred Real Estate if any portion of the properties are leased, sold, or subject to an option for lease or sale on or before the Trust Termination Date.

Preservation of Causes of Action

The Trustee, on behalf of the Trust, shall retain the Trust's Causes of Action, whether arising before or after the Petition Date, in any court or other tribunal, including, without limitation, the Bankruptcy Court. The Trustee, on behalf of the Trust, shall have the exclusive right, authority, and discretion to institute, prosecute, abandon, settle, or compromise any such Causes of Action, subject to the requirements of the Bankruptcy Code. To the extent the Committee is the named plaintiff in any Cause of Action vested in the Trust, the Trustee may be substituted as the named plaintiff without additional notice to the parties in such Cause of Action.

Reorganized Debtor's Officers, Directors and Senior Management

In accordance with § 1129(a)(5) of the Bankruptcy Code, the identities and affiliations of the persons proposed to serve as the officers, directors and senior management of the Reorganized Debtor on and after the Effective Date are set forth in **Exhibit H** to the Plan. Pursuant to § 1129(a)(5)(B) of the Bankruptcy Code, **Exhibit H** further discloses the nature of compensation to be paid by the Reorganized Debtor to each of the Reorganized Debtor's insiders (the Bishop and the named officers).

Memorandum of Understanding Regarding St. Bernard School

Notwithstanding the absence of a separate settlement agreement or joint plan by and between the Diocese and the Committee (which separate settlement agreement and joint plan are referenced in its statement of purpose), the Diocese and St. Bernard shall be obligated by the agreements set forth in that certain Memorandum of Understanding by and between the Diocese and the Congregation of the Brothers of Saint Francis Xavier as an addendum to the Sponsorship Agreement for St. Bernard School, a Roman Catholic Secondary School in Uncasville, Connecticut, which is appended to the Plan as **Exhibit O**.

Closing

Closing will be conducted at the offices of Zeisler & Zeisler, P.C., or at such other location designated by the Committee, including remotely, as soon as reasonably practicable following the Effective Date for the Diocese and the Settled Parties to execute and deliver the Plan Documents and completing those actions necessary for the Reorganized Debtor and the Settled Parties to establish and fund the Trust and make other Distributions required to be made upon, or promptly following, the Effective Date.

Obligations of the Reorganized Debtor

The Reorganized Debtor will:

- In the exercise of its business judgment, review all Claims filed against the Estate (except for Abuse Claims) and, if advisable, object to such Claims;
- Not object to any Abuse Claims. Despite the foregoing, the Reorganized Debtor shall timely provide the Abuse Claims Reviewer or Trustee, as applicable, with information regarding Abuse Claims as may be requested by the Trustee, Unknown Abuse Claims Trustee or Abuse Claims Reviewer;
- Fulfill the Diocese's obligations under the Insurance Policies issued by the Non-Settling Insurers and under applicable non-bankruptcy law;
- Honor the Diocese's obligations arising under any Settlement Agreement approved by the Bankruptcy Court; and,
- Perform all of the Diocese's obligations under the Plan and Plan Documents, in each case, as and when the same become due.

Objections to Claims

Objections to a Claim (except for Abuse Claims) as to which no objection is pending as of the Effective Date, must be filed by the Claims Objection Deadline, provided that the Reorganized Debtor may request extensions of the Claims Objection Deadline, or of any Bankruptcy Court approved extensions thereof, by filing a motion with the Bankruptcy Court. A motion seeking to extend the deadline to object to any Claim is not an amendment to the Plan. No party in interest other than the Trustee may object to a Class 4 Claim (including a Late-Filed Abuse Claim). No party in interest other than the Unknown Abuse Claims Trustee may object to a Class 5 Claim. The process and deadlines for any objections to Abuse Claims are as set forth in the Trust Distribution Plan or the Unknown Abuse Claims Trust Distribution Plan.

Reservation of Rights to Object to Claims Other Than Abuse Claims

Unless a Claim is expressly described as an Allowed Claim under the Plan, or otherwise becomes an Allowed Claim before the Effective Date, upon the Effective Date, the Reorganized Debtor shall be deemed to have a reservation of any rights, interests and objections of the Debtor to any Claims and any motions or requests for the payment of Claims, whether administrative expense, priority, secured or unsecured (but not Abuse Claims), whether under the Bankruptcy Code, other applicable law or contract. Subject to the Claims Objection Deadline, the Debtor's failure to object to any Claim in the Case shall be without prejudice to the Reorganized Debtor's rights to contest or otherwise defend against such Claim in the Bankruptcy Court in Plan Section XI when and if such Claim is sought to be enforced by the Holder of such Claim.

Service of Objections

An objection to a Claim shall be deemed properly served on the Holder of such Claim if the objector effects service by any of the following methods: (i) under Rule 4 of the Federal Rules of Civil Procedure, as modified and made applicable by Bankruptcy Rule 7004; (ii) to the extent counsel for such Holder is unknown, by first class mail, postage prepaid, on the signatory on the Proof of Claim or other representative identified on the Proof of Claim or any attachment thereto; or (iii) by first class mail, postage prepaid, on any counsel that has appeared on the behalf of such Holder in the Case.

Determination of Claims

From and after the Effective Date, any Claim (except for Abuse Claims) as to which a Proof of Claim or motion or request for payment was timely filed in the Case or deemed timely filed by order of the Bankruptcy Court, may be determined and (so long as such determination has not been stayed, reversed or amended and as to which determination (or any revision, modification or amendment thereof) the time to appeal or seek review or rehearing has expired and as to which no appeal or petition for review or rehearing was filed or, if filed, remains pending) liquidated under (i) an order of the Bankruptcy Court, (ii) applicable bankruptcy law, (iii) agreement of the parties with no Bankruptcy Court approval, (iv) applicable non-bankruptcy law or (v) the lack of (a) an objection to such Claim, (b) an application to equitably subordinate such Claim and (c) an application to otherwise limit recovery regarding such Claim, filed by the Diocese or any other party in interest on or before any applicable deadline for filing such objection or application regarding such Claim. Any such Claim so determined and liquidated shall be deemed to be an Allowed Claim for such liquidated amount and shall be satisfied under the Plan. Nothing in Plan Section XI shall be or be deemed a waiver of any Claims, rights, interests or Causes of Action that the Diocese may have against any Person in connection with or arising out of any Claim or Claims, including any rights under 28 U.S.C. § 157. Notwithstanding the foregoing, no party in interest other than the Trustee or Unknown Abuse Claims Trustee, as applicable, may object to an Abuse Claim.

No Distributions Pending Allowance

No payments or Distributions will be made regarding all or any part of a Disputed Claim unless and until all objections to such Disputed Claim have been settled or withdrawn or have been determined by a Non-Appealable Order, and the Disputed Claim has become an Allowed Claim; provided, however, that if only a portion of such Claim is an Allowed Claim, the Reorganized Debtor may, in their discretion, make a Distribution because of the part of such Claim that is an Allowed Claim.

Claim Estimation

To effectuate Distributions under the Plan and avoid undue delay in the administration of the Case, the Diocese, after notice and a hearing (which notice may be limited to the Holder of such Disputed Claim), shall have the right to seek an order of the Bankruptcy Court or the District Court under § 502(c) of the Bankruptcy Code, estimating or limiting, because of a Disputed Claim, the amount of (i) property that must be withheld from or reserved for distribution purposes because of such Disputed Claim(s), (ii) such Claim for allowance or disallowance purposes, or (iii) such Claim for any other purpose allowed under the Bankruptcy Code; provided, however, that the Bankruptcy Court or the District Court, as applicable, shall determine (i) whether such Claims are subject to estimation under § 502(c) of the Bankruptcy Code and (ii) the timing and procedures for such estimation proceedings, if any, such matters being beyond the scope of the Plan. Notwithstanding the foregoing, no party in interest except the Trustee may seek to estimate a Class 4 Claim and no party in interest except the Unknown Abuse Claims Trustee may seek to estimate a Class 5 Claim.

Post-Confirmation Reports

After the Effective Date and until the Bankruptcy Case is closed, the Reorganized Debtor, Trustee and Unknown Abuse Claims Trustee shall timely file the Post-Confirmation Reports as required by United States Trustee Program's rule entitled Uniform Periodic Reports in Cases Filed Under Chapter 11 of Title 11, published at 28 C.F.R. § 58.8.

Closing of the Case

As soon as practicable after the Effective Date, when the Diocese deems appropriate, the Diocese will seek authority from the Bankruptcy Court to close the Case under the Bankruptcy Code and the Bankruptcy Rules; provided, however, that entry of a final decree closing the Case shall, whether or not specified therein, be without prejudice to the right of the Diocese, the Trustee, Unknown Abuse Claims Trustee, or any other party in interest to reopen the Case for any matter over which the Bankruptcy Court or the U.S. District Court for the District of Connecticut has retained jurisdiction under the Plan. Any order closing this Case will provide that the Bankruptcy Court or the U.S. District Court for the District of Connecticut, as appropriate, will retain (a) jurisdiction to enforce, by injunctive relief or otherwise, the Confirmation Order, any other orders entered in this Case, and the obligations created by the Plan and the Plan Documents; and (b) all other jurisdiction and authority granted to it under the Plan and the Plan Documents.

VII. CONDITIONS PRECEDENT

A. Conditions to Effectiveness

The Effective Date shall occur when each of the following conditions have been satisfied or, as to those certain specific conditions only, waived under Section 12.2 of the Plan:

- All Approval Orders authorizing and approving all Settlement Agreements involving the Settled Parties (for agreements executed before the Confirmation Date), shall have been entered by the Bankruptcy Court and such Approval Orders shall have become Non-Appealable Orders, and no stay pending appeal of such Approval Orders has entered or, if entered, no stay pending appeal continues in effect;
- The Confirmation Order shall have been entered by the Bankruptcy Court in form and substance reasonably acceptable to the Committee, such Confirmation Order shall have become a Non-Appealable Order, and no stay pending appeal of such Confirmation Order has entered or, if entered, no stay pending appeal continues in effect;
- The Trustee and the Debtor shall have signed the Trust Agreement;
- The Unknown Abuse Claims Trustee and Debtor have signed the Unknown Abuse Claims Trust Agreement;
- The Bankruptcy Court shall have approved the Effective Date Escrow Agreement;
- The Debtor shall have delivered to the Effective Date Escrow Agent under and in accordance with the terms of the Effective Date Escrow Agreement, all of the Transferred Cash described in Section 7.1(a)3, in good and immediately available funds; and
- For all Settled Parties required by a Settlement Agreement authorized and approved by an Approval Order to make a settlement payment to the Effective Date Escrow Agent before the Effective Date, such Settled Parties shall have delivered all such settlement payments to the Effective Date Escrow Agent under and in accordance with the terms of the Settlement Agreement and the Effective Date Escrow Agreement, in good and immediately available funds.

B. Waiver of Conditions

The condition in Section 12.1(a) and (b) of the Plan requiring Non-Appealable Orders may be waived by the Committee, at its sole and absolute discretion, upon notice of such waiver filed by the Committee with the Bankruptcy Court.

C. Notice of Occurrence of Effective Date

Within three (3) Business Days after the satisfaction of all conditions to the occurrence of the Effective Date set forth in Section XII of the Plan, the Committee shall file with the Bankruptcy Court a notice thereof and the Effective Date shall be the date such notice is filed by the Committee with the Bankruptcy Court.

D. Non-Occurrence of Effective Date

If the Effective Date does not occur within thirty (30) calendar days of entry of the entry of the Confirmation Order, within three (3) Business Days after the expiration of said thirty (30)

calendar day period, the Committee shall file a notice of termination with the Court; provided, however, that the Bankruptcy Court may extend the time period provided by this paragraph upon motion filed by the Committee, after due notice and a hearing, for good cause shown by the Committee.

E. Termination Following Non-Occurrence of Effective Date

Upon the filing of a notice of termination with the Bankruptcy Court by the Committee as required by Section 12.4 of the Plan, the Plan shall become null and void and all contributions theretofore received by the Effective Date Escrow Agent shall be returned to their contributor, with accrued interest, if any.

VIII. TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

Assumed Employee and Retiree Benefit Plans

To the extent not previously assumed, all employee and retiree benefit plans to which the Debtor is a party will be deemed assumed by the Reorganized Debtor on the Effective Date.

General; Assumed if Not Rejected

Subject to the requirements of § 365 of the Bankruptcy Code, all Executory Contracts of the Debtor not rejected by order of the Bankruptcy Court or are not the subject of a motion to reject pending on the Confirmation Date will be deemed assumed by the Reorganized Debtor on the Effective Date. If any party to an Executory Contract that is being assumed objects to such assumption, the Bankruptcy Court may conduct a hearing on such objection on any date that is either mutually agreeable to the parties or fixed by the Bankruptcy Court. All payments to cure defaults that may be required under § 365(b)(1) of the Bankruptcy Code will be made by the Reorganized Debtor. In the event of a dispute regarding the amount of any such payments, or the ability of the Debtor to provide adequate assurance of future performance, the Reorganized Debtor will make any payments required by § 365(b)(1) of the Bankruptcy Code after the entry of the Non-Appealable Order resolving such dispute.

Claims for Contract Rejection

All proofs of claim regarding Claims arising from the rejection of Executory Contracts must be filed with the Bankruptcy Court within thirty (30) calendar days after the Effective Date or such Claims will be forever barred as against the Reorganized Debtor. If any order providing for the rejection of an Executory Contract did not provide a deadline for filing Claims arising from such rejection, proofs of Claim with respect thereto must be filed within thirty (30) calendar days after the later to occur of (a) the Effective Date or, (b) if the order is entered after the Effective Date, the date such order becomes a Non-Appealable Order, or such Claims will be forever barred as against the Reorganized Debtor.

Continuation of Preserved Coverage

The Preserved Coverage under the Catholic Mutual Certificates issued by Catholic Mutual and all other Insurance Policies issued by any other Person, shall either be deemed assumed by the

Reorganized Debtor pursuant to §§ 365, 1123(a)(5)(A), and 1123(b)(2) of the Bankruptcy Code, to the extent such Insurance Policy or certificate is or was an Executory Contract of the Diocese, or continued in accordance with its terms pursuant to § 1123(a)(5)(A) of the Bankruptcy Code, to the extent such Insurance Policy or certificate is not an Executory Contract of the Diocese, such that each of the parties' contractual, legal, and equitable rights under each such Insurance Policy shall continue except to the extent provided otherwise pursuant to the terms of the Plan and the Plan Documents. To the extent that any or all such Insurance Policies and certificates are considered to be Executory Contracts, then the Plan shall constitute a motion to assume such Insurance Policies in connection with the Plan. Subject to the occurrence of the Effective Date, the Confirmation Order shall approve such assumption pursuant to §§ 365(a), 1123(a)(5)(A), and 1123(b)(2) of the Bankruptcy Code and include a finding by the Bankruptcy Court that each such assumption is in the best interest of the Diocese, the Estate, and all parties-in-interest in this Chapter 11 Case. For the avoidance of doubt, the Plan does not affect the Preserved Coverage under the Catholic Mutual Certificates under which Catholic Mutual has provided coverage to the Diocese and the Catholic Entities during the Bankruptcy Case except to the extent provided otherwise pursuant to the terms of this Plan and the Plan Documents. Unless otherwise determined by the Bankruptcy Court pursuant to an order which becomes a Non-Appealable Order or agreed to by the parties thereto prior to the Effective Date, no payments are required to cure any defaults of the Diocese existing as of the Effective Date with respect to any Insurance Policy.

D&O Coverage

The Catholic Mutual Certificates include coverage for the defense and indemnification of the Diocese's officers, employees and directors subject to the terms, conditions, exclusions and limits contained therein and will continue to provide D&O Coverage as part of the Preserved Coverage of the Reorganized Debtor after the Effective Date notwithstanding the provisions of the Plan.

IX. MISCELLANEOUS PROVISIONS

A. Retention of Jurisdiction

Except as otherwise stated in the Plan or in the Confirmation Order, the Bankruptcy Court will retain jurisdiction over all matters arising under, in furtherance of, or in connection with the Plan, including the following:

- (i) The determination of objections to Disputed Claims; the determination of requests for payment of Claims entitled to priority under § 507 of the Bankruptcy Code, including compensation of and reimbursement of expenses of parties entitled thereto;
- (ii) The resolution of controversies and disputes regarding interpretation and implementation of the Plan and the Plan Documents;

- (iii) The compelling of the Diocese and/or a Settled Party to cooperate as required by the Plan, including to cooperate with the Committee, the Abuse Claims Reviewer, Trustee and the Unknown Abuse Claims Trustee;
- (iv) The granting of relief in aid of the Plan and the Plan Documents including the entry of appropriate orders (which may include removal of actions in non-Bankruptcy Court forums to the Bankruptcy Court, contempt or other sanctions) to protect the Reorganized Debtor and the Settled Parties from actions prohibited under the Plan or the Plan Documents;
- (v) Amendments to and modifications of the Plan;
- (vi) Subject to the limitations and exclusions described above, the determination of any and all applications, adversary proceedings, and contested or litigated matters pending on the Effective Date;
- (vii) Allowance or Disallowance of Administrative Claims including Professional Fees, and post-confirmation fees provided for in the Plan;
- (viii) The approval of a Settlement Agreement whereby a Person, including a Non-Settling Insurer, may become a Settled Party; and
- (ix) The closing of this Case.

B. Miscellaneous Provisions

Modification of Plan

The Committee reserves the right, under the Bankruptcy Code, to amend, modify or withdraw the Plan prior to the entry of the Confirmation Order. After the entry of the Confirmation Order, the Committee may, upon order, amend or modify the Plan under § 1127(b) of the Bankruptcy Code, or remedy any defect or omission or reconcile any inconsistency in the Plan in such manner as may be necessary to carry out the purpose and intent of the Plan.

Severability

If, before the Effective Date, the Bankruptcy Court holds that any Plan term or provision is invalid, void, or unenforceable, the Bankruptcy Court may alter or interpret that term or provision so it is valid and enforceable to the maximum extent possible consistent with the original purpose of that term or provision. That term or provision will then be applicable as altered or interpreted. Notwithstanding any such holding, alteration, or interpretation, the remainder of the terms and provisions of this Plan will remain in full force and effect and will in no way be affected, impaired, or invalidated by such holding, alteration or interpretation.

Notices

All notices or requests in connection with the Plan shall be in writing and served either by (i) United States mail, postage prepaid, (ii) hand delivery, or (iii) reputable overnight delivery service, all charges prepaid, and shall be deemed given when received by the following parties:

If to the Debtor or Reorganized Debtor:

Rev. Peter J. Langevin, S.T.B., Ph.L.
Chancellor
Diocese of Norwich
The Chancery
201 Broadway
Norwich, CT 06360
(860) 887-9294 x235

With a copy to:

Ice Miller LLP
1500 Broadway, Suite 2900
Attn: Louis T. DeLucia
Alyson M. Fiedler
Telephone: (212) 835-6312
Email: Louis.DeLucia@icemiller.com
Alyson.Fiedler@icemiller.com

-and-

Robinson & Cole LLP
280 Trumbull Street
Hartford, CT 06103
Attn: Patrick M. Birney
Annecca H. Smith
Telephone: (860) 275-8275
Email: pbirney@rc.com
asmith@rc.com

If to the Trustee:

Craig R. Jalbert, CIRA
Verdolino & Lowey, P.C.
124 Washington Street, Suite 101
Foxboro, MA 02035
Telephone: (508)-543-1720
Email: cjalbert@vlpc.com

With a copy to:

Zeisler & Zeisler, P.C.
10 Middle St., 15th Fl.
Bridgeport, CT 06525
Attn: Stephen M. Kindseth, Esq.
Daniel A. Byrd, Esq.
Telephone: (203) 368-5487
Email: skindseth@zeislaw.com
dbyrd@zeislaw.com

If to the Unknown Abuse Claims Trustee:

Kara S. Rescia
Rescia Law, P.C.
5104 Bigelow Cmns.
Enfield, CT 06082
Telephone: (860) 452-0052
Email: kara@ctmalaw.com

With a copy to:

Rescia Law, P.C.
5104 Bigelow Cmns.
Enfield, CT 06082
Attn.: Paige M. Vaillancourt, Esq.
Telephone: (860) 452-0052
Email: paige@ctmalaw.com

If to the Office of the United States Trustee:

Holley L. Claiborn
Trial Attorney
Office of the United States Trustee
Gaiamo Federal Building
150 Court Street, Room 302
New Haven, CT 06510
Telephone: (203) 773.5504
Email: Holley.L.Claiborn@usdoj.gov

Notices to Claimants

All notices and requests to a Person holding any Claim will be sent to them at the last known address listed for such Person with the Bankruptcy Court or with the Debtor's Claims Agent, or to the last known address of their attorney of record. The Holder of a Claim may designate in writing any other address, which designation will be effective upon actual receipt by

the Reorganized Debtor, the Trustee, and the Unknown Abuse Claims Trustee. Any Person entitled to receive notice under the Plan will have the obligation to provide the Reorganized Debtor, the Trustee, and the Unknown Abuse Claims Trustee with such Person's current address for notice purposes. The Reorganized Debtor, the Trustee, and the Unknown Abuse Claims Trustee will have no obligation to attempt to locate a more current address if any notice proves to be undeliverable to the most recent address provided to the Reorganized Debtor, the Trustee, and the Unknown Abuse Claims Trustee.

Post-Confirmation Court Approval

Any action requiring Bankruptcy Court, U.S. District Court or state court approval after the Effective Date will require the Person seeking such approval to file an application, motion, or other request with the Bankruptcy Court, U.S. District Court, or state court, as applicable, and obtain a Non-Appealable Order approving such action before the requested action may be taken. The Person filing such application, motion, or other request shall serve such application, motion, or other request, together with a notice setting forth the time in which objections must be filed with the court, on the Reorganized Debtor, the Trustee, and the Unknown Abuse Claims Trustee by first-class mail, electronic mail, ECF, overnight courier, facsimile, or hand delivery. Unless the court orders otherwise, all notices shall provide the recipients at least twenty-one (21) calendar days in which to file an objection to the application, motion, or other request. If no objection is timely filed, the court may authorize the proposed action without further notice or a hearing. If an objection is timely filed, the court will determine whether to conduct a hearing, or to require the submission of further documentation, prior to ruling on the application, motion, or other request.

Election under § 1129(b) of the Bankruptcy Code

The Committee requests confirmation of the Plan under § 1129(b) of the Bankruptcy Code if the requirements of all provisions of § 1129(a) of the Bankruptcy Code, except subsection (a)(8) thereof, are met regarding the Plan. In determining whether the requirements of § 1129(a)(8) of the Bankruptcy Code have been met, any Class that does not have as an element of it an Allowed Claim or a Claim temporarily allowed under Bankruptcy Rule 3018 as of the date fixed by the Bankruptcy Court for filing acceptances or rejections of the Plan shall be deemed deleted from the Plan for purposes of voting to accept or reject the Plan and for purposes of determining acceptance or rejection of the Plan by such Class.

Consummation of the Plan

The Committee reserves the right to request that the Confirmation Order include a finding by the Bankruptcy Court that Bankruptcy Rule 3020(e) shall not apply to the Confirmation Order.

Exemption from Transfer Taxes

Under § 1146(a) of the Bankruptcy Code, after due notice to the relevant taxing authorities (state and local), Trustee's, Debtor's or Reorganized Debtor's delivery of any deed or other instrument of transfer under, in furtherance of, or in connection with the Plan, whether occurring before or after the Confirmation Date, including any deeds, bills of sale or assignments executed with any sale or disposition of assets contemplated by the Plan (*i.e.*, the Properties), shall not be subject to any stamp tax, real estate transfer tax, excise tax, sales tax, use tax or other similar tax.

Setoffs, Recoupments, and Defenses

Except for the Sections of the Plan about the Abuse Claims, nothing in the Plan shall constitute a waiver or release by the Debtor, Reorganized Debtor, Settled Parties, the Trustee, or the Unknown Abuse Claims Trustee of any rights of setoff or recoupment, or of any defense, they may have regarding any Claim (including rights under § 502(d) of the Bankruptcy Code), or a waiver or release by any Claimant of any rights of setoff or recoupment, or any defense, they may have regarding any Cause of Action against such Claimant provided such Claimant timely filed a Proof of Claim asserting such right of setoff or recoupment. Except as otherwise provided in the Plan or in the Confirmation Order or in agreements previously approved by a Non-Appealable Order, the Debtor, Reorganized Debtor, Settled Parties, the Trustee, or the Unknown Abuse Claims Trustee may, but will not be required to, set off against any Claim or any Distributions regarding such Claim, any of the claims, rights and Causes of Action of any nature that the Debtor, the Reorganized Debtor, Settled Parties, the Trustee, or the Unknown Abuse Claims Trustee, as applicable, may hold against the Holder of such Claim; provided, however, that neither the failure to effect such a setoff, the allowance of any Claim hereunder, the payment of any Distribution hereunder or any other action or omission of the Debtor, Reorganized Debtor, Settled Parties, the Trustee, or the Unknown Abuse Claims Trustee, nor any provision of the Plan, shall constitute a waiver or release by the Debtor, the Reorganized Debtor, Settled Parties, the Trustee, or the Unknown Abuse Claims Trustee, as applicable, of any such claims, rights and Causes of Action that the Debtor, the Reorganized Debtor, Settled Parties, the Trustee, or the Unknown Abuse Claims Trustee, as applicable, may possess against such Holder.

Compromise of Controversies

- **Bankruptcy Court Approval of Settlements.** In consideration for the classification, Distributions and other benefits provided under the Plan, the Plan shall constitute a good faith compromise and settlement of all Claims or controversies resolved under the Plan. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of each compromise and settlement provided for in the Plan, and the Bankruptcy Court's findings shall constitute its determination under the standards of Bankruptcy Rule 9019 that such compromises and settlements are in the best interests of the Debtor and the Estates.

- **Settlement with Settled Parties.** Specifically included within the Bankruptcy Court's approval of compromises and settlements of Claims and controversies is the Bankruptcy Court's approval of the agreements with Settled Parties. Such agreements also bind the Trust and the Unknown Abuse Claims Trust, as applicable.

Withdrawal or Revocation of the Plan.

The Committee reserves the right to revoke or withdraw the Plan prior to the Confirmation Date. If the Plan is revoked or withdrawn, or if the Confirmation Date does not occur, the Plan shall have no force and effect and in such event nothing herein shall be deemed to constitute a waiver or release of any Claims by or against the Estate or any other Person, or to prejudice in any other manner the rights of the Committee, whether one or more, or any other Person in further proceedings involving the Committee and specifically shall not modify or affect the rights of any party under any prior orders of the Bankruptcy Court.

Default

Except as otherwise provided in the Plan or in the Confirmation Order, if the Reorganized Debtor, a Settled Party, the Trustee or the Unknown Abuse Claims Trustee shall default in the performance of any of their respective obligations under the Plan or under the Plan Documents and shall not have cured such a default within any applicable cure period (or, if no cure period is specified in the Plan or Plan Documents or in any instrument issued to or retained by a Claimant under the Plan, then within thirty (30) calendar days after receipt of written notice of default), then the Person to whom the performance is due may pursue such remedies as are available at law or in equity. An event of default occurring with respect to one Claim shall not be an event of default regarding any other Claim.

Governing Law

Except when federal law (including the Bankruptcy Code or Bankruptcy Rules) is applicable, the rights and obligations arising under the Plan or under the Plan Documents shall be governed by and construed and enforced under the laws of the State of Connecticut without giving effect to the principles of conflicts of laws.

Reservation of Rights

If the Plan is not confirmed by a Non-Appealable Order, or if the Plan is confirmed and the Effective Date does not occur, the rights of all parties in interest in the Case are and will be reserved in full. Any concessions or settlements reflected, if any, are made for purposes of the Plan only, and if the Plan does not become effective, no party in interest in the Case shall be bound or deemed prejudiced by any such concession or settlement.

Controlling Documents

To the extent any provision of a Settlement Agreement with a Settled Party is inconsistent with the Plan or the Confirmation Order, the terms of the Plan and the Confirmation Order shall control, and to the extent any provision of the Confirmation Order is inconsistent with the Plan, the Confirmation Order shall control.

Successors and Assigns

The Plan shall be binding upon and inure to the benefit of the Debtor, the Reorganized Debtor, all Claimants and all other parties in interest affected thereby and their respective successors, heirs, legal representatives and assigns.

Direction to a Party

On and after the Effective Date, the Trust, the Unknown Abuse Claims Trust or the Reorganized Debtor, as applicable, may apply to the Bankruptcy Court for entry of an Order directing any Person to execute or deliver or to join in the execution or delivery of any instrument or document reasonably necessary or reasonably appropriate to effect a transfer of properties dealt with by the Plan, and to perform any other act (including satisfaction of any Lien or security interest) that is reasonably necessary or reasonably appropriate for the consummation of the Plan.

Certain Actions

By reason of entry of the Confirmation Order, prior to, on or after the Effective Date (as appropriate), all matters provided for under the Plan that would otherwise require approval of the officers of the Debtor under the Plan, including (a) the adoption, execution, delivery, and implementation of all contracts, leases, instruments, releases, and other agreements or documents related to the Plan, and (b) the adoption, execution, and implementation of other matters provided for under the Plan involving the Debtor or organizational structure of the Debtor, shall be deemed to have occurred and shall be in effect prior to, on or after the Effective Date (as appropriate), under applicable non-bankruptcy law, with no requirement of further action by the officers of the Debtor.

Dissolution of the Committee

On the Effective Date, the Committee shall dissolve automatically, whereupon its members, Professionals and agents shall be released from any further duties and responsibilities in the Case and under the Bankruptcy Code, except that such parties shall continue to be bound by any obligations arising under confidentiality agreements, joint defense/common interest agreements (whether formal or informal), and protective orders entered during the Case, which shall remain in full force and effect according to their terms, provided that such parties shall have a right to be heard regarding any (i) applications for Professional Claims and (ii) requests for

compensation and reimbursement of expenses under § 503(b) of the Bankruptcy Code for making a substantial contribution in the Case.

X. EFFECTS OF PLAN CONFIRMATION AND DISCHARGE

A. Discharge

Except as otherwise expressly provided in the Plan (including, subsections (b) through (d) of Section 13.1) or in the Confirmation Order, on the Effective Date, pursuant to § 1141(d) of the Bankruptcy Code, the Diocese will be discharged from all liability for any and all Claims and debts, known or unknown, whether or not giving rise to a right to payment or an equitable remedy, that arose, directly or indirectly, from any action, inaction, event, conduct, circumstance, happening, occurrence, agreement, or obligation of the Diocese before the Confirmation Date, or that otherwise arose before the Confirmation Date, including all interest, if any, on any such Claims and debts, whether such interest accrued before or after the date of commencement of this Case, and including all Claims and debts based upon or arising out of an Abuse Claim and from any liability of the kind specified in §§ 502(g), 502(h), and 502(i) of the Bankruptcy Code, whether or not (a) a proof of claim is filed or is deemed filed under § 501 of the Bankruptcy Code; (b) such Claim is Allowed under the Plan; or (c) the Holder of such Claim has accepted the Plan.

The discharge provided for in Bankruptcy Code § 1141(d) and Section 13.1 of the Plan shall not discharge and shall not in any way affect any Abuse Claim against the Diocese solely to permit the Abuse Claimant to adjudicate in a court of competent jurisdiction the Diocese's liability and the amount money damages due on account of such Abuse Claim and to permit the Trustee and/or the Abuse Claimant to enforce against Non-Settling Insurers or under any Non-Settling Insurer Policies and thereby recover upon Insurance Coverage, Insurance Claims, and/or Insurance Recoveries, *provided, however*, that any such non-discharged Abuse Claim shall be nonrecourse against the Diocese and its assets (other than the Non-Settling Insurer Policies, Insurance Claims and Insurance Recoveries, if and to the extent applicable), including the Revested Assets and recourse is limited to the Insurance Recoveries available from the proceeds of the Non-Settling Insurer Policies and all other Insurance Recoveries that may be recoverable against any Non-Settling Insurers, and any Insurance Recoveries will be handled under the Plan and the Trust Distribution Plan, if applicable.

As provided in Bankruptcy Code § 524(e), unless otherwise provided in the Plan, the discharge as provided in Bankruptcy Code § 1141(d) and Section 13.1 of the Plan shall not apply to and shall not affect the liability of any other Person on account of, or the property of any other Person for, Abuse Claims including the liability of a Person having personally committed an act or acts of Abuse resulting in an Abuse Claim against the Debtor or any other Co-Defendant or Non-Settling Insurer, which liability shall continue unaffected by the terms of the Plan or the discharge granted to the Debtor under the Plan and Bankruptcy Code § 1141(d).

Abuse Claimants and the Trust shall be permitted to name the Diocese in any proceeding to resolve whether the Diocese has liability for Abuse Claims and the amount of any such liability, solely for the purposes permitted by Section 5.4(i) and Section 13.1 of the Plan, and Section 11 of the Trust Distribution Plan. The discharge provided for by this Section 13.1 does not apply to, and shall not limit in any way the obligations of Non-Settling Insurers to defend and pay on account

of the Diocese's liability for Abuse Claims under Non-Settling Insurer Insurance Policies or to pay on account of Insurance Claims against such Non-Settling Insurers.

B. Revested Assets

Pursuant to § 1141 of the Bankruptcy Code, and except as otherwise provided in the Plan (including, with respect to the Non-Settling Insurers, the Non-Settling Insurer Policies, Insurance Coverage, Insurance Claims and Insurance Recoveries), the Confirmation Order or in subsections 1141(d)(2) and (d)(3) of the Bankruptcy Code, on the Effective Date, all of the Revested Assets shall vest in the Reorganized Debtor free and clear of all Claims and interests of Claimants. On and after the Effective Date, the Reorganized Debtor may operate and manage its affairs and may use, acquire and dispose of property without notice to any Person, and without supervision or approval by the Bankruptcy Court and free of any restrictions imposed by the Bankruptcy Code, Bankruptcy Rules, or the Bankruptcy Court, other than those restrictions imposed by the Plan or the Confirmation Order.

C. Continued Existence of Reorganized Debtor

The Debtor will, as the Reorganized Debtor, continue to exist after the Effective Date as a separate entity under the applicable laws of the State of Connecticut, with all the powers of a not for-profit, non-stock member corporation having tax-exempt status under 26 U.S.C. § 501(c)(3) under applicable law and without prejudice to any right to alter or terminate such existence under applicable state law, except as such rights may be limited and conditioned by the Plan and the documents and instruments executed and delivered in connection therewith.

D. Exculpation and Limitation of Liability

Except as expressly provided in the Plan, on and after the Effective Date, none of the Exculpated Parties will have or incur any liability to, or be subject to any right of action by, any Holder of a Claim, any other party in interest, or any of their related parties, for any act or omission occurring between the Petition Date and the Effective Date in connection with or relating to this Bankruptcy Case, including the exercise of their respective business judgment and the performance of their respective fiduciary obligations, the pursuit of confirmation of the Plan, or the negotiation of the Disclosure Statement, the Plan and related settlement agreements. For the avoidance of doubt, (a) Section 13.4 of the Plan shall not exculpate any Claim for any act or omission that is determined by a Non-Appealable Order to have constituted actual fraud, willful misconduct, knowing and material violation of the law, gross negligence, or professional malpractice of an Exculpated Party or any Causes of Action arising from or related to denials of coverage or coverage defenses raised by Non-Settling Insurers, and (b) the definition of "Exculpated Parties" shall not, directly or indirectly, inure to or for the benefit of (i) a person or persons having personally committed an act or acts of Abuse resulting in an Abuse Claim against the Debtor, or (ii) the Holy See.

E. Release by Debtor, Reorganized Debtor and Estate of Claims against Each and Every Settled Party

Effective on and after the Effective Date, except for the obligations arising under any Executory Contract assumed by the Reorganized Debtor pursuant to Section XIV of the Plan, the obligations under any Settlement Agreement, Claims excepted from exculpation and discharge under Sections 13.1 and 13.4 of the Plan, the Mount St. John Debt and the Mount St. John Mortgage Documents, and except as otherwise provided in the Plan, as of the Effective Date, the Debtor, Reorganized Debtor and the Estate waive, release and discharge any and all Claims or Causes of Action of every kind and nature that Debtor, the Reorganized Debtor, or the Estate have or may have against a Settled Party, including avoidance rights, and any Claim that such Settled Party or its assets are a part of or owned by the Debtor or the Estate. No Claim subject to this release will survive the Effective Date or be deemed to be assigned to the Trust.

F. Release of Claims between Each and Every Settled Party

Effective on and after the Effective Date, each of the Settled Parties waive, release and discharge any and all Claims or Causes of Action of every kind and nature arising on account of, in connection with or related to an Abuse Claim, that the Settled Parties have or may have against any other Settled Parties, in each case that arise from, relate to or arise in connection with Abuse Claims; provided that such release shall not release any obligations of any Settled Party under the Preserved Coverage, the Plan or any Settlement Agreement. No Claim subject to this release will survive the Effective Date or be deemed to be assigned to the Trust. This release is in addition to any releases in a Bankruptcy Court approved Settlement Agreement with a Settled Party.

G. Pension Plan

No provision in the Plan, Confirmation Order, the Bankruptcy Code (including § 1141 of the Bankruptcy Code), or any other document filed or order entered in the Chapter 11 Case shall be construed to exculpate, discharge, release or relieve the Debtor, the Catholic Entities, or any other party, in any capacity, from any liability or responsibility to any Person regarding the Pension Plans under any law, governmental policy, or regulatory provision. The Pension Plans shall not be enjoined or precluded from enforcing any such liability or responsibility because of the provisions of the Plan (including those provisions providing for exculpation, satisfaction, release and discharge of Claims against the Debtor), the Confirmation Order, the Bankruptcy Code (including § 1141 of the Bankruptcy Code), or any other document filed or order entered in the Chapter 11 Case. The Trust shall not have any liability to any Person on account of the Pension Plans, including liability as a member of a “Controlled Group” as defined in 29 U.S.C. § 1301(a)(14)(A) or on any other basis.

As of the Effective Date, the Reorganized Debtor shall assume and continue the Pension Plans to the extent of its obligations under the Pension Plans and applicable law. Notwithstanding the foregoing, the Reorganized Debtor reserves all of its rights under the Pension Plan. For the avoidance of doubt, any claims asserted by any beneficiary of the Pension Plan shall be reinstated and shall remain with the same priority and validity as before the Petition Date.

H. Police Power

No provision in the Plan, the Confirmation Order, the Bankruptcy Code (including § 1141 of the Bankruptcy Code), or any other document filed or order entered in the Chapter 11 Bankruptcy Case (including the discharge, releases and injunctions set forth in Section XIII of the Plan), shall be construed to exculpate, discharge, release or relieve the Debtor, the Settled Parties, or any other Person, in any capacity, for their liability or responsibility with respect to any criminal action or proceeding or any action or proceeding by a governmental unit to enforce such governmental unit's police and regulatory power.

XI. BEST INTERESTS TEST

Under § 1129(a)(7) of the Bankruptcy Code, often called the “best interests test,” Holders of impaired allowed claims must either (i) accept the plan of reorganization, or (ii) receive or retain under the plan property of a value, as of the plan's assumed effective date, that is not less than the value such rejecting claimants would receive or retain if the Debtor was liquidated under chapter 7 of the Bankruptcy Code on such date.

The Committee believes that the Plan provides the same or a greater recovery for Claimants holding Allowed Claims than would be achieved in a liquidation of the Diocese under Chapter 7 of the Bankruptcy Code. The Plan effectuates the liquidation of many of the Debtor's assets for the benefit of all Claimants paid in their order of priority and provides for the retention of security by secured Claimants – essentially providing to Claimants treatment equal to what would occur in a liquidation under Chapter 7. Under the Plan, the Diocese retains only a limited group of the Diocese's assets (defined as the Revested Assets). Accordingly, under the Plan, the Claimants would receive the benefit of the liquidation of all of the Diocese's asset other than the Revested Assets. The Plan also requires the Diocese to make payment to certain Claimants in the future from subsequently earned revenues. Thus, the question then raised by the best interests test is whether the liquidation value of the Revested Assets exceed the future contributions to be made by the Diocese for the benefit of certain Claimants plus any other Plan specific economic benefits realized that would not materialize in a liquidation under Chapter 7.

In a liquidation under Chapter 7 where there would be no plan of reorganization creating a trust for the benefit of Abuse Claimants, Oceania would not contribute its settlement payment in the amount of \$7 million to the Debtor's Estate. Consequently, the Plan creates \$7 million of added value for the benefit of Claimants (in particular, Abuse Claimants in Class 4) which would not be realized in a liquidation under Chapter 7.

Therefore, the Committee intends to establish at the Confirmation Hearing that the liquidation value of the Revested Assets is significantly less than the reasonably estimated aggregate amount the Reorganized Debtor is required by the Plan to pay to Claimants in the future plus the settlement payment from Oceania in the amount of \$7 million. Because (i) in a liquidation under Chapter 7, the Claimants could not receive such future payments from the Reorganized Debtor or the \$7 million settlement payment from Oceania, (ii) the aggregate amount of such future payments and settlement payment exceed the liquidation value of the Revested Assets, and (iii) the Claimants are receiving under the Plan on account of their Allowed Claims the liquidation

value of all other assets of the Diocese that can be liquidated for the benefit of such Claimants (other than Revested Assets), the Claimants holding Allowed Claims are receiving not less than the recovery they would in a liquidation of the Diocese under Chapter 7 of the Bankruptcy Code.

The Committee's belief that its Plan provides a greater recovery for Claimants than would be achieved in a liquidation under Chapter 7 is further based upon the following additional considerations: (i) the additional administrative claims generated by conversion to a Chapter 7 case; (ii) the administrative costs of liquidation and associated delays with a Chapter 7 liquidation; and (iii) the lack of value ascribed to the Debtor's Insurance Claims and Insurance Recoveries because the liquidation value of those policies is highly uncertain in the context of a Chapter 7 liquidation. In contrast with respect to insurance, the Committee's Plan in conjunction with the protocol set forth in the Trust Distribution Plan establishes a process through which Insurance Claims may be pursued and Insurance Recoveries realized for the benefit of Abuse Claims classified in Class 4.

The Committee has prepared an unaudited Liquidation Analysis, Exhibit 2, to assist Claimants holding Allowed Claims in evaluating the Plan's satisfaction of the best interests test.

XII. RISK FACTORS

In evaluating whether to vote to accept or to reject the Plan, all Claimants holding Allowed Claims and all Abuse Claimants in the Voting Classes should carefully read and consider the risk factors set forth below, which describe how the anticipated Distributions and treatments under the Plan rely on uncertain assumptions and are not guaranteed. These disclosures are not intended to be inclusive and should be read in connection with the other disclosures in this Disclosure Statement and the exhibits attached. You should consult with your legal, financial, and tax advisors regarding the risks associated with the plan and Distributions you may receive.

A. Parties in Interest May Object to the Committee's Classification of Claims

Section 1122 of the Bankruptcy Code provides that a plan of reorganization may place a claim or an equity interest in a particular class only if such claim is substantially similar to the other claims in such class. The Committee believes that the classification of Claims under the Plan complies with the requirements in the Bankruptcy Code because they created classes of Claims that only encompass Claims substantially similar to the other Claims in such class. Still, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

B. The Committee May Not Be Able to Secure Confirmation of the Plan

Section 1129 of the Bankruptcy Code sets forth the requirements for confirmation of a chapter 11 plan, and requires findings by the bankruptcy court that: (i) such plan "does not unfairly discriminate" and is "fair and equitable" regarding any rejecting classes; (ii) confirmation of such plan is not likely to be followed by a liquidation or a need for further financial reorganization unless such liquidation or reorganization is contemplated by the Plan; and (iii) the value of distributions to rejecting Holders of claims and equity interests within a particular class under such plan will not be less than the value of distributions such Holders would receive if the Debtor was liquidated under chapter 7 of the Bankruptcy Code.

There can be no assurance that the Bankruptcy Court will confirm the Plan. The Bankruptcy Court could decline to confirm the Plan if it found that the statutory requirements for confirmation had not been met, including the requirement that the terms of the Plan do not “unfairly discriminate” and are “fair and equitable” to rejecting Classes. If the Plan is not confirmed, it is unclear what Distributions that Claimants holding Allowed Claims will receive regarding their Allowed Claims, or the timing of receipt of such distributions, as it is unclear whether a confirmable alternative plan can be proposed by any other party in this chapter 11 case.

C. The Non-Settling Insurers May Object to the Plan

The Non-Settling Insurers may object to the Plan. The Non-Settling Insurers may argue that the provisions relating to the assignment and/or enforcement of the Debtor’s Insurance Policies related to the Non-Settling Insurers are not enforceable and violate the terms of those policies. In other Diocesan cases, non-settling insurers have heavily litigated the confirmation of proposed reorganization plans. If those objections have been overruled, the non-settling insurers have appealed those decisions. Thus, even if the Bankruptcy Court confirms the Plan over the objections of Non-Settling Insurers, such Non-Settling Insurers may appeal the confirmation order increasing administrative expenses, delaying, at least in part, the resolution of the Bankruptcy Case and, potentially, the Effective Date of the Plan.

D. Nonconsensual Confirmation

The Committee believes that the Plan satisfies the requirements of § 1129(b) of the Bankruptcy Code to obtain the confirmation of the Plan notwithstanding the rejection of the Plan by one or more classes of creditors.

E. Non-Occurrence of the Effective Date

The Effective Date is subject to the conditions precedent in the Plan. There can be no assurance that the conditions necessary for the Plan to become effective will be met, in which case Distributions will be delayed.

XIII. CERTAIN FEDERAL INCOME TAX CONSIDERATIONS¹³

The federal, state, local, and foreign tax consequences of the Plan are complex and, in many areas, uncertain. All Holders of Claims are strongly urged to consult their tax advisors with specific reference to the federal, state, and local tax consequences of the Plan. Neither the Debtor and its counsel nor the Committee and its counsel make any representations regarding the particular tax consequences of confirmation and consummation of the Plan as to the Debtor or any creditor.

The following summary is a general discussion of certain potential Federal income tax consequences of the Plan. The summary is based upon relevant provisions of the Internal Revenue Code of 1986, as amended (the “Tax Code”), the applicable Treasury Regulations promulgated

¹³ Subject to review by tax counsel.

(the “Treasury Regulations”), judicial authority, published rulings, and such other authorities considered relevant now in effect, which are subject to change.

The federal income tax consequences to any particular creditor may be affected by matters not discussed below. The summary does not address all categories of Creditors, some of which may be subject to special rules not addressed herein. There also may be state, local, or foreign tax considerations applicable to each Creditor or the Debtor.

A. Tax Consequences to Creditors

A creditor that receives a Distribution to satisfy its Claim will generally recognize a gain or loss equal to the difference between (i) the amount of cash received by such creditor regarding its Claim (excluding any cash received regarding a Claim for accrued interest) and (ii) the creditor’s tax basis in its Claim. The character of any gain or loss recognized as long-term or short-term capital gain or loss or as ordinary income or loss will be determined by several factors, including the tax status of the creditor, whether the Claim constitutes a capital asset in the hands of the creditor, whether the Claim has been held for more than one year, and whether and to what extent the creditor has claimed a bad debt deduction (or charged a reserve for bad debts) regarding the Claim.

For example, if a Distribution is made to satisfy a receivable acquired in the ordinary course of the Claimant’s trade or business, and the Claimant had previously included the amount of such receivable Distribution in their gross income under their method of accounting, and had not previously claimed a loss or bad debt deduction for that amount, the receipt of the distribution should not result in additional income to the Claimant but may, result in a loss. Conversely, had the Claimant previously claimed a loss or bad debt deduction regarding the item previously included in income, the Claimant generally would have to include the amount of the distribution in income when received.

The Committee anticipates that Distributions to satisfy Abuse Claims will, in all instances, constitute damages, other than punitive damages, because of personal physical injuries and/or physical sickness, within the meaning of § 104(a)(2) of Tax Code. The Committee has not, however, analyzed such tax issues and cannot (and do not) make any assurances or representations regarding the anticipated tax treatment of Abuse Claims.

There are many factors that will determine the tax consequence to each Holder of an Unsecured Claim. The tax consequences of the Plan are complex, and in some cases, uncertain. Therefore, it is important that each Holder of an Unsecured Claim obtain his, her, or its own professional tax advice regarding the tax consequences to such Holder of an Unsecured Claim as a result of the Plan.

B. Tax Consequences to the Debtor

The Debtor is a non-profit, non-stock member corporation having tax-exempt status under 26 U.S.C. § 501(c)(3). Due to the Debtor’s status as a non-profit corporation, the Committee does not expect that the Plan will result in any significant federal income tax consequences to the Debtor.

Under the Internal Revenue Code of 1986, as amended (the “Code”), there may be significant federal income tax issues arising under the Plan described in this Disclosure Statement that affect creditors in this chapter 11 case.

C. Tax Consequences to the Trust

The Trust may satisfy the requirements of a designated settlement fund under § 468B of the Tax Code or a qualified settlement fund under Regulation 1.468B-1 of the Treasury Regulations. There are certain tax consequences associated with the characterization of the Trust as a designated settlement fund or a qualified settlement fund (“QSF”). The Committee expresses no opinion on whether the Internal Revenue Service would conclude that the Trust is a designated settlement fund or a QSF. The Debtor has not requested a ruling from the Internal Revenue Service or an opinion of counsel regarding whether the Trust is a designated settlement fund or a qualified settlement fund. Each creditor is urged to consult its own tax advisor regarding the characterization of the Trust and the tax consequences of such characterization.

The federal income tax consequences to a Holder of a Claim receiving, or entitled to receive, a Distribution in partial or total satisfaction of a Claim may depend on several factors, including the Claim, the Claimants’ method of accounting, and their own particular tax situation. Because each Claimant’s tax situation differs, Claimants should consult their own tax advisors to determine how the Plan affects them for federal, state, and local tax purposes, based on its particular tax situations.

XIV. VOTING INSTRUCTIONS

The Claims Agent will send to all Claimants entitled to vote on the Plan: (i) the Disclosure Statement Order, (ii) a notice of the Confirmation Hearing, (iii) the Disclosure Statement, as approved by the Bankruptcy Court and together with the Plan attached as an exhibit, and (iv) a Ballot (collectively, the “Solicitation Packages”). The Solicitation Packages will also describe the procedures and deadline for submitting Ballots to the Claims Agent.

XV. CONCLUSION AND RECOMMENDATION

The Committee believes that confirmation and implementation of the Plan is preferable to any other alternative. The Committee urges all claimants entitled to vote to accept the Plan, and urges Abuse Claimants to vote to accept the Plan by so indicating on their ballots and returning them as specified in the instructions in the Solicitation Packages.

Dated at Bridgeport, Connecticut, this 27th day of June, 2024.

THE OFFICIAL COMMITTEE OF UNSECURED
CREDITORS FOR THE NORWICH ROMAN
CATHOLIC DIOCESAN CORPORATION

By: /s/ Stephen M. Kindseth

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CERTIFICATE OF SERVICE

I hereby certify that on this 27th day of June, 2024, a copy of foregoing was filed electronically. Notice of this filing will be sent by e-mail to all parties by operation of the Court's electronic filing system or by mail to anyone unable to accept electronic filing as indicated on the Notice of Electronic Filing. Parties may access this filing through the Court's CM/ECF System.

/s/ Stephen M. Kindseth

Stephen M. Kindseth (ct14640)

Exhibit 1

Plan

[Filed as Separate Document, Dkt. No. 1780]

Exhibit 2

Liquidation Analysis

LIQUIDATION ANALYSIS

Pursuant to the Plan,¹ all of the Diocese's assets, other than the Revested Assets, are used to pay Claimants in their respective order of priority (including all Priority Claims, Administrative Claims, Professional Claims, the initial contribution to the Unknown Abuse Claims Trust and the initial payments due to the Holders of General Unsecured Claims) or transferred to and liquidated by the Trustee for the Trust for the benefit of the Abuse Claimants in Class 4. Also pursuant to the Plan, Claimants holding secured Claims retain their liens.

The Revested Assets retained by the Reorganized Debtor consist in the following with their corresponding liquidation value estimated by the Committee:

Revested Assets to Reorganized Debtor

<u>Description</u>	<u>Liquidation Value</u>
All unrestricted deposit and investment accounts with all financial institutions net of all amounts required by the Plan to be paid on or about the Effective Date:	\$ 500,000 ²
All personal property including all office equipment and books and records:	\$ 0 ³
Vehicles	\$ 46,067 ⁴
The Chancery Office, 201 Broadway, Norwich:	\$ 860,400 ⁵
The Bishop's Residence, 274 Broadway Norwich:	\$ 546,390 ⁶
St. Vincent De Paul Middletown, 613 Main St., Middletown:	\$ 433,980 ⁷

¹ The capitalized terms used by not otherwise defined herein shall have the meanings ascribed to them in the Plan.

² Actual amount of to be determined pursuant to the Plan by the Bankruptcy Court at the confirmation hearing.

³ The Committee estimates that the Debtor's personal property including all office equipment and books and records have no realizable liquidation value.

⁴ Eight vehicles; values per Edmunds.com assuming average condition and private party sale value, less costs of sale estimated at ten percent (10%) of private party sale value.

⁵ Based on appraised value reported by City of Norwich (\$956,000), less costs of sale estimated at ten percent (10%) of appraised value.

⁶ Based on appraised value reported by City of Norwich (\$607,100), less costs of sale estimated at ten percent (10%) of appraised value.

⁷ Based on appraised value reported by City of Middletown (\$482,200), less costs of sale estimated at ten percent (10%) of appraised value.

Spanish Center New London, 60 Jay Street, New London:	\$ 247,050 ⁸
Total:	\$2,633.887

While, pursuant to the Plan, the Revested Assets are retained by the Reorganized Debtor and not liquidated for the benefit of Claimants, the Plan requires the Diocese to use post-Effective Date revenues to pay the following amounts for the benefit of Claimants:

Post-Effective Date Payments Made by Reorganized Debtor

<u>Description</u>	<u>Value</u>
Promissory Note Payable to Trust:	\$ 800,000
Future payments for General Unsecured Claims:	\$ 425,186 ⁹
Future payments to Unknown Abuse Claims:	<u>\$1,500,000</u> ¹⁰
Total:	\$2,725,186

Additionally, in a liquidation under Chapter 7 where there would be no plan of reorganization creating a trust for the benefit of Abuse Claimants, Oceania would not contribute its settlement payment in the amount of \$7 million to the Debtor's Estate. Consequently, the Plan creates \$7 million of added value for the benefit of Claimants (in particular, Abuse Claimants in Class 4) which would not be realized in a liquidation under Chapter 7:

Benefit Provided Exclusively by the Plan

<u>Description</u>	<u>Value</u>
Settlement Payment by Oceania:	\$7,000,000

⁸ Based on appraised value reported by City of New London (\$274,500), less costs of sale estimated at ten percent (10%) of appraised value.

⁹ This amount represents the aggregate amount due in the second through the fifth annual installments due the General Unsecured Claims in Class 6 pursuant to the Committee's Plan.

¹⁰ Based on the amount recommended by the Unknown Abuse Claims Representative in his Unknown Claims Representative's Revised Report and Recommendations [Dkt. No. 1712] dated March 5, 2024, as may be further revised.

Conclusion

Thus, since pursuant to the Plan (i) all property of the Estate, other than the Revested Assets, is liquidated for the benefit of Claimants, (ii) the Reorganized Debtor is compelled to pay Claimants from future revenues amounts in excess of the liquidation value of the Revested Assets, and (iii) Oceania is contributing \$7 million to the Trust for the benefit of Class 4 Claimants which would not be realized in a liquidation under Chapter 7, among other factors, the Committee submits that Claimants are receiving through the Plan significantly more and certainly not less than the value that such Claimants would receive or retain if the Debtor were liquidated under Chapter 7 of the Bankruptcy Code.

Exhibit 3

Disclosure Statement Order

[Disclosure Statement Order as Entered by the Court to Be Inserted]