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 BEEN APPROVED BY THE BANKRUPTCY COURT. THIS DISCLOSURE STATEMENT MAY BE REVISED TO REFLECT EVENTS THAT OCCUR AFTER THE DATE HEREOF BUT PRIOR TO BANKRUPTCY COURT APPROVAL OF THE DISCLOSURE STATEMENT.

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	:	Chapter 11
The Roman Catholic Diocese of Rockville Centre, New York,[1]	:	Case No. 20-12345 (MG)
Debtor.	:	

DISCLOSURE STATEMENT FOR PLAN OF REORGANIZATION PROPOSED BY THE ROMAN CATHOLIC DIOCESE OF ROCKVILLE CENTRE, NEW YORK AND ADDITIONAL DEBTORS

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Counsel for the Debtor and Debtor in Possession

Dated: October 7, 2024
New York, New York

[1] The Debtor in this chapter 11 case is The Roman Catholic Diocese of Rockville Centre, New York, the last four digits of its federal tax identification number are 7437, and its mailing address is P.O. Box 9023, Rockville Centre, NY 11571-9023. Certain Additional Debtors, as defined herein, are co-proponents of this chapter 11 plan and anticipate filing chapter 11 cases of their own and seeking joint administration with this chapter 11 case.

IMPORTANT INFORMATION FOR YOU TO READ

THE DEADLINE TO VOTE ON THE PLAN IS NOVEMBER 26, 2024 AT 5:00 P.M. PREVAILING EASTERN TIME (THE "VOTING DEADLINE").

FOR YOUR VOTE TO BE COUNTED, YOUR BALLOT MUST BE *ACTUALLY RECEIVED* BY EPIQ CORPORATE RESTRUCTURING, LLC (THE "VOTING AGENT") BEFORE THE VOTING DEADLINE AS DESCRIBED HEREIN.

PLEASE BE ADVISED THAT ARTICLE XI OF THE PLAN CONTAINS RELEASE, EXCULPATION, AND INJUNCTION PROVISIONS. YOU SHOULD REVIEW AND CONSIDER THE PLAN CAREFULLY BECAUSE YOUR RIGHTS MAY BE AFFECTED THEREUNDER.

The Roman Catholic Diocese of Rockville Centre, New York, as debtor and debtor in possession (the "Debtor") and the Additional Debtors are providing you with the information in this Disclosure Statement because you may be a creditor entitled to vote on the Plan.[2]

The Debtor, the Additional Debtors and the Official Committee believe that the Plan is in the best interests of creditors and other stakeholders. All creditors entitled to vote thereon are urged to vote in favor of the Plan. A summary of the voting instructions is set forth in this Disclosure Statement and in the Disclosure Statement Order. More detailed instructions are contained on the ballots distributed to the creditors entitled to vote on the Plan. To be counted, your ballot must be duly completed, executed and actually received by the Voting Agent by 5:00 p.m., prevailing Eastern time, on November 26, 2024, unless extended by the Debtor.

The effectiveness of the proposed Plan is subject to material conditions precedent, some of which may not be satisfied or waived. See Plan, Article X.B and C. There is no assurance that these conditions will be satisfied or waived.

This Disclosure Statement and any accompanying letters are the only documents to be used in connection with the solicitation of votes on the Plan. Subject to the statutory obligations of the Official Committee to provide access to information to creditors, no person is authorized in connection with the Plan or the solicitation of acceptances of the Plan to give any information or to make any representation other than as contained in this Disclosure Statement and the exhibits attached hereto or incorporated by reference or referred to herein. If given or made, such information or representation may not be relied upon as having been authorized by the Debtor or the Additional Debtors. Although the Debtor and the Additional Debtors will make available to creditors entitled to vote on the Plan such additional information as may be required by applicable law prior to the Voting Deadline, the delivery of this Disclosure Statement will not under any circumstances imply that the information herein is correct as of any time after the date hereof.

ALL CREDITORS ENTITLED TO VOTE ON THE PLAN ARE ENCOURAGED TO READ AND CAREFULLY CONSIDER THIS ENTIRE DISCLOSURE STATEMENT, INCLUDING THE PLAN ATTACHED AS EXHIBIT 1 AND THE RISK FACTORS DESCRIBED UNDER ARTICLE XIII HEREIN, PRIOR TO SUBMITTING BALLOTS IN RESPONSE TO THIS SOLICITATION.

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[2] Except as otherwise provided herein, capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Chapter 11 Plan of Reorganization Proposed By The Roman Catholic Diocese of Rockville Centre, New York and Additional Debtors (as amended, supplemented and modified from time to time, the "Plan"), attached hereto as Exhibit 1.

The summaries of the Plan and other documents contained in this Disclosure Statement are qualified in their entirety by reference to the Plan itself, the exhibits to it (the "Confirmation Exhibits") and documents described therein as filed prior to approval of this Disclosure Statement or subsequently as Plan Supplement materials. In the event that any inconsistency or conflict exists between this Disclosure Statement and the Plan, the terms of the Plan will control. Except as otherwise indicated, the Debtor will file all Confirmation Exhibits with the Bankruptcy Court and make them available for review at the Debtor's document website located online at https://dm.epiq11.com/case/drvc/dockets (the "Document Website") no later than seven calendar days before the objection deadline for the Confirmation Hearing to the extent not filed earlier; *provided*, *however*, that (a) documents pertaining to the Additional Debtors will only be available on the Document Website until the Additional Debtors commence their Chapter 11 Cases and file certain documents with the Bankruptcy Court, (b) exhibits relating to the assumption and rejection of Executory Contracts and Unexpired Leases under the Plan will be filed no later than seven calendar days prior to the Voting Deadline and (c) other key exhibits to the Plan will be either (i) included in any solicitation materials distributed to holders of Claims in Classes entitled to vote to accept or reject the Plan or (ii) filed as part of the Plan Supplement no later than seven calendar days prior to the objection deadline for the Confirmation Hearing.

This Disclosure Statement contains, among other things, descriptions and summaries of provisions of the Plan being proposed by the Debtor and the Additional Debtors. The Debtor and the Additional Debtors reserve the right to modify the Plan consistent with section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019.

The statements contained in this Disclosure Statement are made only as of the date of this Disclosure Statement, and there can be no assurance that the statements contained herein will be correct at any time after this date. The information contained in this Disclosure Statement, including information regarding the history, operations, and financial information of the Debtor and the Additional Debtors, is included for purposes of soliciting acceptances of the Plan, but, as to contested matters and adversary proceedings, is not to be construed as admissions or stipulations, but rather as statements made in settlement negotiations as part of the attempt to settle and resolve the liabilities of the Debtor and the Additional Debtors pursuant to the Plan. This Disclosure Statement will not be admissible in any non-bankruptcy proceeding, nor will it be construed to be conclusive advice on the legal effects of the Plan as to holders of Claims against either the Debtor, the Reorganized Debtor, the Additional Debtors, or the Reorganized Additional Debtors. Except where specifically noted, the financial information contained in this Disclosure Statement and in its exhibits has not been audited by a certified public accountant and has not been prepared in accordance with generally accepted accounting principles in the United States.

FORWARD-LOOKING STATEMENTS

This Disclosure Statement contains forward-looking statements based primarily on the current expectations of the Debtor and the Additional Debtors, along with projections about future events and financial trends affecting the financial condition of the Debtor's and Additional Debtors' organization and assets. The words "believe," "may," "estimate," "continue," "anticipate," "intend," "expect" and similar expressions identify these forward-looking statements. These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including those described below under the caption "Plan-Related Risk Factors" in Article XIII. In light of these risks and uncertainties, the forward-looking events and circumstances discussed in this Disclosure Statement may not occur, and actual results could differ materially from those anticipated in the forward-looking statements. The Debtor and the Additional Debtors do not undertake any obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

QUESTIONS AND ADDITIONAL INFORMATION

If you would like to obtain copies of this Disclosure Statement, the Plan or any of the documents attached hereto or referenced herein, or have questions about the solicitation and voting process or the Chapter 11 Cases generally, please contact Epiq, the Voting Agent, by either (i) visiting the Document Website at https://dm.epiq11.com/drvc or (ii) calling (888) 490-0633.

TABLE OF ANNEXES & EXHIBITS

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EXECUTIVE SUMMARY

The Debtor's chapter 11 case has been pending since October 1, 2020. Lawsuits against the Debtor, the Additional Debtors, and other Diocesan affiliates asserting sexual abuse claims ("CVA Actions") that were brought following the enactment of the Child Victim Act and the similar statute for non-consenting adults[3] have been pending for years. The statute of limitations for CVA Actions passed more than three years ago. Plaintiffs in such CVA Actions have been active participants in these Chapter 11 Cases through their state court counsel. State court counsel for the plaintiffs in a supermajority of the pending CVA Actions against the Debtor, Additional Debtors, and Diocesan affiliates have been working closely with the Committee, its professionals, and the appointed mediators. Such state court counsel have received detailed information regarding the pending CVA Actions, the Diocesan records on the alleged abusers, and the resources and liabilities of the Debtor, the Additional Debtors, and most Diocesan affiliates, as well as the insurance policies potentially covering the Abuse Claims asserted in the CVA Actions.[4]

The Plan

The Debtor, the Additional Debtors, the Committee, and the Committee's professionals support the Plan and recommend that holders of Abuse Claims vote to accept the Plan.

The Plan, among other things, resolves, addresses and discharges all claims against the Debtor and all Abuse Claims against the Additional Debtors. These Abuse Claims will be channeled to the Trust established on the Effective Date under the Plan. Pursuant to the Plan, the sole recourse for holders of such Abuse Claims, whenever asserted, lies against the Trust, subject to a limited exception.[5] The Plan provides that the Trust will be established with a minimum cash contribution of $179.8 million on the Effective Date, augmented by an additional $23 million potentially payable on or within weeks of the Effective Date. Over the following four years, there are additional cash contributions to the Trust aggregating $35 million. As described below, it is anticipated that over $320 million will be contributed to the Trust.

The Plan also builds upon a settlement with the Settling Insurers—namely Ecclesia, LMI, Evanston, Lexington, and the Allianz Insurers—providing for the sale and buy back of certain of their insurance policies, including policies covering the time period from 1976-1986, which is the period in which many Abuse Claims allegedly occurred. The purchase price, in aggregate, is $85.525 million in cash. In exchange, pursuant to the Bankruptcy Court order approving the settlement and sale, the Settling Insurers will receive various injunction protections against Abuse Claims. Under the Plan, the insurance rights of the Debtor and the Additional Debtors, notably, the right to payment of the purchase price, will be transferred to the Trust. The Plan seeks a channeling injunction and other protections from the Trust that reinforce making the Trust the sole source of payment for Abuse Claims and otherwise serve to protect the Debtor, the Additional Debtors, and the Settling Insurers from Abuse Claims.

There is no resolution at this time with respect to insurance policies covering the period 1956-1976 provided by an insurer now known as Arrowood, which became subject to insolvency proceedings in Delaware on November 8, 2023. A statutory liquidation process involving Arrowood is now underway in Delaware. Under New York law, Arrowood's insolvency gave rise to the potential for the state's Property/Casualty Insurance Security Fund to make certain funds available for claims in New York that are covered by the Arrowood policies, subject to certain limits. The Plan will address the treatment of the Arrowood policies and related claims. For its part, Arrowood has contested coverage for the claims of the Diocese in a legal action pending in the federal district court in New York, and Arrowood's statutory liquidator in Delaware has indicated an intention to continue its contest of coverage. The Plan will not call or provide for the Bankruptcy Court to determine any issues relating to coverage under the Arrowood

[3] Child Victims Act, N.Y. C.P.L.R. §§ 208(b), 214-g; Adult Survivors Act, N.Y. C.P.L.R. §§ 213-c, 214-j.

[4] Earlier this year all claimants filing a proof of claim against the Diocese and plaintiffs filing a CVA Action against one or more of the Diocese, a parish, a Parish School, the Department of Education, Trinity High School or St. John the Baptist High School without a related proof of claim, received notice of a prior disclosure statement detailing the parish financial information, the number of CVA Actions by parish with related information about other co-defendants, a description of each proof of claim filed against the Diocese and the related CVA Action, if any, as well as a description of any CVA Action against a parish, the Diocese, other Diocesan affiliate for which there was no related proof of claim filed against the Diocese. The financial information has been updated from the prior disclosure statement and is set forth in similar format as Exhibits to this Disclosure Statement.

[5] Although unlikely, given the passage of the statute of limitations under the Child Victim Act § 214-g, there may be a number of newly asserted abuse claims against the Parishes that are unimpaired and remain outside that Trust.

policies, and the authorities responsible for the fund may challenge whether and the extent to which it must provide recoveries for the abuse claims at issue here.

The Plan addresses, resolves and discharges all Abuse Claims accruing before 2017 against Holy Trinity High School and St. John the Baptist High School (such schools were then part of the Diocese the "Diocesan High Schools"), whenever asserted, and all Abuse Claims against parish schools (which are part of the parishes), accruing before the Additional Debtors' petition date, whenever asserted. The Plan further provides for the release of all asserted Abuse Claims against the Department of Education and the regional schools in the Diocese as permitted by applicable law for debtors releasing derivative claims. In addition, the two remaining avoidance claims being prosecuted by the Committee, namely the avoidance claim against CemCo, and the avoidance claim against the Department of Education, are settled and released. The Plan also provides for the consensual resolution and release of identified Abuse Claims asserted against Catholic Charities and/or the CYO.[6]

The Process: Voting on the Plan

The parties that will receive ballots are: holders of Claims against the Diocese; plaintiffs that have a pending CVA Action against the Diocese (including the Department of Education or a Diocesan High School) but did not file a proof of claim against the Diocese; and plaintiffs that have a pending CVA Action against a Parish (including a parish or regional school) but did not file a proof of claim against the Diocese.[7] To the extent that the proof of claim or CVA Action has not been finally disallowed or withdrawn, or the CVA Action has not been dismissed or withdrawn, the claimants and plaintiffs holding such claims or bringing such CVA Actions will receive ballots.

All such parties will have the opportunity, and are eligible, to vote on the Plan following approval of this Disclosure Statement.

Key Features of the Pre-Packaged Plan for the Additional Debtors

For the Additional Debtors, the Plan anticipates confirmation and emergence from bankruptcy within 48 hours of filing. Except for those claimants having the opportunity to vote on the Plan, the Plan leaves creditors of the Additional Debtors unimpaired and unaffected. The Plan further provides, as a post emergence matter, the filing of a proof of claim for any Abuse Claim, other than a claim already asserted in a proof of claim filed against the Diocese or a CVA Action against an Additional Debtor, in accordance with a bar date which shall be established as part of the Confirmation Order and provide for 40 days after entry of the Confirmation Order to file newly asserted Abuse Claims, if any, against the Additional Debtors. The proof of claim form and the notice of the bar date are attached as Plan exhibits G and E, respectively.

Importantly, holders of Abuse Claims against the Additional Debtors that are eligible to vote on the Plan following approval of this disclosure statement will be channeled to the Trust. Other newly asserted Abuse Claims against the Parishes that did not have the opportunity to vote are unaffected and unimpaired by the Plan. Nevertheless, the Plan permits each holder of such newly asserted Abuse Claim to elect to participate in the Trust or, absent such election, to ride through these Chapter 11 Cases unimpaired, subject to the claim allowance and objection procedures. Newly asserted Abuse Claims will remain subject to all defenses, including without limitation, defenses based upon the expiration of applicable statutes of limitation.

[6] The six claims are captioned as follows: Ark662 Doe v. Catholic Youth Organization et al., Index No. 900344/2021 (N.Y. Sup. Ct. Aug. 12, 2021); Celia E. McDonald v. Suffolk County et al., Index No. 614918/2021 (N.Y. Sup. Ct. Aug. 4, 2021); Ark458 Doe v. St. Christopher's Parish et al., Index No. 900096/2021 (N.Y. Sup. Ct. July 7, 2021); Ark363 Doe v. Diocese of Rockville Centre et al., Index No. 900113/2020 (N.Y. Sup. Ct. July 31, 2020); John Hagan, III v. Roman Catholic Diocese of Rockville Centre, New York and Catholic Charities of the Diocese of Rockville Centre, Index No. 900050/2019 (N.Y. Sup. Ct. Oct. 22, 2019); Patricia Mattison v. Roman Catholic Diocese of Rockville Centre, New York and Catholic Charities of the Diocese of Rockville Centre, Index No. 900053/2019 (N.Y. Sup. Ct. Oct. 22, 2019).

[7] To date, CVA Actions, whether against the Diocese, a parish, or a Diocesan affiliate, that are not accompanied by a proof of claim against the Diocese are less than 3% of the pending CVA Actions against one or more of the Diocese, a parish or a Diocesan affiliate.

The Trust

Abuse Claims will be channeled to the Trust. The Trust will administer these Abuse Claims in accordance with a holistic and analytical process set forth in the Trust Allocation Protocol, as further described herein, which relies upon a claims reviewer tasked with evaluating Abuse Claims, taking into account the nature, severity, duration, credibility and legal validity of each such claim, as well as the impact of the alleged abuse on the life, livelihood, and well-being of the claimant.

Assets

The Trust assets are cash and certain insurance rights of the Debtor and the Additional Debtors. The timing and sources of the contributions to the Trust are set forth below.

Cash: *The total cash contribution to the Trust may be $234.8 million.*[8]

- $176.8 million in cash on the Effective Date comprised of contributions from the Debtor and Additional Debtors; $7 million from the Department of Education; $15 million from Ecclesia Assurance as its policy limits payout; and $46.5 million from CemCo.
- $7 million in cash from Catholic Charities potentially on the Effective Date.
- $16 million in cash from sale proceeds received by the Seminary of the Immaculate Heart.
- $10 million deferred cash from CemCo payable ratably over two years.
- $25 million deferred cash from the Additional Debtors, jointly and severally, payable over four years.[9]

Insurance Rights

- The Debtor will be seeking approval of certain insurance settlements. If approved, rights under the court-approved settlement and sale of certain insurance policies, namely, the right to the sale proceeds of $85.525 million in cash, will be transferred to the Trust.
- The Insurance Rights attributable to the coverage years of 1956-76, provided by a predecessor to Arrowood, a non-settling insurer will be transferred to the Trust, which will be responsible to file and pursue claims against Arrowood and to pursue any other party to the extent necessary to obtain recourse against Arrowood, Arrowood's statutory liquidator in Delaware and/or the fund. There are approximately 370 Abuse Claims alleging misconduct within this coverage period.

Obligations

On and after the Effective Date of the Plan, the Trust will be responsible for certain administrative expenses, notably the unpaid professional fees payable to the Committee professionals, the unpaid professional fees payable to the Future Claimants' Representative and his professionals, and statutory fees, as well as other expenses incurred by the Trust. In addition to its responsibilities with respect to Abuse Claims, the Trust has undertaken certain obligations to protect the Diocese, Parishes, other insureds, and the Settling Insurers that reinforce the assumption and channeling of Abuse Claims to the Trust.

The Retained Responsibility of the Debtor and the Additional Debtors

As more fully detailed herein, the Debtor, and not the Trust, will be responsible for the other administrative expenses, priority claims, secured claims and general unsecured claims other than Abuse Claims as more fully set forth in the Plan. The Additional Debtors will be responsible for resolving newly asserted Abuse Claims that remain outside the Trust. The pension, health, and other benefit and many non-abuse insurance plans and indemnities provided by the Debtor and the Additional Debtors, as more fully described in the Plan, are unimpaired and will remain the responsibility of the Reorganized Debtor and the Reorganized Additional Debtors.

[8] Additionally, approximately $3 million will be contributed to the Trust by Pachulski Stang Ziehl & Jones LLP on or about the Effective Date.

[9] The Additional Debtors will have the ability to set off against such deferred payments, the costs of resolving newly asserted abuse claims that remain outside the Trust.

I. INTRODUCTION

The Debtor, in coordination with the Additional Debtors, submits this Disclosure Statement pursuant to section 1125 of title 11 of the United States Code (the "Bankruptcy Code") in connection with the solicitation of acceptances of the *Chapter 11 Plan of Reorganization Proposed by The Roman Catholic Diocese of Rockville Centre, New York and Additional Debtors* (as amended, supplemented and modified from time to time, the "Plan"). A copy of the Plan is attached hereto as Exhibit 1. Descriptions of the Debtor and Additional Debtors are attached hereto as Annex 1.

This Disclosure Statement sets forth certain information regarding the prepetition operating and financial history of the Debtor and the Additional Debtors, the events leading up to the commencement of the Chapter 11 Cases, significant events that have occurred during the Chapter 11 Cases, and the anticipated organization and operations of the Reorganized Debtor and the Reorganized Additional Debtors if the Plan is confirmed and becomes effective. This Disclosure Statement also describes terms and provisions of the Plan, including certain effects of confirmation of the Plan, certain risk factors, certain alternatives to the Plan and the manner in which distributions will be made under the Plan. The Confirmation process and the voting procedures that holders of Claims entitled to vote on the Plan must follow for their votes to be counted are also discussed herein.

The Debtor and the Additional Debtors are proponents of the Plan, and the Debtor and the Additional Debtors believe that the Plan is the best means to efficiently and effectively pave the way for their emergence from bankruptcy. The Official Committee recommends that creditors vote to accept the Plan.

On [•], 2024, the Bankruptcy Court entered an order approving this Disclosure Statement as containing "adequate information" with respect to the Debtor, i.e., information of a kind and in sufficient detail to enable a hypothetical reasonable investor typical of the holders of Claims to make an informed judgment about the Plan.

The Additional Debtors will ask the Bankruptcy Court to approve this Disclosure Statement as containing "adequate information" with respect to the Additional Debtors once the Additional Debtors filed their Chapter 11 Cases.

THE BANKRUPTCY COURT'S APPROVAL OF THIS DISCLOSURE STATEMENT CONSTITUTES NEITHER A GUARANTY OF THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED HEREIN NOR AN ENDORSEMENT OF THE MERITS OF THE PLAN BY THE BANKRUPTCY COURT.

A. Material Terms of the Plan

As discussed in more detail in Articles III and IV below, the Plan includes a proposed resolution of a number of complex Claims asserted against the Debtor and/or the Additional Debtors. The distributions contemplated by the Plan reflect the impact of the proposed resolution of such Claims.

THE DEBTOR AND THE ADDITIONAL DEBTORS BELIEVE THAT THE IMPLEMENTATION OF THE PLAN IS IN THE BEST INTERESTS OF THE DEBTOR, THE ADDITIONAL DEBTORS, THEIR CREDITORS, AND OTHER STAKEHOLDERS. FOR ALL OF THE REASONS DESCRIBED IN THIS DISCLOSURE STATEMENT, THE DEBTOR AND THE ADDITIONAL DEBTORS URGE YOU TO RETURN YOUR BALLOT ACCEPTING THE PLAN BY THE VOTING DEADLINE (I.E., THE DATE BY WHICH YOUR BALLOT MUST BE ACTUALLY RECEIVED), WHICH IS NOVEMBER 26, 2024 AT 5:00 P.M. (ET).

As set forth in further detail below, the material terms of the Plan are as follows:

Treatment of Claims	As further detailed in the Plan, the Plan contemplates the following treatment of Claims: • Priority Claims Against the Debtor – Except to the extent that a holder of an Allowed Priority Claim against the Debtor agrees to less

	favorable treatment of such Claim, in exchange for full and final satisfaction of such Allowed Priority Claim, at the sole option of the Debtor or Reorganized Debtor: (i) each such holder shall receive payment in cash in an amount equal to such Allowed Priority Claim, payable on or as soon as reasonably practicable after the last to occur of (x) the Effective Date, (y) the date on which such Priority Claim becomes an Allowed Priority Claim, and (z) the date on which the holder of such Allowed Priority Claim and the Debtor or Reorganized Debtor, as applicable, shall otherwise agree in writing; or (ii) satisfaction of such Allowed Priority Claim in any other manner that renders the Allowed Priority Claim Unimpaired, including treatment in a manner consistent with section 1124(1) or (2). • Secured Claims Against the Debtor – Except to the extent that a holder of an Allowed Secured Claim agrees to less favorable treatment of such Claim, in exchange for full and final satisfaction of such Allowed Secured Claim, each holder of an Allowed Secured Claim will receive, at the sole option of the Debtor or Reorganized Debtor: (i) cash in an amount equal to the Allowed amount of such Claim, including the payment of any interest required to be paid under section 506(b) of the Bankruptcy Code, payable on or as soon as reasonably practicable after the last to occur of (x) the Effective Date, (y) the date on which such Secured Claim becomes an Allowed Secured Claim, and (z) the date on which the holder of such Allowed Secured Claim and the Debtor or Reorganized Debtor, as applicable, shall otherwise agree in writing; (ii) satisfaction of such Secured Claim in any other manner that renders the Allowed Secured Claim Unimpaired, including treatment in a manner consistent with section 1124(1) or (2); or (iii) return of the applicable collateral on the Effective Date or as soon as reasonably practicable thereafter in satisfaction of the Allowed amount of such Secured Claim. • General Unsecured Claims – Except to the extent that a holder of an Allowed General Unsecured Claim against the Debtor agrees to less favorable treatment of such Claim, in exchange for full and final satisfaction, settlement, release, and discharge of, and in exchange for, each Allowed General Unsecured Claim, each holder thereof shall, subject to the holder's ability to elect Convenience Claim treatment on account of the Allowed General Unsecured Claim, receive the lesser of (I) such holder's Pro Rata share of the GUC Plan Distribution (which is $2 million, less Convenience Claims), and (II) payment in full of the Allowed General Unsecured Claim. • Abuse Claims (other than Post-Confirmation Claims against Additional Debtors) – Except to the extent that a holder of an Abuse Claim (other than a Post-Confirmation Claim against an Additional Debtor) agrees to less favorable treatment of such Abuse Claim, (subject to Article XI.O of the Plan) in exchange for full and final satisfaction, settlement, release, and discharge of, and in exchange for, each Abuse Claim, each holder thereof shall receive such distributions as and to the extent provided in the Trust Documents. Under no circumstance shall the Abuse Claim Revivewer's review affect the rights of a Non-Settling Insurer.

	• Post-Confirmation Claims against the Additional Debtors – Except to the extent that a holder of a Post-Confirmation Claim against an Additional Debtor agrees to less favorable treatment of such Post-Confirmation Claim, in exchange for full and final satisfaction, settlement, release, and discharge of, and in exchange for, each Post-Confirmation Claim against an Additional Debtor, each holder thereof shall receive (i) if such Post-Confirmation Claim is a Non-Participating Post-Confirmation Claim, then such Post-Confirmation Claim shall be Unimpaired, or (ii) if such Post-Confirmation Claim elects to be a Participating Post-Confirmation Claim, as set forth in the Plan, such distributions as to the extent provided in the Trust Documents with respect to Participating Post-Confirmation Claims. Each Post-Confirmation Claim against an Additional Debtor shall be treated as either a Participating Post-Confirmation Claim or a Non-Participating Post-Confirmation Claim in accordance with Article V.Z of the Plan and the Confirmation Order. For the avoidance of doubt, all of an Additional Debtor's rights and defenses with respect to Non-Participating Post-Confirmation Claims are fully reserved and preserved, including without limitation, any defense based on a statute of limitations or otherwise. • Convenience Claims against the Debtor – In exchange for full and final satisfaction, settlement, release, and discharge of, and in exchange for, each Allowed Convenience Claim, each holder thereof shall receive cash in an amount equal to 100% of such holder's Allowed Convenience Claim. • Lay Pension Claims against the Debtor – The Debtor will assume its participation in the Lay Pension Plan, and will continue to meet its obligations under the Lay Pension Plan as they become due. The Debtor will not make any payment with respect to any Lay Pension Claim filed in the Chapter 11 Cases. • Priest Pension Claims against the Debtor – The Debtor will assume its participation in the Priest Pension Plan, and will continue to meet its obligations under the Priest Pension Plan as they become due. The Debtor will not make any payment with respect to any Priest Pension Claim filed in the Chapter 11 Cases. • Claims against the Additional Debtors, other than Abuse Claims – The Additional Debtors will assume and will continue to meet their obligations on account of Claims, other than Abuse Claims, as they become due.
Means of Implementation	The Trust shall be established on the Effective Date. The Trust shall be administered and implemented by the Trustee as provided in the Trust Documents and Plan. Specifically, the Trust shall, without limitation: (1) assume liability for all Channeled Claims in accordance with the terms of the Plan; (2) assume and pay the Trust Assumed Administrative Expenses; (3) pay the Trust Expenses; (4) hold and administer the Trust Assets when they are contributed pursuant to the Trust Asset Payment Schedule; (5) enforce the

	Insurance Rights; and (6) make Trust Distributions to holders of Channeled Claims from the Trust Assets. The Trust shall make Trust Distributions from the Trust Assets on account of Abuse Claims in such a way that the holders of Abuse Claims are treated equitably and in a substantially similar manner, subject to the applicable terms of the Plan Documents and the Trust Documents. From and after the Effective Date, the Channeled Claims against the Protected Parties shall be channeled to the Trust pursuant to the Channeling Injunction set forth in Article XI of the Plan and may be asserted only and exclusively against the Trust. The Trust Assets shall, automatically and without further act or deed, be transferred to, vested in, and assumed by the Trust pursuant to the dates provided for in the Trust Asset Payment Schedule. Notwithstanding anything herein to the contrary, no monies, choses in action, and/or assets comprising the Trust Assets that are transferred, granted, assigned, or otherwise delivered to the Trust shall be used for any purpose other than in accordance with the Plan and the Trust Documents.
Releases	The Plan provides for Debtor releases in the Insurance Settlement Agreements, the CemCo Settlement Agreement, the Department of Education Settlement, the Seminary Settlement and Seminary Settlement Agreement. The Plan also contemplates that creditors may enter into contractual releases in connection with the settlement with Catholic Charities and CYO.
Channeling Injunction	The Plan contains a Channeling Injunction that channels the Channeled Claims against the Debtor, Additional Debtors and Settling Insurers to the Trust.
Gatekeeper Injunction	The Plan contains a "gatekeeper" injunction that prohibits Enjoined Parties from commencing or pursuing claims against Protected Parties without the Bankruptcy Court first determining the Claims are colorable and specifically authorizing the claim or cause of action.
Exculpation	The Plan provides certain customary exculpation provisions, which include a full exculpation from liability in favor of the following Entities, in each case in its or their capacity as such: (a) the Debtor; (b) the Additional Debtors; (c) the Future Claimants' Representative; (d) any mediator or special mediator appointed in the Chapter 11 Cases; (e) the Committee, including each member of the Committee; and (f) with respect to the foregoing Entities in clauses (a) through (e), such Entities' current and former officers, directors, managers, principals, trustees, members, partners, employees, volunteers, agents, advisors, advisory board members, advisory committee members, financial advisors, partners, attorneys, accountants, investment bankers, consultants, representatives and other professionals.

B. Trust Allocation Protocol

The Trust Allocation Protocol is to provide for the distribution of funds to Abuse Claimants. Capitalized terms used shall have the meanings given them in the Plan or the Bankruptcy Code, unless otherwise defined in the Trust Allocation Protocol.

The Plan and the Trust Agreement contemplate that the Trust will be established for payment of Abuse Claims. The Plan and this protocol shall together be the sole and exclusive method by which an Abuse Claimant may seek distribution because of an Abuse Claim against the Debtor.

The terms of the confirmed Plan (as it may be amended) or the Confirmation Order shall prevail if there is any conflict between the terms of the Plan and the terms of the Trust Allocation Protocol.

Non-Compensatory Damages and Other Theories of Liability

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.

Withdrawal of Claims

An Abuse Claimant can irrevocably withdraw an Abuse Claim at any time upon written notice to the Trustee and the Diocese. Once withdrawn, the Abuse Claim may not be reasserted against the Trust (including filing a Future Abuse Claim by Abuse Claimants who withdrew their Abuse Claims).

Res Judicata Effect

The Abuse Claims Reviewer's determination regarding an Abuse Claim shall have no preclusive, res judicata, judicial estoppel or similar effect outside of this Case as to any third party. The Abuse Claims Reviewer's determination shall not be used against any Abuse Claimant in any other matter, case or proceeding.

Confidentiality and Privilege

All information that the Abuse Claims Reviewer receives from any source about any Abuse Claimant shall be held in strict confidence and shall not be disclosed absent an Order of the Bankruptcy Court or the written consent of the Abuse Claimant (or such Claimant's counsel of record). All information that the Abuse Claims Reviewer received from any Abuse Claimant (including from counsel to such Claimant) shall be subject to a mediation privilege and receipt of such information by the Abuse Claims Reviewer shall not constitute a waiver of any attorney-client privilege or attorney work-product claim or any similar privilege or doctrine.

ABUSE CLAIMS REVIEWER

Hon. William Bettinelli is the "Abuse Claims Reviewer" under the terms of this protocol and an order of the Bankruptcy Court. The Abuse Claims Reviewer shall review each of the Abuse Claims (as and when such Claims may be filed) and, according to the guidelines in section 0 below, make determinations upon which individual monetary distributions will be made subject to the Plan and the Trust Documents. The Abuse Claims Reviewer's review as to each Abuse Claimant shall be the final review, subject only to reconsideration as set forth in section 0 below and court review as set forth in section 0 below.

The Committee shall provide electronic copies of all Abuse Proof of Claim forms (including any attachments thereto and as the same may have been amended from time to time) to the Abuse Claims Reviewer.

PROCEDURE FOR ALLOCATION AMONG ALLOWED ABUSE CLAIMS

Proof of Abuse

The Abuse Claims Reviewer shall consider all of the facts and evidence presented by the Abuse Claimant in the Abuse Claimant's filed proof of claim. Abuse Claimants may provide supplemental evidence and information to the Abuse Claims Reviewer pursuant to the below procedures.

Future Abuse Claimants may send their claim form directly to the Trustee without filing such claim first with the Diocese's claims agent or the bankruptcy court. Future Abuse Claimants must submit their claim form at least sixty (60) days prior to the anniversary of the Effective Date to be included in the annual distribution. The Trustee shall transmit a copy of any claims received to the Abuse Claims Reviewer within a reasonable time after receipt thereof.

The Abuse Claims Reviewer may request additional information from an Abuse Claimant. Failure to respond to such request shall not be construed against the Abuse Claimant.

Each Abuse Claimant can submit a written statement (a "Supplemental Submission") to the Abuse Claims Reviewer. Any Supplemental Submission from an Abuse Claimant, other than Future Abuse Claimants, must be submitted to Committee counsel by November 26, 2024 (the "Submission Deadline"). Notice of the Submission Deadline (the "Supplement Notice") shall provide, among other things, the method for submission of Supplemental Statements. All notices by the Abuse Claims Reviewer to Abuse Claimants, including the Supplement Notice, shall be sent to each Abuse Claimant's counsel of record via email and first class mail at the address(es) provided in the applicable Abuse Proof of Claim Form.

The Supplemental Submission shall be no longer than 5 pages, single sided, double spaced with 12-point font; provided, however, that an Abuse Claimant not represented by counsel may submit a handwritten Supplemental Submission not to exceed 5 single sided pages in length. A Supplemental Submission shall be submitted by the Submission Deadline unless the Abuse Claims Reviewer determines, in his sole discretion, there is good cause for delay. The Abuse Claims Reviewer, in his sole discretion, may allow an Abuse Claimant to exceed the page limit for the Supplemental Submission. Abuse Claimant may submit a Supplemental Submission to the Abuse Claims Reviewer, instead of a written statement, via video that is no more than ten minutes. An Abuse Claimant may submit either a written or video Supplemental Submission, but not both. A video submission may only record the Abuse Claimant; *provided however* that an agent or representative of an Abuse Claimant may participate in the submission with the substance being from the claimant; provided, however, a video may include recording the Abuse Claimant's deposition if such recording is not more than ten minutes. If an Abuse Claimant declines to submit a written or video Supplemental Submission, such declination shall not be held against the Abuse Claimant or be used as grounds to discount the claim. **The medium of the Supplemental Submission (whether in writing or by video) shall not advantage or disadvantage an Abuse Claimant.**

Guidelines for Allocation for Allowed Abuse Claims

Initial Evaluation

The Abuse Claims Reviewer shall consider whether the Abuse Claimant has proven by credible evidence that the Abuse was perpetrated by a Perpetrator of the Debtor, that the Abuse Claim was filed within the applicable statute of limitation or is subject to a legally-valid extension of the applicable statute of limitations. The Abuse Claims Reviewer shall give notice to the Abuse Claimant and the Trustee if he determines that the Abuse Claimant has not met the burden of proof and will provide the Abuse Claimant a reasonable opportunity to provide facts and/or legal basis to establish that the burden of proof has been met. The Abuse Claimant may appeal an adverse determination regarding the timeliness of the Abuse Claim to the Bankruptcy Court. On request of the Trustee, the Abuse Claims Reviewer shall evaluate the Claim under Section 5.2(d) to let the Trustee reserve sufficient amounts to pay the Abuse Claimant if the Abuse Claims Reviewer determines that the Abuse Claimant has met the burden of proof. If the Abuse Claimant is found to have not met its burden under this initial evaluation, the Abuse Claimant will not receive a distribution from the Trust.

Evaluation Factors

Each Abuse Claim that has met its burden under the initial evaluation described in section 00 will be evaluated by the Abuse Claims Reviewer. The Abuse Claims Reviewer shall not consider the mere fact that a Claimant has been or is incarcerated in the review of the claim unless an element of the crime for which the Claimant was convicted includes any fraud or misrepresentation.

a. Nature and Impact of Abuse:

Each Claim will be scored on a scale of up to one hundred (100) based on these factors:

(1) Nature of the Sexual Abuse:

i. Duration;
ii. Frequency/number of instances;
iii. Degree of intrusiveness into child's body (*e.g.* clothed/unclothed, masturbation by or of perpetrator, oral penetration, anal penetration, vaginal penetration);
iv. Level or severity of force/violence/coercion/threats;
v. Control of environment (*e.g.* boarding school, orphanage, trip under supervision of perpetrator, day school, employment relationship with Perpetrator of the Debtors);
vi. Number of Perpetrators of the Debtors that abused the Claimant;
vii. Physical pain suffered;
viii. Grooming; and/or
ix. Additional factors that may be provided by the Claimant.

(2) Impact of Abuse:

i. School behavior problems;
ii. School academic problems;
iii. Getting into legal trouble as a minor;
iv. Loss of faith;
v. Damage to family relationships/ interpersonal difficulties;
vi. Mental health symptoms, including:
1. Depression;
2. Suicide attempt and suicidal ideation;
3. Anxiety;
4. Substance abuse;
5. Sexual acting out;
6. Runaway;
7. Flashbacks; and/or
8. Nightmares;
vii. Adult and current functioning:
1. Criminal record as an adult;
2. Underemployment/unemployment;
3. Relationship problems; and/or
4. Substance abuse;
viii. The risk of the foregoing factors affecting the Abuse Claimant in the future based on the Abuse Claimant's age at the present time; and/or
ix. Additional factors that may be provided by the Claimant.

b. Additional Factors:

Level of participation by the Abuse Claimant in public/litigation events related to the Abuse Claims, including but not limited to:

i. participation in litigation against the Diocese;
ii. leadership role in helping sexual abuse survivors;
iii. participation in criminal proceedings against a Perpetrator of the Debtor;
iv. testimony at the Suffolk County Grand Jury; and/or
v. filing of a lawsuit naming an Additional Debtor in state court.

b. There will be no consideration of an Abuse Claimant's claims against any other entity that may be liable for the abuse to the Abuse Claimant.

ADJUSTMENTS

Consent

The Abuse Claim Reviewer has discretion to reduce by twenty percent (20%) to eighty percent (80%) based on whether there was a lack of consent for the at issue contact between the Abuse Claimant and the Perpetrator of the Debtor. All contact that occurred prior to the Claimant's eighteenth birthday will be deemed as non-consensual.

No Award for Non-Abuse

The Abuse Claims Reviewer shall allocate zero (0) points for any Claim that is not an Abuse Claim.

DETERMINATION OF POINT TO DOLLAR VALUE

The Abuse Claims Reviewer will arrive at a point total for each Abuse Claimant considering the above factors.

The Trustee shall calculate the value of an individual "point" after all Abuse Claims, except Future Abuse Claims, have been reviewed. The point value will be determined by dividing (a) the total dollars in the amount funded to the Trust for the Abuse Claims by (b) the total of points among the individual Abuse Claims. For example, if there are 50 claimants awarded 10,000 points within a Claimant Pool, with a total settlement fund of $2 million, each point would be valued at $200.

DETERMINATIONS BY THE ABUSE CLAIMS REVIEWER AND REQUESTS FOR RECONSIDERATION AND APPEAL

The Trustee shall notify each Abuse Claimant in writing of the monetary distribution regarding the Abuse Claimant's Claim (the "Allocated Payment"), which distribution may be greater or smaller than the actual distribution to be received based on reserves established by the Trustee and the outcome of any reconsideration of claims. The Trustee shall mail this preliminary determination to the Abuse Claimant's counsel of record, or in the case of unrepresented parties, to the last address based on the Abuse Claimant's filed proof of claim. The Abuse Claims Reviewer's determination shall be final unless the Abuse Claimant makes a timely request for the point award to be reconsidered by the Abuse Claims Reviewer. The Abuse Claimant shall not have a right to any other appeal of the Abuse Claims Reviewer's point award. The Abuse Claimant may request reconsideration of the Abuse Claims Reviewer's point award by delivering a written request for reconsideration to the Abuse Claims Reviewer within 10 calendar days after mailing of the preliminary monetary distribution. The Abuse Claimant, with the request for reconsideration, may submit additional evidence and argument supporting such request upon a showing that such additional information could not have been provided under this protocol. The Abuse Claims Reviewer shall have sole discretion to determine how to respond to the request for reconsideration. The Abuse Claims Reviewer's determination of such request for reconsideration shall be final and not subject to any further reconsideration, review or appeal by any party, including a court.

MONETARY DISTRIBUTIONS

Distributions to Abuse Claimants (except Future Abuse Claimants)

Once the Abuse Claims Reviewer's determinations are final, the Trustee shall make monetary distributions to the Abuse Claimants, except Future Abuse Claimants, in accordance with the terms of the Plan, the Trust Agreement, and this Trust Allocation Protocol. Distributions to Non-Settling Insurer Claimants will be made in accordance with the terms below. To receive a monetary distribution from the Trust, an Abuse Claimant must execute the general contractual release in the form set out in the Plan Supplement.

Distributions to Future Abuse Claimants

The Trustee shall pay Future Abuse Claimants in accordance with the terms of the Plan, Confirmation Order, and the Trust Documents, as follows:

i. The Trustee shall make a Distribution to Future Abuse Claimants at least once during every twelve (12) months after the Effective Date following the Trust's receipt of the Additional Debtors Deferred Contribution and/or the CemCo Deferred Cash Contribution if and to the extent any such claims have been filed. The date of any such Distribution is referred to herein as a "Distribution Date."

ii. The value of a point allocated to the Future Abuse Claimants pursuant to this Allocation Protocol shall be equal to the value of a point allocated to all Class 4 Abuse Claimants (such amount, the "Minimum Future Abuse Claim Amount").

iii. Future Abuse Claimants will receive first priority of distributions from all Deferred Contributions up to their Minimum Future Abuse Claim Amount. After a Future Abuse Claimant has received his or her Minimum Future Abuse Claim Amount, the Future Abuse Claimant will share in any future distributions equally based on their pro rata point allowance with all other Abuse Claimants.

PROCEDURE FOR PURSUIT OF NON-SETTLING INSURER CLAIMS

Litigation Against Co-Defendant Parties

For the avoidance of doubt, all Abuse Claimants are free to pursue litigation against any Co-Defendant Parties without any permission, oversight, or any restriction by the Trustee.

Claim Pursuit Authorization.

The Trustee may authorize Non-Settling Insurer Claimants, at such Non-Settling Insurer Claimants' expense, to pursue their Claims in any court of competent jurisdiction, subject to and in accordance with the Plan, only to determine any liability that the Debtor and/or any Additional Debtor may have regarding an Abuse Claim and the amount of that liability.

To the extent the Trustee enters into a settlement agreement (such settlement, a "Trust Insurance Settlement") with any Non-Settling Insurer that covers a Non-Settling Insurer Claimant's Abuse Claim (the policy or policies that cover such Claim(s) are a "Target Policy"), such Non-Settling Insurer Claimants shall receive a point enhancement (the "Claim Enhancement") to his or her point allocation. The Claim Enhancement shall be payable only from the proceeds of the distribution of payments from that Non-Settling Insurer. The Trust Advisory Committee shall vote on the appropriate Claim Enhancements for efforts to maximize recovery from the Non-Settling Insurer.

Procedures with respect to Arrowood's Ancillary Receivership

In exchange for the right to receive Distributions from the Settling Insurer payments to the Trust, the Abuse Claimants will assign any recoveries due from (a) the Estate of Arrowood Indemnity Company and (b) the New York Property/Casualty Security Fund administered by the New York Liquidation Bureau, which is part of the New York State Department of Financial Services, and which has been appointed as ancillary receiver of Arrowood by the Supreme Court of the State of New York; or (c) any other receiver, liquidator, liquidation bureau, guaranty association, or security fund that may provide recoveries in connection with Insurance Policies issued by Arrowood.

The Trust shall have the right to take any action, including but not limited to the execution and submission of documentation, on behalf of all Abuse Claimants as may be necessary to pursue any recoveries from: (1) the liquidation of Arrowood Indemnity Company, which is under the supervision of the Insurance Commissioner of Delaware (and his successors) as the appointed receiver of Arrowood; (2) the New York Property/Casualty Security Fund administered by the New York Liquidation Bureau, which is part of the New York State Department of

Financial Services, and which has been appointed as ancillary receiver of Arrowood by the Supreme Court of the State of New York; or (3) any other receiver, liquidator, liquidation bureau, guaranty association, or security fund that may provide recoveries in connection with Insurance Policies issued by Arrowood.

If a holder of an Abuse Claim unreasonably fails to file a proof of claim with the ancillary receiver of Arrowood or unreasonably fails to render necessary assistance to the Trust in pursue of recovery from Arrowood, the holder of the Abuse Claim shall forfeit any distribution of payments received from Arrowood.

C. Parties Entitled to Vote on the Plan

Under the provisions of the Bankruptcy Code, not all parties in interest are entitled to vote on a chapter 11 plan. Creditors whose claims are not impaired by a plan are deemed to accept the plan under section 1126(f) of the Bankruptcy Code and are not entitled to vote. In addition, creditors whose claims are impaired by the plan and will receive no distribution under the plan are also not entitled to vote because they are deemed to have rejected the plan under section 1126(g) of the Bankruptcy Code.

The following table sets forth which Classes are entitled to vote on the Plan and which are not, and sets forth the estimated recovery and/or the impairment status for each of the separate Classes of Claims provided for in the Plan:

Class(es)	Designation	Impairment	Entitled to Vote
1	Priority Claims against the Debtor	Unimpaired	Presumed to Accept; Not Entitled to Vote
2	Secured Claims against the Debtor	Unimpaired	Presumed to Accept; Not Entitled to Vote
3	General Unsecured Claims against the Debtor	Impaired	Entitled to Vote
4	Abuse Claims (other than Post-Confirmation Claims against the Additional Debtors)	Impaired	Entitled to Vote
5	Post-Confirmation Claims against the Additional Debtors	Unimpaired	Presumed to Accept; Not Entitled to Vote
6	Convenience Claims against the Debtor	Impaired	Entitled to Vote
7	Lay Pension Claims against the Debtor	Unimpaired	Presumed to Accept; Not Entitled to Vote
8	Priest Pension Claims against the Debtor	Unimpaired	Presumed to Accept; Not Entitled to Vote
9	Claims against the Additional Debtors, other than Abuse Claims	Unimpaired	Presumed to Accept; Not Entitled to Vote

The Bankruptcy Code defines "acceptance" of a plan by a class of claims as acceptance by creditors in that class that hold at least two-thirds in dollar amount and more than one-half in number of the claims actually voted to accept or reject the plan. Your vote on the Plan is important. The Bankruptcy Code requires as a condition to confirmation of a plan of reorganization that each class that is impaired and entitled to vote under a plan votes to accept such plan, unless the plan is being confirmed under the "cramdown" provisions of section 1129(b) of the Bankruptcy Code. Section 1129(b) permits confirmation of a plan of reorganization, notwithstanding the non-acceptance of the plan by one or more impaired classes of claims, so long as at least one impaired class of claims or interests votes to accept a proposed plan. Under that section, a plan may be confirmed by a bankruptcy court if it does not "discriminate unfairly" and is "fair and equitable" with respect to each non-accepting class. For a detailed description of the Classes of Claims and their treatment under the Plan, see Article IV.

D. Solicitation Package

The package of materials (the "Solicitation Package") will be sent to attorneys for represented holders of Claims entitled to vote on the Plan. For those holders of Claims that are unrepresented, the Solicitation Package will be sent directly to holders of Claims entitled to vote on the Plan. The Solicitation Package will contain:

1. a cover letter describing the contents of the Solicitation Package and a letter from the Official Committee recommending acceptance of the Plan;

2. a copy of the notice of the Confirmation Hearing (the "Confirmation Hearing Notice");

3. a copy of the Disclosure Statement together with the exhibits thereto, including the Plan, that have been filed with the Bankruptcy Court before the date of the mailing;

4. the Disclosure Statement Order;

5. the Trust Allocation Protocol and the Trust Agreement; and

6. for holders of Claims in voting Classes, an appropriate form of Ballot, instructions on how to complete the Ballot, a Ballot return envelope, and such other materials as the Bankruptcy Court may direct.

In addition to the service procedures outlined above (and to accommodate creditors who wish to review exhibits not included in the Solicitation Packages in the event of paper service): the Plan, the Disclosure Statement and, once they are filed, all exhibits to both documents will be made available online at no charge at the Document Website (https://dm.epiq11.com/case/drvc/dockets).

E. Voting Procedures, Ballots, and Voting Deadline

If you are entitled to vote to accept or reject the Plan, a Ballot(s) has been enclosed in your Solicitation Package for the purpose of voting on the Plan. Please vote and return your Ballot(s) to, if by first-class mail, Diocese of Rockville Centre c/o Epiq Ballot Processing Center, P.O. Box 4422, Beaverton, OR 97076-4422, or if by hand delivery or overnight courier, Diocese of Rockville Centre c/o Epiq Ballot Processing Center, P.O. 10300 SW Allen Blvd., Beaverton, OR 97005. If you wish to submit your vote electronically, you may follow the instructions on your Ballot for completing your Ballot through the electronic Ballot submission platform on the Voting Agent's website (the "E-Ballot Platform") available at https://dm.epiq11.com/drvc. The E-Ballot Platform is the sole manner in which the Voting Agent will accept Ballots via electronic transmission. Ballots submitted by facsimile or email or other electronic means will not be counted. Holders of Claims that submit a Ballot via the E-Ballot Platform should **not** also submit a paper Ballot. Ballots should **not** be sent directly to the Debtor, the Additional Debtors, the Official Committee, or their agents (other than the Voting Agent).

After carefully reviewing (1) the Plan, (2) this Disclosure Statement, and (3) the detailed instructions accompanying your Ballot, please indicate on your Ballot your vote to accept or reject the Plan. In order for your vote to be counted, you must complete and sign your original Ballot (copies will not be accepted) and return it to the appropriate recipient so that it is actually received by the Voting Deadline by the Voting Agent. For the avoidance of doubt, a Ballot that is properly submitted electronically via the E-Ballot Platform on the Voting Agent's website shall be deemed to contain an original signature.

Each Ballot has been coded to reflect the Class of Claims it represents. Accordingly, in voting to accept or reject the Plan, you must use only the coded Ballot or Ballots sent to you with this Disclosure Statement.

If you (1) hold Claims in more than one voting Class, or (2) hold multiple Claims within one Class, you may receive more than one Ballot.

All Ballots, in order to be counted, must be properly completed in accordance with the voting instructions on the Ballot and actually received no later than November 26, 2024 at 5 p.m. prevailing Eastern Time by the Voting Agent via regular mail at the following address: Diocese of Rockville Centre c/o Epiq Ballot Processing Center, PO

Box 4422, Beaverton, OR 97076-4422, via overnight courier or hand delivery at the following address: Epiq Ballot Processing Center, 10300 SW Allen Boulevard, Beaverton, OR 97005, or via the E-Ballot Platform available on the Voting Agent's website at https://dm.epiq11.com/drvc. No Ballots may be submitted by electronic mail, and any Ballots submitted by electronic mail will not be accepted by the Voting Agent. Ballots should not be sent directly to the Debtor or Additional Debtors.

Any Ballot completed and submitted by an attorney, fiduciary, or representative on behalf of a person or entity that holds a Claim in a voting Class will not be accepted by the Voting Agent unless the following are submitted with the Ballot: certifications by the attorney who completes and submits the Ballot, under penalty of perjury pursuant to 28 U.S.C. § 1746, that: (a) the holder of the Claim whose vote to accept or reject the Plan is reflected on the Ballot is represented by the attorney; and (b) the attorney completing the Ballot has the authority under a power of attorney / applicable law to vote to accept or reject the Plan (in addition to making the other elections under the Ballot) on behalf of the holder's Claim for which a vote is cast on the Ballot.

If a holder of a Claim delivers to the Voting Agent more than one timely, properly completed Ballot with respect to such Claim prior to the Voting Deadline, the Ballot that will be counted for purposes of determining whether sufficient acceptances required to confirm the Plan have been received will be the timely, properly completed Ballot determined by the Voting Agent to have been received last from such holder with respect to such Claim.

If you are a holder of a Claim who is entitled to vote on the Plan as set forth in the Disclosure Statement Order and did not receive a Ballot, received a damaged Ballot or lost your Ballot, or if you have any questions concerning the Disclosure Statement, the Plan, the Ballot or the procedures for voting on the Plan, please contact the Voting Agent (1) by telephone (a) for U.S. callers toll-free at (888) 490-0633 and (b) for international callers at +1 (503) 520-4459, (2) by e-mail at RCDRockvilleInfo@epiqglobal.com or (3) in writing at Diocese of Rockville Centre c/o Epiq Ballot Processing Center, PO Box 4422, Beaverton, OR 97076-4422.

FOR FURTHER INFORMATION AND INSTRUCTIONS ON VOTING TO ACCEPT OR REJECT THE PLAN, SEE ARTICLE VIII HEREOF.

Before voting on the Plan, each holder of a Claim in Classes 3, 4 and/or 6 should read, in its entirety, this Disclosure Statement, the Plan, the Disclosure Statement Order, the Confirmation Hearing Notice and the instructions accompanying the Ballots. These documents contain important information concerning how Claims are classified for voting purposes and how votes will be tabulated. Holders of Claims entitled to vote are also encouraged to review the relevant provisions of the Bankruptcy Code and Bankruptcy Rules and/or consult their own attorney.

F. Confirmation Exhibits

The Debtor will file copies of all Confirmation Exhibits with the Bankruptcy Court no later than seven calendar days before the objection deadline for the Confirmation Hearing to the extent not filed earlier; *provided, however*, that other exhibits to the Plan will be either (a) included in any solicitation materials distributed to holders of Claims in Classes entitled to vote to accept or reject the Plan or (b) filed as part of the Plan Supplement no later than seven calendar days prior to the objection deadline for the Confirmation Hearing. All Confirmation Exhibits will be made available on the Document Website once they are filed. The Debtor and the Additional Debtors reserve the right, in accordance with the terms of the Plan, to modify, amend, supplement, restate or withdraw any of the Confirmation Exhibits after they are filed and will promptly make such changes available on the Document Website.

G. Confirmation Hearing and Deadline for Objections to Confirmation

The Bankruptcy Code requires the Bankruptcy Court, after notice, to hold a hearing on whether the Debtor and Additional Debtors have fulfilled the confirmation requirements of section 1129 of the Bankruptcy Code. The Confirmation Hearing has been scheduled for December 3, 2024 at 10 a.m. (prevailing Eastern Time), before the Honorable Chief Judge Martin Glenn, United States Bankruptcy Judge for the Southern District of New York, in a courtroom to be determined at the United States Bankruptcy Court for the Southern District of New York, located at One Bowling Green, New York, NY 10004. Parties wishing to appear at the Hearing via Zoom for Government, whether making a "live" or "listen only" appearance before the Court, must make an electronic appearance through the Court's website at https://ecf.nysb.uscourts.gov/cgi-bin/nysbAppearances.pl on or before December 2, 2024, at 4:00 p.m. (prevailing Eastern Time). After the deadline for parties to make electronic appearances has passed, parties

who have made their electronic appearance through the Court's website will receive an invitation from the Court with a Zoom link that will allow them to attend the Hearing. Requests to receive a Zoom link should not be emailed to the Court, and the Court will not respond to late requests that are submitted on the day of the hearing. Further information on the use of Zoom for Government can be found at the Court's website at https://www.nysb.uscourts.gov/zoom-video-hearing-guide. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice.

Any objection to Confirmation must (1) be in writing, (2) state the name and address of the objecting party and the nature of the Claim of such party and (3) state with particularity the basis and nature of such objection. Any such objections must be filed and served upon the persons designated in the Confirmation Hearing Notice in the manner and by the deadline described therein.

H. Additional Debtors' Financial Disclosures

In furtherance of the Debtor's and the Additional Debtors' efforts to provide disclosures to holders of Abuse Claims as they evaluate the Plan, the Additional Debtors have included certain financial data as part of this Disclosure Statement in Exhibit 5.

I. Amendments

Subject to the limitations contained in the Plan, the Debtor and the Additional Debtors reserve the right to modify the Plan as to material terms and seek Confirmation consistent with the Bankruptcy Code and, as appropriate, not resolicit votes on such modified Plan. Subject to certain restrictions and requirements set forth in section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019 and those restrictions on modifications set forth in the Plan, the Debtor and the Additional Debtors expressly reserve their rights to alter, amend, or modify materially the Plan with respect to the Debtor and/or the Additional Debtors one or more times including after Confirmation, and, to the extent necessary, may initiate proceedings in the Bankruptcy Court to so alter, amend, or modify the Plan, or remedy any defect or omission, or reconcile any inconsistencies in the Plan, the Disclosure Statement, or the Confirmation Order, in such matters as may be necessary to carry out the purposes and intent of the Plan.

For the avoidance of doubt, such modification(s) may include a settlement pursuant to Bankruptcy Rule 9019 to resolve any unresolved controversies, including but not limited to those described in this Disclosure Statement. Any such modification or supplement shall be considered a modification of the Plan and shall be made in accordance with Article XIII.B of the Plan.

If the Bankruptcy Court finds, after a hearing on notice to the parties in interest in the Chapter 11 Cases, that the proposed modification does not materially and adversely change the treatment of the Claim of any holder thereof who has not accepted in writing the proposed modification, the Bankruptcy Court may deem the Plan to be accepted by all holders of Claims who have previously accepted the Plan. Entry of a Confirmation Order shall mean that all modifications or amendments to the Plan occurring after the solicitation thereof are approved pursuant to section 1127(a) of the Bankruptcy Code and do not require additional disclosure or resolicitation under Bankruptcy Rule 3019.

II. SOURCES OF FUNDING AND RECOVERIES UNDER THE PLAN

A. Plan Funding

The Plan contemplates Trust Assets of $234.8 million from the Debtor and Additional Debtors, exclusive of certain insurance assets. The Plan will not become effective unless, among other things, certain funding is available on the Effective Date and the Trust is established and funded. The Trust Assets are:

- $176.8 million, which includes, without limitation, the Ecclesia Contribution, the DOE Contribution, the CemCo Effective Date Cash Contribution, the proceeds of the Exit Facility, and the proceeds of the CemCo Loan;

- subject to the terms and conditions of Article V.V of the Plan, the Charities Contribution ($7 million);
- the Seminary Contribution ($16 million);
- the CemCo Deferred Cash Contribution ($10 million); and
- subject to Article V.W of the Plan, the Additional Debtors Deferred Contribution ($25 million).

In addition, bankruptcy counsel to the Committee, Pachulski, Stang Ziehl & Jones, voluntarily agreed to discount its fees for the benefit of abuse survivors and is contributing approximately $3 million to the Trust. The Trust Assets also include the Insurance Settlement Amount (which, for the avoidance of doubt excludes the Ecclesia Contribution), and the Insurance Rights that are the subject of the Non-Settling Insurance Rights Transfer.

The Plan incorporates several settlements that are crucial to the success of the Chapter 11 Cases. The Seminary Settlement Agreement was previously approved by the Bankruptcy Court pursuant to a stand-alone Bankruptcy Rule 9019 settlement. The Plan serves as a motion to approve settlements with each of CemCo, the DOE, the Seminary, Charities and CYO and Ecclesia. Each of these settlements are substantial and necessary to the funding of the Plan and the resolution of these cases. In addition to the substantial dollar amounts contributed by the settling parties, each of the parties has also agreed to contribute their insurance rights as part of the compromise. The Debtor maintains that a release of each of these entities is necessary for the Plan and in the best interest of the estate and claimants. Moreover, these settlements obviate the need to pursue expensive and time-consuming litigation with all of the attendant risks and delays. For an additional discussion of these settlements, *see* Annex 2.

As discussed below, the Plan also contemplates exit financing to fund, in part, the contributions made to the Trust on the Effective Date.

1. **The Settling Insurers**

The Debtor will be seeking approval of a settlement with certain insurers, namely Ecclesia, LMI, Evanston, Lexington, and the Allianz Insurers, providing for the sale and buyback of certain of their insurance policies, including policies covering the time period from 1976-1986, which is the period in which many abuse claims allegedly occurred. The purchase price, in aggregate, is $85.525 million in cash. The Debtor will seek a bankruptcy court order approving the settlement and sale which provides the Settling Insurers various injunction protections against Abuse Claims and other Claims. Pursuant to the settlement and sale, the insurance rights of the Debtor and the Additional Debtors, notably, the right to payment of the purchase price, will be transferred to the Trust. The Plan seeks a channeling injunction and other protections from the Trust that reinforce making the Trust the sole source of payment for Abuse Claims and otherwise serve to protect the Debtor, the Additional Debtors, other insureds and the Settling Insurers from Abuse Claims.

There is no resolution at this time with respect to insurance policies covering the period 1956-1976 provided by an insurer now known as Arrowood, which became subject to insolvency proceedings in Delaware on November 8, 2023. A statutory liquidation process involving Arrowood is now underway in Delaware. Under New York law, Arrowood's insolvency gave rise to the potential for the state's Property/Casualty Insurance Security Fund to make certain funds available for claims in New York that are covered by the Arrowood policies, subject to certain limits. The Plan addresses the treatment of the Arrowood policies and related claims.

2. **The Settlement with Cemetery Corporation and Cemetery Trust**

Catholic Cemeteries of the Roman Catholic Diocese of Rockville Centre, Inc. ("Cemetery Corporation"), a New York corporation, owns three and operates four Diocesan cemeteries located on Long Island (collectively, the "Cemeteries"): Cemetery of the Holy Rood in Westbury, New York; Holy Sepulchre Cemetery in Coram, New York; Queen of All Saints Cemetery in Central Islip, New York; and the Queen of Peace Cemetery in Old Westbury, New York. Cemetery Corporation operates the Cemeteries together with Diocese Rockville Centre Catholic Cemetery Permanent Maintenance Trust ("Cemetery Trust"), a New York permanent maintenance trust. Cemetery Corporation and Cemetery Trust each has its own board and audited financial statements.

Cemetery Corporation and Cemetery Trust together provide for the burial of the faithful according to the Catholic tradition. They also have the obligation to provide "perpetual care." Such obligation is central to the operating structure of Catholic cemeteries and is part of the contractual arrangements for every interment. Funds from every interment are set aside for a permanent maintenance fund to be held, invested, and used to provide perpetual care.

Until September 1, 2017, the cemetery operations were managed as a division of the Diocese and the permanent maintenance trust was also held by the Diocese, and on that date the Diocese transferred the operations, certain of the assets (including certain cemeteries) and all of the liabilities of Cemetery Division to Cemetery Corporation and Cemetery Trust (the "Cemetery Transaction"). Specifically, under the Cemetery Transaction: (a) Cemetery Corporation assumed obligations to provide perpetual care for the deceased; (b) the Diocese retained $47.6 million of the amount previously segregated in the Cemetery Division; and (c) Cemetery Corporation purchased the Queen of Peace Cemetery in Old Westbury, New York for its appraised value of $15.3 million. The Debtor continued to remain liable on perpetual care contracts entered into before September 1, 2017. In addition, the Diocese retained the $7.5 million payment it received from the Village of Old Westbury in settlement of its litigation with the Village to operate and put into service the Queen of Peace Cemetery. The Official Committee has filed a complaint against the Cemetery Corporation in the action titled *The Official Committee of Unsecured Creditors v. Catholic Cemeteries of the Roman Catholic Diocese of Rockville Centre, Inc.*, Adv. Pro. No. 23-01121 (MG), seeking turnover of certain assets transferred by the Debtor to the Cemetery Division in 2017 and additional relief.

The Debtor and the Cemetery Corporation and the Cemetery Trust have reached a settlement, by which the Cemetery Corporation will (i) contribute $20 million to the Debtor's plan of reorganization, $10 million of which will be contributed on the Effective Date with another $5 million due on each anniversary of the Effective Date for two years; and (ii) the Cemetery Trust will lend $36.5 million to the Debtor at an interest rate of four percent over a thirty year term in exchange for settling the avoidance actions and releasing the Cemetery Corporation and Cemetery Trust from future liability. The terms of the Cemetery Trust loan are the following:

Principal: $36.5 million

Term: 30-year amortization period using traditional mortgage-style amortization

Rate: 4%

Collateral: Perfected first priority security interest on all Diocesan assets except for the Excluded Assets (as defined in the Cemetery Trust Credit Agreement).

3. The Settlement with the Department of Education

The Department of Education, Diocese of Rockville Centre currently owns and operates the two Diocesan high schools, Holy Trinity Diocesan High School ("Holy Trinity") and St. John the Baptist Diocesan High School ("St. John the Baptist"). The Department of Education also supervises and helps manage the many Parish and regional Catholic elementary schools, but it does not own or operate the Parish or regional schools. The Department of Education does not oversee the two Parish High Schools. The teachers in the high schools are unionized and their employment is governed by a collective bargaining agreement.

As of September 1, 2017, the Diocese transferred the operations, real estate assets and related liabilities of three Diocesan high schools—Holy Trinity, St. John the Baptist and Bishop McGann-Mercy—to the Department of Education. The Debtor also allegedly transferred cash and investments to the Department of Education. In the deeds providing for the transfer of the real estate from the Debtor to the Department of Education, the Diocese retained reversionary interests in the event the properties were no longer used as schools. In summer 2018, Bishop McGann-Mercy was shut down. In May 2020, the McGann-Mercy property was sold to Peconic Bay Medical Center Foundation for $14 million. The Diocese received the proceeds from the sale.

The Official Committee received derivative standing to pursue potential avoidance claims related to these transfers by the Debtor to the Department of Education, and the parties reached a settlement. In addition to the potential avoidance actions, the Department of Education has been named in four complaints in state court alleging liability stemming from sexual abuse. At the times of the abuse alleged in those complaints, the Department of

Education neither owned nor operated the Diocesan high schools at which the abuse allegedly occurred. The Debtor owned and operated them.

The Debtor and the Department of Education have reached a settlement of such avoidance actions on the following terms: upon the Effective Date, and in exchange for the releases and injunctions set forth in Article V.S. of the Plan and the other provisions of this Plan, the Department of Education shall make the DOE Contribution and the Non-Settling Insurance Rights Transfer to the Trust. Without limiting the foregoing, the Abuse Claims asserted against any of the Educational Parties in the DOE CVAs and Regional Schools CVAs are derivative claims belonging to the Debtors or Additional Debtors, respectively, and are expressly released, and the holders of such claims are enjoined pursuant to Article V.U of the Plan.

4. **Seminary Settlement**

On October 6, 2023, the Committee filed a *Motion Pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure for Entry of an Order Approving a Settlement Agreement and Release Between the Seminary, the Committee, and the Diocese* [Docket No. 2548]. Through this motion, the Committee proposed settlement of the estate's alleged causes of action against the Seminary.

The terms of the proposed settlement are as follows: (1) the Seminary would sell approximately 200.3 acres of the Seminary property, while retaining the main Seminary building and approximately 16 acres of the Seminary property associated with the Seminary's operations, (2) New York State would purchase approximately 180.3 acres of undeveloped Seminary acreage for use as a nature preserve for $18.03 million, while the Village of Lloyd Harbor would purchase the remaining approximately 20 acres for $2 million, (3) upon closing of the Seminary property sale, the Seminary shall pay 80% of the sale proceeds to the abuse claims trust created in connection with a confirmed plan of reorganization for the Diocese in the Bankruptcy Case, or if the Bankruptcy Case is dismissed, to the Diocese, and (4) upon payment of the settlement amount, the Diocese and the Committee shall release the Seminary from the adversary claims arising out of the Seminary transfer.

The Bankruptcy Court approved the Committee's settlement motion on October 25, 2023 [Docket No. 2612]. The Seminary Settlement Agreement is incorporated into the Plan. It is contemplated that the $16 million Seminary Contribution will be available by the Effective Date, though that is not a condition of the occurrence of the Effective Date.

There are no CVA Actions pending against the Seminary. The Seminary will contribute is Insurance Rights as set forth in the Plan. In exchange, the Seminary will receive a release of all Abuse Claims and any and all Claims and Causes of Action whatsoever relating to Abuse, but solely to the extent such claims are derivative Claims of the Debtor or the Additional Debtors. An injunction will support the release of such Claims.

5. **Charities/CYO Settlement**

The Debtor and Charities and CYO reached the following settlement: upon occurrence of the Effective Date, and in exchange for a general contractual release in the form set out in the Plan Supplement by all of the holders of Abuse Claims in the Charities CVAs and the CYO CVA as well as the other provisions of this Plan, (a) Charities shall make the Charities Contribution and the Non-Settling Insurance Rights Transfer to the Trust, and (b) CYO shall make the Non-Settling Insurance Rights Transfer to the Trust.

The settlement with Charities and CYO is conditioned upon the consensual release by holders of Abuse Claims as set forth below. In the event that the holder of the Abuse Claim in the CYO CVA does not contractually release CYO by the Effective Date, CYO shall not make the Non-Settling Insurance Rights Transfer to the Trust. In the event that no holders of Abuse Claims in the Charities CVAs contractually release Charities by the Effective Date, Charities shall not make the Non-Settling Insurance Rights Transfer and shall not make the Charities Contribution to the Trust. In the event that some, but not all, of the applicable holders of Abuse Claims do not contractually release Charities by the Effective Date, then Charities shall make the Non-Settling Insurance Rights Transfer to the Trust, but Charities shall not make the Charities Contribution to the Trust.

6. **Ecclesia Settlement**

The Debtor and the Additional Debtors shall sell, pursuant to section 363(f) of the Bankruptcy Code, the Insurance Policies issued by Ecclesia to Ecclesia free and clear of all Liens, Claims, interests, charges, other Encumbrances and liabilities of any kind and, in exchange for the sale, complete and final satisfaction, settlement, and discharge of Ecclesia's obligations relating to Abuse Claims, and the releases, and other benefits provided to Ecclesia under the Plan, Ecclesia shall contribute the Ecclesia Contribution (which, as defined in the Plan, means a contribution by Ecclesia in the amount of $15,000,000 to the Trust Assets pursuant to the Ecclesia Settlement) to the Trust Assets for the benefit of holders of Abuse Claims. For the avoidance of doubt, other than with respect to Ecclesia's obligations relating to Abuse Claims, all of the Debtor's, the Additional Debtors', the Estate's and the Covered Parties' policies, agreements, rights with respect to, and Causes of Action against or concerning, Ecclesia or an insurance policy or agreement issued by Ecclesia shall be fully reserved. Notwithstanding anything else herein to the contrary, but subject to the sale, settlement and release of the Covered Parties' rights against Ecclesia with respect to Abuse Claims, all of the Debtor's, Additional Debtors' or the Estate's policies, agreements, rights with respect to, and Causes of Action against or concerning, Ecclesia or an insurance policy or agreement issued by Ecclesia and, subject to the Ecclesia Contribution, all of the Debtor's or its Estate's right, title and interest in and to any and all shares and ownership interests in or of Ecclesia shall, pursuant to sections 1141(b) and 1141(c) of the Bankruptcy Code, vest in the Reorganized Debtor free and clear of all Liens, Claims, interests, charges, other Encumbrances and liabilities of any kind, including successor liability Claims. For the avoidance of doubt, other than with respect to the Ecclesia Contribution that shall be made to the Trust, neither the Trust, a Covered Party or an Insurer shall have any Claim or Cause of Action against Ecclesia, nor shall any holder of an Abuse Claim, including an Indirect Abuse Claim, have any Claim or Cause of Action on account of an Abuse Claim against Ecclesia.

The Ecclesia Contribution represents the full extent of Ecclesia's aggregate limit for sexual abuse claims during the applicable periods.

7. **The Exit Financing**

The Debtor believes that it may be able to implement an exit loan on the following indicative terms:

Principal Amount: $32.5 million

Interest Rate: 7.48%

Term: Approximately 18 years, 4 months (corresponding to the end of the term of the leases)

Collateral: FCC License cashflows and related assets

The structure that the Debtor anticipates implementing for such loan involves: (a) the Debtor transferring the FCC Licenses (and assuming and assigning the FCC Leases) to a special purpose vehicle and (b) using the special purpose vehicle's equity, as well as certain of the cashflows associated the FCC Leases, as collateral for such loan. The terms of the financing described above remain subject to change, and the effectuation of the financing described above remains subject to various contingencies, such as (a) a rating that is acceptable to any applicable potential lender; (b) market fluctuations; (c) finalization of loan documentation; and (d) the occurrence of the Effective Date. The documentation concerning any such loan would be included in a supplement to the Debtor's chapter 11 plan. The following provisions, which pertain to any such potential financing, are set forth in the Plan.

Upon entry of the Confirmation Order, the Debtor, Reorganized Debtor and the Reorganized Debtor's subsidiaries (as applicable) shall be authorized to execute and deliver, and to consummate the transactions contemplated by or permitted under, the Exit Facility Documents (including any asset transfers contemplated thereby) in all respects without further notice to or order of the Bankruptcy Court, act or action under applicable Law, regulation, order or rule or the vote, consent, authorization or approval of any person or entity, subject to such modifications as the Debtor or Reorganized Debtor (as applicable) may deem to be necessary to consummate the Exit Facility Documents. Confirmation of the Plan shall be deemed approval of the Exit Facility and Exit Facility Documents, including the transactions contemplated thereby, and all actions to be taken, undertakings to be made, obligations and guarantees to be incurred and fees paid in connection therewith. On the Effective Date, the Exit Facility shall constitute legal, valid, binding and authorized indebtedness and obligations of the Reorganized Debtor

and the Reorganized Debtor's subsidiaries (as applicable), enforceable in accordance with its terms and such indebtedness and obligations (and the transactions effectuated to implement the Exit Facility) shall not be and shall not be deemed to be, enjoined or subject to discharge, impairment, release or avoidance under the Plan, the Confirmation Order or on account of the confirmation or consummation of the Plan.

On the Effective Date, all the liens and security interests granted in accordance with the Exit Facility Documents shall be legal, valid, binding upon the Reorganized Debtor and the Reorganized Debtor's subsidiaries (as applicable), enforceable in accordance with their respective terms, and no obligation, payment, transfer or grant of security under the Exit Facility Documents shall be stayed, restrained, voidable, or recoverable under the Bankruptcy Code or under any applicable law or subject to any defense, reduction, recoupment, setoff or counterclaim. Such liens and security interests shall be deemed automatically perfected on the Effective Date without the need for the taking of any further filing, recordation, approval, consent or other action, and such liens and security interests shall not be enjoined or subject to discharge, impairment, release, avoidance, recharacterization or subordination (including equitable subordination) for any purposes whatsoever and shall not constitute preferential transfers or fraudulent conveyances under the Bankruptcy Code or any applicable non-bankruptcy law.

On the Effective Date, the Reorganized Debtor, the Reorganized Debtor's subsidiaries (as applicable) and the Exit Facility Lender shall be authorized to make all filings and recordings, obtain all governmental approvals and consents, and take any other actions necessary to establish and perfect such liens and security interest under the provisions of the applicable state, federal, or other law (whether domestic or foreign) that would be applicable in the absence of the Plan and the Confirmation Order (it being understood that perfections shall occur automatically by virtue of the entry of the Confirmation Order and any such filings, recordings, approvals, and consents shall not be required), and the Reorganized Debtor and the Reorganized Debtor's subsidiaries (as applicable) shall thereafter cooperate to make all other findings and recordings that otherwise would be necessary under applicable law to give notice of such liens and security interests to third parties.

C. Insurance Coverage for Abuse Claims

1. Overview of Debtor's Insurance Coverage

The extent of the Debtor's and the Additional Debtors' insurance coverage for Abuse Claims is set forth on Exhibit 4. A more detailed description follows.

The Debtor has acted to identify and preserve insurance policies in effect when abuse allegedly occurred, including, at various points, primary and excess insurance policies. In the period leading up to the effective date of the CVA, the Debtor expended substantial effort to pull together insurance policies and secondary evidence of insurance coverage from the late 1950s to the present. Due to the passage of time and the disposal of documents in the ordinary course of business, several documents regarding coverage were no longer available in the files. Accordingly, among other measures, the Debtor engaged insurance coverage counsel at Reed Smith to assist the Debtor in finding relevant insurance policies covering what are in many cases decades-old claims. Among the sources searched in connection with this effort were court dockets for litigation between the Debtor and Royal Insurance Company (now known as Arrowood Indemnity Company, in Liquidation ("Arrowood")) in the early 1990s, which is how the Debtor was able to uncover pertinent insurance policies issued by this carrier from approximately 1960 to 1976 (the "Royal Period").

On February 19, 2019, the Debtor sent notice to its various insurers of all reported Abuse Claims that had been time-barred prior to the CVA's effective date. The Debtor has continued to provide notice of all additional reported claims since the original notices. In addition, the Debtor has provided notice to its various insurers of all cases commenced on or after August 14, 2019 (as well as two cases commenced previously and stayed until that date). For claims alleging abuse during the Royal Period, the Debtor has requested that Arrowood honor its obligation to reimburse the Debtor's defense costs. The Debtor similarly has invoked its rights and requested that the London Market Insurers honor their obligation to reimburse the Debtor's defense costs for claims alleging abuse during the period from October 1, 1976 to October 22, 1986, to the extent that the applicable self-insured retention has been met.

Because the Debtor and certain insurers had not reached a resolution of certain disputes as of the Petition Date, the Debtor filed an adversary proceeding in this case against certain of the Debtor's insurers seeking, among other things, a declaratory judgment with respect to the Debtor's rights and the insurers' obligations under such

insurance policies for the benefit of the abuse survivors. The coverage cases are ongoing and insurers have raised certain defenses to coverage. The Debtor believes that there is substantial value in the insurance policies that it purchased over many decades. These assets are an important resource to further the Debtor's goals of compensating and reconciling with abuse survivors.

The Debtor maintained and maintains a broad insurance program to insure its many activities. Specifically, the Debtor purchased and continues to purchase commercial general liability ("CGL") primary, umbrella, and excess liability insurance policies to protect itself and various other entities from a myriad of risks. These CGL policies provided and continue to provide substantial insurance coverage, including under the older policies, for claims arising out of sexual abuse or sexual misconduct. Certain of these CGL policies also provided coverage for employer obligations arising under New York's statutory workers' compensation system.

The CGL policies provide coverage to the DRVC and the parishes, schools, and certain other Roman Catholic entities within the Debtor's territory (the "Debtor Related Parties"). As "Named Insureds," the Debtor Related Parties have the same rights as the Debtor to the limits of liability under those insurance policies. Thus, the limits of liability are "shared" between the Debtor and the Debtor Related Parties. Importantly, these shared insurance policy proceeds are paid on a first-come-first-served basis, meaning that once the insurance company has satisfied its obligation on a per-claim or aggregate basis for one insured, the insurance policy proceeds will not be available to other insureds.

From inception to the present, the Debtor purchased insurance policies from different insurance companies. These insurance policies can be broken down into three groups: the Royal Period (from inception to 1976); the London Program years (from 1976 to 1986); and the Ecclesia years (from 1986 to the present).

2. The Royal Policies (inception to 1976)

From its creation until 1976, the Debtor purchased both primary and excess or umbrella insurance coverage (as relevant, the "Royal Primary Policies" and the "Royal Umbrella Policies") from Royal Indemnity Insurance and Royal Globe Insurance Company (collectively, "Royal" and its affiliates). The Royal Policies cover both the Debtor and the Debtor Related Parties.

The Royal Primary Policies provide the first layer of insurance coverage for the Debtor and the Debtor Related Parties for the Royal Period. These insurance policies do not have aggregate limits of liability, but they do have per-occurrence limits of liability. These per occurrence policy limits range from $150,000 to $300,000, depending on the policy period. This means that the Royal Primary Policies cover the first $150,000 to $300,000 of liability for each occurrence, for as many claims as may be asserted for any injury occurring during the policy period. The Royal Primary Policies also provide for an unlimited payment of defense costs for each claim, as long as the Royal Primary Policies' limits of liability have not been exhausted for that particular claim. Until 1964, the Royal Primary Policies were the Debtor's only insurance coverage—there are no Royal Umbrella Policies before that date. Thus, for example, if a parish or another insured settles a claim for the policy limit, the Debtor would be left with no insurance coverage remaining for that particular claim, either for the ongoing defense or for any settlement or judgment against the Debtor.

From 1964 to 1976, Royal also provided the Debtor with excess or umbrella insurance coverage. The Royal Umbrella Policies cover liability that exceeds the limits of liability for the Royal Primary Policies. From June 4, 1964 to June 4, 1966, the Royal Umbrella Policies had a $2 million per-occurrence limit of liability with no aggregate limit of liability per policy period. From June 4, 1966 to June 4, 1970, the per-occurrence limits were $4 million, apparently with no aggregate limit of liability per policy period. From June 4, 1970 to October 1, 1973, the Royal Umbrella Policies had per-occurrence and likely aggregate limits of liability of $4 million per policy period. And from October 1, 1973 through March 1, 1975, the Royal Umbrella Policies had per occurrence and likely aggregate limits of $7 million per policy period. Finally, from March 1, 1975 through October 1, 1976, the Royal Umbrella Policies had per-occurrence and likely aggregate limits of $12 million per policy period. For any Royal Umbrella Policy determined to have an aggregate limit of liability, once certain amounts equal to the aggregate limit of liability are paid pursuant to the terms of that Royal Umbrella Policy, that particular insurance policy would be exhausted and no additional amounts will be covered by that insurance policy.

On November 8, 2023, an insolvency proceeding was commenced against Arrowood as the successor to Royal with the filing of a Liquidation and Injunction Order with Bar Date in Delaware Chancery Court. The Delaware

court's order included an injunction against the commencement or continuance of any action against Arrowood, or any action in which Arrowood is obligated to defend an insured or any other party, for 180 days beginning on November 8, 2023. On January 5, 2024, a petition to commence an ancillary receivership proceeding was filed in New York by the Superintendent of the New York State Department of Financial Services (the "Superintendent"). The Superintendent also serves as administrator of the New York Liquidation Bureau, which oversees the Property/Casualty Insurance Security Fund, which is responsible as a guarantor of New York insureds of insolvent insurance companies to the lesser of coverage limits per claim or $1 million per claim per policy period. An order establishing the Ancillary Receivership Proceeding was entered in New York on September 27, 2024. That order further enjoins the commencement or continuance of any action against Arrowood, or any action in which Arrowood is obligated to defend an insured or any other party, for an additional 180 days beginning on September 27, 2024. The bar date for submitting claims both in the liquidation proceeding in Delaware and in the ancillary receivership in New York is January 15, 2025.

3. The London Program Policies (1976 to 1986)

From 1976 until 1986, the Debtor purchased insurance coverage (the "London Policies") from a syndicate of insurance companies known as the London Market Insurers (the "London Insurers"), with additional excess insurance coverage provided by various other insurers, including Interstate Fire & Casualty Company (collectively with the London Insurers, the "London Program"). Like the Royal Policies, all of the London Policies also cover both the Debtor and the Debtor Related Parties, and the insurance policy proceeds are shared between all co-insureds. Under the London Policies, the insureds are required to cover the first $100,000 of liability per occurrence, an amount referred to as the "Self-Insured Retention" ("SIR"). From there, the London Policies provide an initial layer of insurance coverage containing two insuring agreements—an "Aggregate Agreement" and a "Specific Excess Agreement." The London Program also include a first layer of excess insurance policies (the "Interstate Policies") which were in effect from October 1, 1978 to September 1, 1985[10] and second layer excess insurance policies (the "London Excess Policies").

The Aggregate Agreement is designed to reimburse the insureds for SIR payments above a prescribed SIR aggregate amount. This SIR aggregate amount was $1.2 million beginning with the first London Program insurance policy in 1976, and was incrementally increased to $4.5 million with the last policy ending in 1986. Once the insureds have made the applicable aggregate amount of SIR payments, the London Insurers are responsible for any additional SIR payments during that policy year up to a stated aggregate limit (ranging between approximately $500,000 and $1 million in later years). Any SIR payments above these limits would again be the responsibility of the insureds. The remaining unpaid limits of the Aggregate Excess portion of the LMI coverage from 1976 through 1986 totals approximately $4.6 million. The remaining unpaid LMI Aggregate Excess limits on an annual basis are as follows:

- 10/1/1976-77: $106,214.00
- 10/1/1977-78: $500,000.00
- 10/1/1978-79: $500,000.00
- 10/1/1979-80: 500,000.00
- 10/1/1980-81: $500,000.00
- 10/1/1981-82: $418,547.00
- 10/1/1982-9/1/83: $1,000,000.00
- 9/1/1983-84: $117,402.00
- 9/1/1984-85: Exhausted
- 9/1/1985-86: $1,000,000.00

The Specific Excess Agreement provides coverage for losses that exceed the SIR of $100,000, up to a specified per-occurrence limit. The Specific Excess Agreement contained per-occurrence limits of mostly $200,000, meaning that after the SIR was satisfied for a claim (either by the insureds or under the Aggregate Agreement), the Specific Excess Agreement required the London Insurers to cover the next $100,000 of liability for that occurrence. Significantly, there is no aggregate limit of liability under the Specific Excess Agreement. As a result, the London

[10] The Interstate Policies were also in effect for the period September 1, 1985 to September 1, 1986, but Interstate asserts that those policies include provisions which bar coverage for claims against an insured arising out of any sexual or physical abuse or molestation that occurred during the policy period.

Insurers continue to be liable for their share of all covered losses over $100,000, including for claims alleging injuries during a London Market policy period that have been recently asserted under the CVA. Under the London Policies, defense costs are generally considered part of the ultimate net loss. This means that incurring reimbursable defense costs depletes the available policy proceeds. To cover losses beyond the amounts covered by the Specific Excess Agreement, the Debtor also purchased first layer excess insurance policies as part of the London Program. The first layer of excess coverage generally covered the difference between $200,000 and $5 million for each occurrence, with no aggregate limit of liability, and was provided by Interstate and other insurance companies. The second layer excess insurance policies covered per-occurrence liability above $5 million, up to a per-occurrence limit of liability of $5 million to $45 million, depending on the policy period. Typically, neither layer of insurance coverage included an aggregate limit of liability, meaning that those insurance companies still retain liability for new claims alleging injury during a London Program policy period, up to their share of the per-occurrence limits of liability.

Thus, even while the automatic stay bars litigation against the Debtor, if a CVA plaintiff succeeded in establishing liability against a Parish for sexual abuse occurring during the London Program policy periods, the Parish would be able to draw insurance policy proceeds to cover the loss. For example, if the Parish's liability for the claim was $200,000, the Parish would be responsible for a $100,000 SIR, but may be entitled to have some or all of the SIR reimbursed from the insurance proceeds of that year's Aggregate Agreement. The Parish would also be entitled to indemnification of $100,000 under the Specific Excess Agreement for the amount of the loss exceeding the SIR. Importantly, once the insurance company has paid its limit of liability for the covered loss to the Parish, it will have no further obligation to provide coverage to any other insured for that occurrence. As a result, if the Debtor later attempted to settle with that CVA plaintiff in its chapter 11 case, no insurance policy proceeds would be available under the Aggregate Agreement, and the proceeds paid to the Parish under the Specific Excess Agreement would also not be available to the Debtor.

4. The Ecclesia Policies

Ecclesia Assurance Company ("Ecclesia") is the sole provider of insurance for the Debtor and the Debtor Related Parties for alleged sexual abuse that occurred after August 31, 1986. Ecclesia is a captive property and casualty insurance company that provides insurance to the Debtor. It is a separate corporation that is wholly owned by the Debtor. Ecclesia was incorporated in New York in December 2003. The company is a licensed insurer and reinsurer. It is also subject to the supervision of the New York State Department of Financial Services.

The sexual abuse liability insurance coverage provided by Ecclesia is subject to per claim limits of $750,000 in excess of self-insured retentions (or deductibles) of $250,000 per claim and an aggregate limit of liability for Abuse Claims of (i) $15 million for claims made before October 31, 2020 based on alleged incidents that occurred on or after September 1, 1986 and prior to October 31, 2019 and (ii) $7.5 million for claims made, and for claims based on alleged incidents that occurred, on or after October 31, 2019.

The available coverage for non-abuse General Unsecured Claims under the Ecclesia policies is not altered by the Plan.

As with the Royal Policies and the London Program Policies, the Debtor Related Parties are co-insureds with the Debtor and the insurance policy proceeds are shared among all the insureds. Thus, if litigation were allowed to continue to judgment against a Parish, notwithstanding that the litigation has been automatically stayed against the Debtor, the Parish would be able to recover proceeds from the Ecclesia insurance policies, and those insurance proceeds would not be available to the Debtor to fund a judgment or settlement of claims. Indeed, because the Ecclesia insurance policies include aggregate limits of liability, a dollar of insurance recovery paid to a Parish is a dollar less insurance recovery available to the Debtor for any covered claims during that policy period, not simply for the particular claim.

III. THE TRUST AND TRUST ALLOCATION PROTOCOL

THE FOLLOWING SUMMARY HIGHLIGHTS CERTAIN OF THE SUBSTANTIVE PROVISIONS OF THE PLAN, AND IS NOT, NOR IS IT INTENDED TO BE, A COMPLETE DESCRIPTION OR A SUBSTITUTE FOR A FULL AND COMPLETE REVIEW OF THE PLAN. THE DEBTOR AND THE ADDITIONAL DEBTORS URGE ALL HOLDERS OF CLAIMS TO READ AND STUDY CAREFULLY THE PLAN, A COPY OF WHICH IS ATTACHED HERETO AS EXHIBIT 1.

A. The Trust

1. Trust Establishment

The Trust shall be established on the Effective Date. The Trust shall be administered and implemented by the Trustee as provided in the Trust Documents and Plan. Specifically, the Trust shall, without limitation: (1) assume liability for all Channeled Claims in accordance with the terms of the Plan; (2) assume and pay the Trust Assumed Administrative Expenses; (3) pay the Trust Expenses; (4) hold and administer the Trust Assets when they are contributed pursuant to the Trust Asset Payment Schedule; (5) enforce the Insurance Rights; and (6) make Trust Distributions to holders of Channeled Claims from the Trust Assets.

Certain Arrowood claims might qualify for payment from the New York Property/Casualty Insurance Security Fund, which is administered by the New York Liquidation Bureau.

The Trust shall make Trust Distributions from the Trust Assets on account of Channeled Claims in such a way that the holders of Abuse Claims are treated equitably and in a substantially similar manner, subject to the applicable terms of the Plan Documents and the Trust Documents. From and after the Effective Date, the Channeled Claims against the Protected Parties shall be channeled to the Trust pursuant to the Channeling Injunction set forth in Article XI and may be asserted only and exclusively against the Trust.

The Trust Assets shall, automatically and without further act or deed, be transferred to, vested in, and assumed by the Trust pursuant to the dates provided for in the Trust Asset Payment Schedule. Notwithstanding anything herein to the contrary, no monies, choses in action, and/or assets comprising the Trust Assets that are transferred, granted, assigned, or otherwise delivered to the Trust shall be used for any purpose other than in accordance with the Plan and the Trust Documents.

A schedule listing the Abuse Claims is attached hereto as Exhibit 6.

2. Trust Allocation Protocol

On the Effective Date, the Trustee shall implement the Trust Allocation Protocol in accordance with the terms of the Trust Documents. From and after the Effective Date, the Trustee shall have the authority to administer, amend, supplement, or modify the Trust Allocation Protocol in accordance with the terms thereof and the Trust Documents. From and after the Effective Date, the Trust shall liquidate and make Trust Distributions to holders of Channeled Claims in accordance with the Trust Documents and the Plan.

The Trust Allocation Protocol was developed by the Committee and was not developed by, or submitted for the approval of, any of the Protected Parties, nor are the Protected Parties deemed to have accepted or acquiesced in the adoption of the Trust Allocation Protocol. For the avoidance of doubt, the Insurance Settlement Agreements do not indicate the Settling Insurers' support for the Trust Allocation Protocol, and no party shall argue that the Settling Insurers agreed to or acquiesced in the terms or use of the Trust Allocation Protocol in any proceeding; the Settling Insurers take no position on the Trust Allocation Protocol. If an Abuse Claimant is denied payment, in whole or in part, pursuant to the Trust Allocation Protocol, the holder of such Abuse Claim will have no rights against any of the Protected Parties relating to such Abuse Claim.

3. Transfer of Assets to the Trust

The Trust Assets shall, automatically and without further act or deed, be transferred to, vested in, and assumed by the Trust pursuant to the dates provided for in the Trust Asset Payment Schedule. Notwithstanding anything herein to the contrary, no monies, choses in action, and/or assets comprising the Trust Assets that are transferred, granted, assigned, or otherwise delivered to the Trust shall be used for any purpose other than in accordance with the Plan and the Trust Documents.

4. Trust Agreement

The Trust Agreement is between the Debtor and the Trustee governing the Trust. The Trust Agreement is dated as of the Effective Date.

5. **Trustee**

On the Confirmation Date, the Bankruptcy Court shall appoint the Trustee to serve in accordance with, and who shall have the functions and rights provided in the Trust Agreement. Any successor Trustee shall be appointed in accordance with the terms of the Trust Documents. For purposes of the Trustee performing their duties and fulfilling their obligations under the Trust and the Plan, the Trust and the Trustee shall be deemed to be "parties in interest" within the meaning of section 1109(b) of the Bankruptcy Code. The Trustee shall be the "administrator" of the Trust as such term is used in Treas. Reg. Section 1.468B-2(k)(3).

6. **Trust Advisory Committee**

The Trust Agreement shall provide for the establishment of the Trust Advisory Committee to serve as an advisory committee to the Trust representing the interests of holders of Abuse Claims (other than Non-Participating Post-Confirmation Claims). The Trust Advisory Committee shall have the functions and rights provided for in the Trust Agreement. The initial Trust Advisory Committee shall consist of three members. The Trust Agreement shall provide that the Trustee of the Trust shall consult with the Trust Advisory Committee on matters pertaining to the administration of the Trust and must obtain the consent of the Trust Advisory Committee as set forth in the Trust Documents. The Trustee shall meet with the Trust Advisory Committee no less frequently than quarterly. The Trust Advisory Committee shall receive reasonable compensation for their services from the Trust and may utilize counsel and other professionals as reasonably necessary to assist in the performance of its duties, and the Trust Advisory Committee and their professionals shall be entitled to reasonable reimbursement of expenses by the Trust, subject to compliance with an agreed-upon budget that shall be set forth in the Trust Agreement.

7. **Professional Retention and Compensation of Trustee**

The Trustee shall be entitled to compensation as provided for in the Trust Documents. The Trustee may retain and reasonably compensate, without Bankruptcy Court approval, counsel and other professionals as reasonably necessary to assist in the duties of the Trustee subject to the terms of the Trust Documents. All fees and expenses incurred in connection with the foregoing shall be payable from the Trust, as applicable, as provided for in the Trust Documents.

8. **Settling Insurance Companies**

The Settling Insurers shall consist of (a) Ecclesia, (b) LMI, (c) Evanston, (d) Lexington, (e) Allianz Insurers and (f) any other Insurer that enters into a settlement, sale or other transaction with the Trustee, the Debtor, the Additional Debtors, the Estates, or any successor thereto, that is approved pursuant to the Confirmation Order or separate order of the Bankruptcy Court, including any settlement, compromise, buyback or similar agreement concerning an Insurance Policy; provided, however, an Insurer shall not be a Settling Insurer to the extent such Insurer's Insurance Settlement Agreement is terminated in accordance with its terms.

9. **Insurance Mechanics**

a. Settling Insurers

On the Effective Date, the Debtor, Additional Debtors, and other Co-Insured Parties shall transfer, all right, title and interest to the Insurance Settlement Amount to the Trust.

b. Non-Settling Insurers

The Debtor, the Additional Debtors and the Committee have not been able to reach resolution with certain of the Insurers. With respect to Non-Settling Insurers, the Plan contemplates a "Non-Settling Insurance Rights Transfer" be made to the Trust for the benefit of Entities that have a Claim for compensation for damages against the Co-Insured Parties on account of Abuse Claims. In particular, as of the Effective Date, the Debtor and the Co-Insured Parties shall irrevocably transfer, grant, and assign to the Trust, and the Trust shall receive and accept, any and all of the Non-Settling Insurance Rights under or relating to any and all Insurance Policies issued or sold by the Non-Settling Insurers. This Non-Settling Insurance Rights Transfer is made to the Trust for the benefit of Entities

that have a Claim for compensation for damages against the Debtor and/or the Co-Insured Parties on account of Abuse Claims.

The Non-Settling Insurance Rights Transfer is made free and clear of all Claims, Liens, Encumbrances, or Causes of Action of any nature whatsoever, except available limits of liability for coverage of certain types of claims under one or more of the Insurance Policies that may have been reduced by certain prepetition payments made by an Insurer under any of the Insurance Policies.

The Trust shall be solely responsible for satisfying, to the extent required under applicable law, any premiums, deductibles, self-insured retentions, and fronting obligations under or related to the Non-Settling Insurance Policies arising in any way out of any and all Abuse Claims.

The Trust shall comply with any and all notice obligations required under the Insurance Policies and applicable law pertaining to Abuse Claims.

The Non-Settling Insurance Rights Transfer is made to the maximum extent possible under applicable law.

The Non-Settling Insurance Rights Transfer is absolute and does not require any further action by the Debtor, the Co-Insured Parties, the Trust, the Bankruptcy Court, or any other Entity.

The Non-Settling Insurance Rights Transfer is not an assignment of any insurance policy itself and shall be valid and enforceable in accordance with the terms of any Insurance Policy, in each case notwithstanding any anti-assignment provision in or incorporated into any Insurance Policy.

The Non-Settling Insurance Rights Transfer shall be governed by, and construed in accordance with, the Bankruptcy Code and the laws of the state of New York, without regard to its conflict of law principles.

For the avoidance of doubt, the Non-Settling Insurance Rights Transfer that is the subject of Article IV.E of the Plan shall not, and shall not be deemed to, transfer, grant, or assign to the Trust any insurance rights of the Debtor or the Co-Insured Parties that pertain to any Insured Non-Abuse Claims. Nor shall the Non-Settling Insurance Rights Transfer violate or be deemed to violate any cooperation clause of any Insurance Policy. The insurance rights of the Debtor or Co-Insured Parties that pertain to Insured Non-Abuse Claims are expressly reserved for the Debtor and each Co-Insured Party, as applicable, and the Plan Documents shall not, and shall not be deemed to, transfer, grant, or assign such rights to the Trust. Moreover, for the avoidance of doubt, the insurance rights of any Entity that is not the Debtor or a Co-Insured Party are expressly reserved for such Entity (including any rights of any director, manager, officer or employee of the Debtor, Additional Debtors or any other Entity under the D&O Liability Insurance Policies), and the Plan Documents shall not, and shall not be deemed to, transfer, grant, or assign such rights to the Trust.

The Trust shall have the right to take any action, including but not limited to the execution and submission of documentation, as may be necessary to pursue any recoveries from: (1) the liquidation of Arrowood Indemnity Company, which is under the supervision of the Insurance Commissioner of Delaware (and his successors) as the appointed receiver of Arrowood; (2) the New York Property/Casualty Security Fund administered by the New York Liquidation Bureau, which is part of the New York State Department of Financial Services, and the Supreme Court of the State of New York has appointed as an ancillary receiver of Arrowood; or (3) any other liquidator, liquidation bureau, guaranty association, or security fund that may provide recoveries in connection with Insurance Policies issued by Arrowood. Any recoveries from the foregoing obtained by the Trust will become Trust Assets to be distributed pursuant to the Trust Allocation Protocol. The Abuse Claimants with Abuse Claims covered by Insurance Policies issued by Arrowood shall reasonably cooperate with the Trust in pursuing recoveries on such Claims.

Subject to the indemnity and reimbursement provisions contained in the Plan, the Debtor, the Reorganized Debtor, the Additional Debtors, and the Reorganized Additional Debtors, as applicable, shall timely provide the Trust with such documents or other information as is reasonably requested by the Trust to pursue recoveries in connection with Arrowood Claims. For the avoidance of doubt, the Trust will be responsible for any reasonable attorneys' fees incurred by the Debtor, the Reorganized Debtor, the Additional Debtors, and the Reorganized Additional Debtors, as applicable, in responding to any such requests.

10. **Assumption of Liabilities to Holders of Channeled Claims**

The transfer to, vesting in and assumption by the Trust of the Trust Assets as contemplated by the Plan shall, as of the Effective Date, discharge all obligations and liabilities of and bar any recovery or action against the Protected Parties for or in respect of all Channeled Claims, and the Confirmation Order shall provide for such discharge. The Trust shall, as of the Effective Date, assume sole and exclusive responsibility and liability for all Channeled Claims against the Covered Parties, and such Claims shall be paid by the Trust from the Trust Assets in accordance with the Trust Documents.

11. **Channeling Injunction**

From and after the Effective Date, all Channeled Claims against the Protected Parties shall be subject to the Channeling Injunction pursuant to section 105(a) of the Bankruptcy Code and the provisions of the Plan and the Confirmation Order. From and after the Effective Date, the Protected Parties shall not have any obligation with respect to any liability of any nature or description arising out of, relating to, or in connection with any Channeled Claims. The Trust shall defend, indemnify and hold harmless each of the Protected Parties from and against any and all Channeled Claims, as well as indemnify amounts to such parties for all fees, costs and expenses related to Channeled Claims (including such fees, costs and expenses incurred in connection with discovery). The Covered Parties shall be reimbursed for such reasonable fees, costs, and expenses as they are incurred.

12. **Trust Indemnification of Co-Insured Parties**

The Trust shall defend, indemnify and hold harmless each of the Co-Insured Parties from and against any and all Abuse Claims and any and all other Claims and Causes of Action relating to Abuse, as well as indemnify such parties for all reasonable fees, costs and expenses related to Abuse Claims (including such fees, costs and expenses reasonably incurred in connection with discovery). The Co-Insured Parties shall be reimbursed for such reasonable fees, costs, and expenses as they are invoiced in the ordinary course of business, and the Trust may request reasonable documentation in connection with any such invoice.

13. **Investments**

All monies held in the Trust shall be held or invested as determined by the Trustee, subject to the investment limitations and provisions enumerated in the Trust Documents, and shall not be limited to the types of investments described in section 345 of the Bankruptcy Code.

14. **Trust Expenses**

The Trust shall pay all Trust Expenses, including all costs of administration as provided for in the Trust Documents.

15. **No Liability in Connection with the Trust**

Except as expressly set forth in the Plan, the Covered Parties and Protected Parties shall not have or incur any liability to, or be subject to any right of action by, any Entity for any act, omission, transaction, event, or other circumstance in connection with or related to the Future Claimants' Representative, the Trust, the Trustee, or the Trust Documents, including the administration of Abuse Claims and the distribution of property by the Trust, or any other related agreement, or upon any other act or omission, transaction, agreement, event, or other occurrence related or relating to the foregoing.

16. **Institution and Maintenance of Other Legal Proceedings**

As of the Effective Date, the Trust and the Trustee shall be empowered to initiate, prosecute, defend, and resolve all legal actions and other proceedings related to any asset, liability, or responsibility of the Trust. The Trust and the Trustee shall be empowered to initiate, prosecute, defend, and resolve all such actions in the name of the Debtor or Additional Debtors if deemed necessary or appropriate by the Trustee; provided, however, that any settlements or other resolutions of such actions may be approved by the Bankruptcy Court. The Trust shall be

responsible for the payment of all damages, awards, judgments, settlements, expenses, costs, fees, and other charges incurred subsequent to the Effective Date arising from, relating to, or associated with any legal action or other proceeding brought pursuant to Article IV.Q of the Plan. The Trust, pursuant to section 1123(b)(3)(B) of the Bankruptcy Code and applicable State law, is appointed as the successor-in-interest to, and representative, of the Debtor, the Additional Debtors, and their Estates for the treatment, enforcement, settlement, or adjustment of all Abuse Claims consistent with the terms of the Trust Documents and the Plan.

17. Treatment of the Trust for U.S. Federal Income Tax Purposes

The Trust shall each be a "qualified settlement fund" within the meaning of Treasury Regulation section 1.468B-1. The Trust shall file (or cause to be filed) statements, returns, or disclosures relating to the Trust that are required by any Governmental Unit. The Trustee shall be responsible for the payment of any taxes imposed on the Trust or the Trust Assets, including estimated and annual U.S. federal income taxes in accordance with the terms of the Trust Documents. The Trustee may request an expedited determination of taxes on such Trust under section 505(b) of the Bankruptcy Code for all returns filed for, or on behalf of, such Trust for all taxable periods through the dissolution of such Trust.

IV. CLASSIFICATION AND TREATMENT OF CLAIMS

All Claims, except Administrative Expense Claims and Priority Tax Claims, are placed in the Classes set forth below. In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Expense Claims and Priority Tax Claims, as described in Article III of the Plan, are not classified in the Plan. A Claim is classified in a particular Class only to the extent that the Claim qualifies within the description of that Class and is classified in other Classes to the extent that any remainder of the Claim qualifies within the description of such other Classes.

If the Plan is confirmed by the Bankruptcy Court, unless a holder of an Allowed Claim consents to different treatment, each Allowed Claim in a particular Class will receive the same treatment as the other Allowed Claims in such Class, whether or not the holder of such Claim voted to accept the Plan. Such treatment will be in exchange for and in full satisfaction, release and discharge of, the holder's respective Claims against the Debtor or Additional Debtors, except as otherwise provided in the Plan. Moreover, upon Confirmation, the Plan will be binding on all holders of Claims regardless of whether such holders voted to accept the Plan.

A. Unclassified Claims

1. Administrative Claims

a. Administrative Claims in General

Except to the extent that a holder of an Allowed Administrative Expense Claim agrees to less favorable treatment with respect to such Allowed Administrative Expense Claim, each holder of an Allowed Administrative Expense Claim shall receive, on account of and in full and complete settlement, release and discharge of, and in exchange for, such Claim, payment of cash in an amount equal to such Allowed Administrative Expense Claim on or as soon as reasonably practicable after the later of: (a) the Effective Date; (b) the first Business Day after the date that is thirty (30) calendar days after the date such Administrative Expense Claim becomes an Allowed Administrative Expense Claim; (c) such other date(s) as such holder and the Debtor or the Reorganized Debtor or Reorganized Additional Debtor shall have agreed; or (d) such other date ordered by the Bankruptcy Court; provided, however, that Allowed Administrative Expense Claims that arise in the ordinary course of the Debtor's or Additional Debtor's operations during the Chapter 11 Cases may be paid by the Debtor or the Reorganized Debtor or Additional Debtor or Reorganized Additional Debtor in the ordinary course of business and in accordance with the terms and conditions of the particular agreements governing such obligations, course of dealing, course of operations, or customary practice.

The Debtor, Reorganized Debtor, Additional Debtors and Reorganized Additional Debtors shall have no responsibility for the Trust Assumed Administrative Expenses.

b. ***Statutory Fees***

On and after the Effective Date, all fees payable pursuant to 28 U.S.C. § 1930 will be paid by the Trust.

c. ***Professional Compensation***

All Professionals or other Entities requesting the final allowance and payment of compensation and/or reimbursement of expenses pursuant to sections 328, 330, 331 and/or 503(b) and or the *Order Appointing a Legal Representative for Future Claimants* (Docket No. 799) for services rendered during the period from the Petition Date to and including the Effective Date shall file and serve final applications for allowance and payment of Professional Fee Claims on counsel to the Debtor, counsel for the Additional Debtors, counsel for the Trustee and the Office of the United States Trustee for the Southern District of New York no later than the first Business Day that is forty-five (45) days after the Effective Date. Objections to any Professional Fee Claim must be filed and served on the Reorganized Debtor, Reorganized Additional Debtors, the Trustee and the applicable Professional or Entity within twenty-one (21) calendar days after the filing of the final fee application that relates to the Professional Fee Claim (unless otherwise agreed by the Debtor or the Reorganized Debtor, as applicable, or, in the case of an Additional Debtor, the Additional Debtor or the Reorganized Additional Debtor, as applicable, and the Professional requesting allowance and payment of a Professional Fee Claim).

d. ***Post-Effective Date Professionals' Fees and Expenses***

The Reorganized Debtor and Reorganized Additional Debtors are authorized to pay compensation for services rendered or reimbursement of expenses incurred by their respective Professionals or other Entities entitled to compensation after the Effective Date in the ordinary course and without the need for Bankruptcy Court approval. For the avoidance of doubt, neither the Debtor, Additional Debtors, Reorganized Debtor nor the Reorganized Additional Debtors shall have any obligation to pay any fees or expenses of any Professional retained by the Committee, or the Future Claimants' Representative that are earned or incurred on or after the Effective Date.

e. ***Trust's Assumption of Certain Administrative Expense Claims***

Notwithstanding the above or in the Trust Documents to the contrary, the Trust will assume and shall pay as a first priority administrative expense, with priority and distribution preference over any other Claim, the Allowed Trust Assumed Administrative Expenses. The Trust Assumed Administrative Expenses are (a) all Administrative Expense Claims of Professionals retained by the Committee or the Future Claimants' Representative that have not been paid by the Debtor or the Estate prior to the Effective Date (it being understood that the Debtor will continue to comply with the Order Authorizing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals (Docket No. 129), as modified by the Order Regarding Holdback on Professional Fees (Docket No. 2743) prior to the Effective Date), (b) all Administrative Expense Claims asserted by or on behalf of holders of Abuse Claims or their professionals, and (c) all fees pursuant to section 1930(a)(6) of title 28 of the United States Code. The Debtor, Reorganized Debtor, Additional Debtors and Reorganized Additional Debtors shall have no responsibility for the Trust Assumed Administrative Expenses.

2. **Priority Tax Claims**

Except to the extent that a holder of an Allowed Priority Tax Claim against the Debtor agrees to less favorable treatment, each holder of an Allowed Priority Tax Claim against the Debtor shall receive on account of and in full and complete settlement, release and discharge of, and in exchange for, such Allowed Priority Tax Claim, at the sole option of the Debtor or the Reorganized Debtor, as applicable: (1) cash in an amount equal to such Allowed Priority Tax Claim on, or as soon thereafter as is reasonably practicable, the later of (a) the Effective Date, to the extent such Claim is an Allowed Priority Tax Claim on the Effective Date; (b) the first Business Day after the date that is thirty (30) calendar days after the date such Priority Tax Claim becomes an Allowed Priority Tax Claim; and (c) the date such Allowed Priority Tax Claim is due and payable in the ordinary course as such obligation becomes due; provided, however, that the Debtor reserves the right to prepay all or a portion of any such amounts at any time under this option without penalty or premium; or (2) regular installment payments in cash of a total value,

as of the Effective Date of the Plan, equal to the Allowed amount of such Claim over a period ending not later than five years after the Petition Date.

B. Classified Claims

1. **General**

Pursuant to sections 1122 and 1123 of the Bankruptcy Code, Claims are classified for voting and distribution as set forth in the Plan. A Claim will be deemed classified in a particular Class only to the extent that it qualifies within the description of that Class and will be deemed classified in a different Class to the extent that any remainder of such Claim qualifies within the description of such other Class. Holders of Allowed Claims will be entitled to share in the recovery provided for the applicable Class of Claim against the Debtor based upon the full Allowed amount of the Claim. Notwithstanding the foregoing, and except as otherwise specifically provided for in the Plan, the Confirmation Order or other order of the Bankruptcy Court, or required by applicable bankruptcy law, in no event will the aggregate value of all property received or retained under the Plan on account of an Allowed Claim exceed 100% of the underlying Allowed Claim.

Section 1129(a)(10) of the Bankruptcy Code will be satisfied for the purposes of Confirmation by acceptance of the Plan by an Impaired Class of Claims; *provided*, *however*, that in the event no holder of a Claim with respect to a specific Class for the Debtor timely submits a Ballot in compliance with the Disclosure Statement Order indicating acceptance or rejection of the Plan, such Class will be deemed to have accepted the Plan. The Debtor may seek Confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code with respect to any rejecting Class of Claims, other than Class 4.

2. **Identification of Classes of Claims Against the Debtor and the Additional Debtors**

The following table designates the Classes of Claims against the Debtor and the Additional Debtors, and specifies which Classes are (a) Impaired or Unimpaired by the Plan, (b) entitled to vote to accept or reject the Plan in accordance with section 1126 of the Bankruptcy Code, or (c) deemed to accept or reject the Plan.

Class	Designation	Impairment	Entitled to Vote
1	Priority Claims against the Debtor	Unimpaired	Presumed to Accept; Not Entitled to Vote
2	Secured Claims against the Debtor	Unimpaired	Presumed to Accept; Not Entitled to Vote
3	General Unsecured Claims against the Debtor	Impaired	Entitled to Vote
4	Abuse Claims (other than Post-Confirmation Claims against the Additional Debtors)	Impaired	Entitled to Vote
5	Post-Confirmation Claims against the Additional Debtors	Unimpaired	Presumed to Accept; Not Entitled to Vote
6	Convenience Claims against the Debtor	Impaired	Entitled to Vote
7	Lay Pension Claims against the Debtor	Unimpaired	Presumed to Accept; Not Entitled to Vote
8	Priest Pension Claims against the Debtor	Unimpaired	Presumed to Accept; Not Entitled to Vote
9	Claims against the Additional Debtors, other than Abuse Claims	Unimpaired	Presumed to Accept; Not Entitled to Vote

3. **Treatment of Claims**

a. Priority Claims

Except to the extent that a holder of an Allowed Priority Claim agrees to less favorable treatment of such Claim, in exchange for full and final satisfaction of such Allowed Priority Claim, at the sole option of the Reorganized

Debtor: (i) each such holder shall receive payment in cash in an amount equal to such Allowed Priority Claim, payable on or as soon as reasonably practicable after the last to occur of (x) the Effective Date, (y) the date on which such Priority Claim becomes an Allowed Priority Claim, and (z) the date on which the holder of such Allowed Priority Claim and the Debtor or Reorganized Debtor, as applicable, shall otherwise agree in writing; or (ii) satisfaction of such Allowed Priority Claim in any other manner that renders the Allowed Priority Claim Unimpaired, including treatment in a manner consistent with section 1124(1) or (2).

b. Secured Claims

Except to the extent that a holder of an Allowed Secured Claim agrees to less favorable treatment of such Claim, in exchange for full and final satisfaction of such Allowed Secured Claim, each holder of an Allowed Secured Claim will receive, at the sole option of the Debtor or Reorganized Debtor: (i) cash in an amount equal to the Allowed amount of such Claim, including the payment of any interest required to be paid under section 506(b) of the Bankruptcy Code, payable on or as soon as reasonably practicable after the last to occur of (x) the Effective Date, (y) the date on which such Secured Claim becomes an Allowed Secured Claim, and (z) the date on which the holder of such Allowed Secured Claim and the Debtor or Reorganized Debtor, as applicable, shall otherwise agree in writing; (ii) satisfaction of such Secured Claim in any other manner that renders the Allowed Secured Claim Unimpaired, including treatment in a manner consistent with section 1124(1) or (2); or (iii) return of the applicable collateral on the Effective Date or as soon as reasonably practicable thereafter in satisfaction of the Allowed amount of such Secured Claim.

c. General Unsecured Claims

Except to the extent that a holder of an Allowed General Unsecured Claim against the Debtor agrees to less favorable treatment of such Claim, in exchange for full and final satisfaction, settlement, release, and discharge of, and in exchange for, each Allowed General Unsecured Claim, each holder thereof shall, subject to the holder's ability to elect Convenience Claim treatment on account of the Allowed General Unsecured Claim, receive the lesser of (i) such holder's Pro Rata share of the GUC Plan Distribution, and (ii) payment in full of the Allowed General Unsecured Claim.

d. Abuse Claims

Except to the extent that a holder of an Abuse Claim (other than a Post-Confirmation Claim against an Additional Debtor) agrees to less favorable treatment of such Abuse Claim (subject to Article XI.O of the Plan), in exchange for full and final satisfaction, settlement, release, and discharge of, and in exchange for, each Abuse Claim, each holder thereof shall receive such distributions as and to the extent provided in the Trust Documents. Under no circumstance shall the Abuse Claims Reviewer's review of an Abuse Claim affect the rights of a Non-Settling Insurer.

e. Post-Confirmation Claims against the Additional Debtors

Except to the extent that a holder of a Post-Confirmation Claim against an Additional Debtor agrees to less favorable treatment of such Claim, in exchange for full and final satisfaction, settlement, release, and discharge of, and in exchange for, each Post-Confirmation Claim against an Additional Debtor, each holder thereof shall receive (i) if such Post-Confirmation Claim is a Non-Participating Post-Confirmation Claim, then such Post-Confirmation Claim shall be Unimpaired, or (ii) if such Post-Confirmation Claim elects to be a Participating Post-Confirmation Claim, as set forth herein, such distributions as and to the extent provided in the Trust Documents with respect to Participating Post-Confirmation Claims.

Each Post-Confirmation Claim against an Additional Debtor shall be treated as either a Participating Post-Confirmation Claim or a Non-Participating Post-Confirmation Claim in accordance with Article V.Z of the Plan and the Confirmation Order.

For the avoidance of doubt, all of an Additional Debtor's rights and defenses with respect to Non-Participating Post-Confirmation Claims are fully reserved and preserved, including without limitation, any defense based on a statute of limitations or otherwise.

f. Convenience Claims

In exchange for full and final satisfaction, settlement, release, and discharge of, and in exchange for, each Allowed Convenience Claim, each holder thereof shall receive cash in an amount equal to 100% of such holder's Allowed Convenience Claim.

g. Lay Pension Claims

The Debtor will assume its participation in the Lay Pension Plan, and will continue to meet its obligations under the Lay Pension Plan as they become due. The Debtor will not make any payment with respect to any Lay Pension Claim filed in this Chapter 11 Case.

h. Priest Pension Claims

The Debtor will assume its participation in the Priest Pension Plan, and will continue to meet its obligations under the Priest Pension Plan as they become due. The Debtor will not make any payment with respect to any Priest Pension Claim filed in this Chapter 11 Case.

i. Claims against the Additional Debtors, other than Abuse Claims

The Additional Debtors will assume and will continue to meet their obligations on account of Claims, other than Abuse Claims, as they become due.

4. **Channeling Injunction for Abuse Claims**

Other than Non-Participating Post-Confirmation Claims, pursuant to the Channeling Injunction set forth in Article XI of the Plan, each holder of an Abuse Claim against the Protected Parties shall have such holder's Claim permanently channeled to the Trust, and (subject to Article XI.O of the Plan) such Claim shall thereafter be asserted exclusively against the Trust and resolved in accordance with the terms, provisions, and procedures of the Trust. Holders of Channeled Claims (other than Non-Participating Post-Confirmation Claims) are enjoined from prosecuting any outstanding, or filing any future, litigation, Claims, or Causes of Action arising out of or related to such Abuse Claims against any of the Settling Insurers and (subject to Article XI.O of the Plan) the Reorganized Debtor and Reorganized Additional Debtors and may not proceed in any manner against any such Entities in any forum whatsoever, including any state, federal, or non-U.S. court or any administrative or arbitral forum, and are required to pursue their Abuse Claims solely against the Trust as provided in the Trust Documents.

C. Special Provision Governing Unimpaired Claims

Except as otherwise provided in the Plan, nothing under the Plan will affect the Debtor's or the Reorganized Debtor's or the Additional Debtors or the Reorganized Additional Debtors' rights regarding any Unimpaired Claim, including all rights regarding legal and equitable defenses to or setoffs or recoupments against any such Unimpaired Claim.

D. Withholding and Reporting Requirements

1. **Withholding Rights**

Each Disbursing Agent shall comply with all applicable withholding and reporting requirements imposed on it by any federal, state, or local taxing authority, including but not limited to U.S. federal backup withholding, and all Plan Distribution and all related agreements shall be subject to any such withholding or reporting requirements. Notwithstanding any provision in the Plan to the contrary, each Disbursing Agent shall be authorized to take all actions necessary or appropriate to comply with such withholding and reporting requirements, including liquidating a portion of the Distribution to generate sufficient funds to pay applicable withholding taxes, withholding Distributions pending receipt of information necessary to facilitate such Distributions or establishing any other mechanisms such Disbursing Agent believes are reasonable and appropriate. Any amounts withheld pursuant to the preceding sentence shall be deemed to have been distributed to and received by the applicable recipient for all purposes of the Plan.

Notwithstanding the foregoing, each holder of an Allowed Claim or any other Entity that receives a Plan Distribution shall have responsibility for any taxes imposed by any Governmental Unit, including income, withholding, and other taxes, on account of such Plan Distribution. Each Disbursing Agent shall have the right, but not the obligation, to not make a Plan Distribution until such holder has made arrangements satisfactory to such Disbursing Agent for payment of any such tax obligations. Such Disbursing Agent shall have the right to allocate all Distributions in compliance with applicable wage garnishments, alimony, child support and other spousal awards, liens and encumbrances.

Notwithstanding any provision of the Plan, each Entity receiving a Distribution pursuant to the Plan will have sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed on it by any governmental unit on account of such Distribution, including income, withholding and other tax obligations.

2. **Forms**

Any Entity entitled to receive any property as a Plan Distribution shall, upon request, deliver to the applicable Disbursing Agent an appropriate Form W-9 or (if the payee is not a United States person) Form W-8. If such request is made by the applicable Disbursing Agent and the holder fails to comply before the earlier of (a) the date that is 180 days after the request is made and (b) the date that is 180 days after the date of distribution, the amount of such Plan Distribution shall irrevocably revert to the Reorganized Debtor or Reorganized Additional Debtors, as applicable, and any Claim in respect of such Plan Distribution shall be discharged and forever barred from assertion against the Reorganized Debtor, the Additional Debtors or their respective property.

V. TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

A. Assumption and Rejection of Executory Contracts and Unexpired Leases

On the Effective Date, all Executory Contracts and Unexpired Leases shall be deemed assumed by the Reorganized Debtor and the Reorganized Additional Debtors as of the Effective Date without the need for any further notice to or action, order, or approval of the Bankruptcy Court under sections 365 and 1123 of the Bankruptcy Code, except, solely with respect to the Debtor, for Executory Contracts or Unexpired Leases (1) that are identified on the Rejected Contracts Schedule; (2) that previously expired or terminated pursuant to their terms; (3) that the Debtor has previously assumed or rejected pursuant to a Final Order of the Bankruptcy Court; (4) that are the subject of a motion to reject that remains pending as of the Confirmation Date; (5) that have been deemed rejected pursuant to the provisions of section 365(d)(4), or (6) as to which the effective date of rejection will occur (or is requested by the Debtor to occur) after the Confirmation Date.

Entry of the Confirmation Order shall constitute an order of the Bankruptcy Court approving the assumption or rejection, as applicable, of Executory Contracts or Unexpired Leases as set forth in the Plan or the Rejected Contracts Schedule, pursuant to sections 365 and 1123 of the Bankruptcy Code. Except as otherwise set forth herein, the assumption or rejection of Executory Contracts and Unexpired Leases pursuant to the Plan shall be effective as of the Effective Date. Each Executory Contract or Unexpired Lease assumed pursuant to the Plan or a Final Order of the Bankruptcy Court shall re-vest in and be fully enforceable by the Reorganized Debtor and Reorganized Additional Debtors in accordance with its terms, except as such terms may have been modified by the provisions of the Plan, the Bankruptcy Code or any Final Order of the Bankruptcy Court authorizing and providing for its assumption. Any motions to assume Executory Contracts or Unexpired Leases pending on the Confirmation Date shall be subject to approval by a Final Order on or after the Confirmation Date but may be withdrawn, settled, or otherwise prosecuted by the Reorganized Debtor.

To the maximum extent permitted by law, to the extent that any provision in any Executory Contract or Unexpired Lease assumed pursuant to the Plan restricts or prevents, purports to restrict or prevent, or is breached or deemed breached by the commencement of the case, the Debtor's or Additional Debtors' financial condition, the assumption of such Executory Contract or Unexpired Lease (including any "change of control" provision), then such provision shall be deemed unenforceable such that the non-debtor party thereto shall not be able to terminate, restrict, or modify such Executory Contract or Unexpired Lease, or to exercise any other default-related rights with respect thereto, in each case, based upon the commencement of the Chapter 11 Cases, the Debtor's and Additional Debtors' financial condition or the assumption of such Executory Contract or Unexpired Lease.

B. Rejection Damages Claims

Unless required to be filed earlier pursuant to the Bar Date Order or another Final Order of the Bankruptcy Court, all Proofs of Claim for Rejection Damages Claims, if any, must be filed within thirty (30) days after the effective date of such rejection. **Any Rejection Damages Claim that is not timely filed shall be automatically Disallowed, forever barred from assertion, and unenforceable against the Debtor or the Reorganized Debtor, the Estate, the Trust, the Trustee, or their property without the need for any objection by the Reorganized Debtor or further notice to, or action, order, or approval of the Bankruptcy Court, and any such Rejection Damages Claim shall be deemed fully satisfied, released, and discharged, notwithstanding anything in the Proof of Claim to the contrary**. All Allowed Rejection Damages Claims shall be classified as Allowed General Unsecured Claims and treated in accordance with Article III.B.3 of the Plan.

C. Cure of Defaults for Assumed Executory Contracts and Unexpired Leases

Not later than the date of filing of the Plan Supplement, the Debtor shall provide notices of proposed Cure Amounts to the counterparties to the Executory Contracts and Unexpired Leases proposed to be assumed under the Plan, which shall include a description of the procedures for objecting to the Cure Amount, the ability of the Debtor to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the Executory Contract or Unexpired Lease to be assumed, or any other matter pertaining to assumption.

Unless otherwise agreed in writing by the parties to the applicable Executory Contract or Unexpired Lease, **any objection by a counterparty to an Executory Contract or Unexpired Lease to a proposed assumption or related Cure Amount must be filed, served, and actually received by the counsel to the Debtor within ten (10) days of the service of assumption and proposed Cure Amount, or such shorter period as agreed to by the parties or authorized by the Bankruptcy Court.** Any counterparty to an Executory Contract or Unexpired Lease that fails to timely object to the proposed assumption or Cure Amount shall be deemed to have assented to such assumption and Cure Amount and shall be forever barred, estopped, and enjoined from contesting the Debtor's assumption of the applicable Executory Contract or Unexpired Lease and from requesting payment of a Cure Amount that differs from the amounts paid or proposed to be paid by the Debtor or the Reorganized Debtor, in each case without the need for any objection by the Debtor or the Reorganized Debtor or any further notice to or action, order, or approval of the Bankruptcy Court. The Reorganized Debtor may settle any Cure Amount without any further notice to or action, order, or approval of the Bankruptcy Court.

The Debtor or the Reorganized Debtor, as applicable, shall pay undisputed Cure Amounts, if any, on the Effective Date or as soon as reasonably practicable thereafter, or on such other terms as the parties may agree. If there is any dispute regarding the Cure Amount, the ability of the Debtor to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the Executory Contract or Unexpired Lease to be assumed, or any other matter pertaining to assumption, then the Debtor or the Reorganized Debtor, as applicable, shall pay the applicable Cure Amount as soon as reasonably practicable after entry of a Final Order resolving such dispute and approving such assumption, or as may otherwise be agreed upon by the Debtor or the Reorganized Debtor, as applicable, and the counterparty to the Executory Contract or Unexpired Lease. The payment of Cure Amounts required by section 365(b)(1) of the Bankruptcy Code following the entry of a Final Order resolving the dispute and approving the assumption and shall not prevent or delay implementation of the Plan or the occurrence of the Effective Date.

The Debtor's assumption of any Executory Contract or Unexpired Lease pursuant to the Plan or otherwise and payment of the applicable Cure Amount shall result in the full release and satisfaction of any Claims or defaults, whether monetary or nonmonetary, including defaults of provisions restricting the change in control or ownership interest composition or other bankruptcy-related defaults, arising under any assumed Executory Contract or Unexpired Lease at any time prior to the effective date of assumption. **Any and all Proofs of Claim based upon Executory Contracts or Unexpired Leases that have been assumed in the Chapter 11 Cases, including pursuant to the Confirmation Order, shall be deemed Disallowed and expunged as of the later of (1) the date of entry of an order of the Bankruptcy Court (including the Confirmation Order) approving such assumption, (2) the effective date of such assumption or (3) the Effective Date, in each case without the need for any objection by the Debtor or the Reorganized Debtor or any further notice to or action, order, or approval of the Bankruptcy Court.**

D. Contracts and Leases Entered Into After the Petition Date

Contracts and leases entered into after the Petition Date by the Debtor or Additional Debtors, including any Executory Contracts and Unexpired Leases assumed by the Debtor or Additional Debtors, will be performed by the Debtor or Reorganized Debtor, or the Additional Debtor or the Reorganized Additional Debtor, as applicable, thereto in the ordinary course of its operations. Accordingly, such contracts and leases (including any assumed Executory Contract and Unexpired Leases) shall survive and remain unaffected by entry of the Confirmation Order.

E. Compensation and Benefit Programs

Other than those Compensation and Benefits Programs assumed by the Debtor prior to entry of the Confirmation Order, all of the Compensation and Benefits Programs entered into before the Petition Date and not since terminated shall be deemed to be, and shall be treated as though they are, Executory Contracts under the Plan and deemed assumed under sections 365 and 1123 of the Bankruptcy Code, and the Debtor's, and Reorganized Debtor's obligations under the Compensation and Benefits Programs survive and remain unaffected by entry of the Confirmation Order and be fulfilled in the ordinary course of the Debtor's, and Reorganized Debtor's operations. Compensation and Benefits Programs assumed by the Debtor prior to entry of the Confirmation Order shall continue to be fulfilled in the ordinary course of the Debtor's non-profit operations from and after the date of any order of the Bankruptcy Court authorizing the assumption of such Compensation and Benefits Program.

F. Workers' Compensation Program

As of the Effective Date, the Debtor and the Reorganized Debtor shall continue to honor their obligations under: (a) all applicable workers' compensation laws; and (b) the Workers' Compensation Program. All Proofs of Claims on account of the Workers' Compensation Program shall be deemed withdrawn automatically and without any further notice to or action, order, or approval of the Bankruptcy Court; provided, however, that nothing in the Plan shall limit, diminish, or otherwise alter the Debtor's or Reorganized Debtor's defenses, Causes of Action, or other rights under applicable non-bankruptcy law with respect to the Workers' Compensation Programs; provided further, however, that nothing herein shall be deemed to impose any obligations on the Debtor or its insurers in addition to what is provided for under the terms of the Workers' Compensation Programs and applicable state law.

G. Protective Self-Insurance Program

As of the Effective Date, the Debtor and the Reorganized Debtor may continue to honor Claims of Ministry Members on account of PSIP Insurance Obligations; provided, however, that nothing in the Plan shall limit, diminish, or otherwise alter the Debtor's or Reorganized Debtor's defenses, Causes of Action, or other rights under applicable non-bankruptcy law with respect to the PSIP Insurance Obligations; provided further, however, that nothing herein shall be deemed to impose any obligations on the Debtor or their insurers in addition to what is provided for under the terms of the Debtor's PSIP program and applicable state law; provided further, however, for the avoidance of doubt, nothing in Article VI.G of the Plan shall be construed to require the Debtor and Reorganized Debtor to continue to honor Abuse Claims.

H. Gift Annuity Program

As of the Effective Date, the Debtor and the Reorganized Debtor shall continue to honor their obligations under their Gift Annuity Agreements. All Proofs of Claims on account of Gift Annuity Agreements shall be deemed withdrawn automatically and without any further notice to or action, order, or approval of the Bankruptcy Court; provided, however, that nothing in the Plan shall limit, diminish, or otherwise alter the Debtor's or Reorganized Debtor's defenses, Causes of Action, or other rights under applicable non-bankruptcy law with respect to the Gift Annuity Agreements; provided further, however, that nothing herein shall be deemed to impose any obligations on the Debtor in addition to what is provided for under the terms of the Gift Annuity Agreements and applicable state law.

I. Indemnification Obligations

Notwithstanding anything in the Plan to the contrary, each Indemnification Obligation shall be assumed by the Debtor effective as of the Effective Date, pursuant to sections 365 and 1123 of the Bankruptcy Code or otherwise. Each Indemnification Obligation shall remain in full force and effect, shall not be modified, reduced, discharged, impaired, or otherwise affected in any way, and shall survive Unimpaired and unaffected, irrespective of when such obligation arose. For the avoidance of doubt, Article VI.I of the Plan affects only the obligations of the Debtor and Reorganized Debtor with respect to any Indemnification Obligations owed to or for the benefit of past and present directors, officers, attorneys, accountants, and other professionals and agents of the Debtor, and shall have no effect on nor in any way discharge or reduce, in whole or in part, any obligation of any other Entity owed to or for the benefit of such directors, officers, attorneys, accountants, and other professionals and agents of the Debtor.

All Proofs of Claim filed on account of an Indemnification Obligation owed to or for the benefit of past and present directors, officers, employees, attorneys, accountants, investment bankers, and other professionals and agents of the Debtor shall be deemed satisfied and expunged from the claims register as of the Effective Date as such Indemnification Obligation is assumed (or honored or reaffirmed, as the case may be) pursuant to the Plan, without any further notice to or action, order, or approval of the Bankruptcy Court.

J. Modifications, Amendments, Supplements, Restatements, or Other Agreements

Unless otherwise provided in the Plan, each Executory Contract or Unexpired Lease that is assumed shall include all modifications, amendments, supplements, restatements, or other agreements that in any manner affect such Executory Contract or Unexpired Lease, and Executory Contracts and Unexpired Leases related thereto, if any, including easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, and any other interests, unless the Debtor rejects or repudiates any of the foregoing agreements. Modifications, amendments, and supplements to, or restatements of, prepetition Executory Contracts and Unexpired Leases that have been executed by the Debtor during the Chapter 11 Cases shall not be deemed to alter the prepetition nature of the Executory Contract or Unexpired Lease, or the validity, priority, or amount of any Claims that may arise in connection therewith.

K. Reservation of Rights

Nothing contained in the Plan or the Plan Supplement shall constitute an admission by the Debtor that a contract or lease is in fact an Executory Contract or Unexpired Lease or that any Reorganized Debtor has any liability thereunder. If there is a dispute as of the Confirmation Date regarding whether a contract or lease is or was executory or unexpired at the time of assumption, the Debtor, or, after the Effective Date, the Reorganized Debtor, shall have thirty (30) days following entry of a Final Order resolving such dispute to alter their treatment of such contract or lease, including by rejecting such contract or lease *nunc pro tunc* to the Confirmation Date.

VI. EXIT FINANCING

Upon entry of the Confirmation Order, the Debtor and Reorganized Debtor (as applicable) shall be authorized to execute and deliver, and to consummate the transactions contemplated by or permitted under, the Exit Facility Documents (including any asset transfers contemplated thereby) in all respects without further notice to or order of the Bankruptcy Court, act or action under applicable Law, regulation, order or rule or the vote, consent, authorization or approval of any person or entity, subject to such modifications as the Debtor or Reorganized Debtor (as applicable) may deem to be necessary to consummate the Exit Facility Documents. Confirmation of the Plan shall be deemed approval of the Exit Facility and Exit Facility Documents, including the transactions contemplated thereby, and all actions to be taken, undertakings to be made, obligations and guarantees to be incurred and fees paid in connection therewith. On the Effective Date, the Exit Facility shall constitute legal, valid, binding and authorized indebtedness and obligations of the Reorganized Debtor, enforceable in accordance with its terms and such indebtedness and obligations (and the transactions effectuated to implement the Exit Facility) shall not be and shall not be deemed to be, enjoined or subject to discharge, impairment, release or avoidance under the Plan, the Confirmation Order or on account of the confirmation or consummation of the Plan.

On the Effective Date, all the liens and security interests granted in accordance with the Exit Facility Documents shall be legal, valid, binding upon the Reorganized Debtor, enforceable in accordance with their respective

terms, and no obligation, payment, transfer or grant of security under the Exit Facility Documents shall be stayed, restrained, voidable, or recoverable under the Bankruptcy Code or under any applicable law or subject to any defense, reduction, recoupment, setoff or counterclaim. Such liens and security interests shall be deemed automatically perfected on the Effective Date without the need for the taking of any further filing, recordation, approval, consent or other action, and such liens and security interests shall not be enjoined or subject to discharge, impairment, release, avoidance, recharacterization or subordination (including equitable subordination) for any purposes whatsoever and shall not constitute preferential transfers or fraudulent conveyances under the Bankruptcy Code or any applicable non-bankruptcy law.

On the Effective Date, the Reorganized Debtor and the Exit Facility Lender shall be authorized to make all filings and recordings, obtain all governmental approvals and consents, and take any other actions necessary to establish and perfect such liens and security interest under the provisions of the applicable state, federal, or other law (whether domestic or foreign) that would be applicable in the absence of the Plan and the Confirmation Order (it being understood that perfections shall occur automatically by virtue of the entry of the Confirmation Order and any such filings, recordings, approvals, and consents shall not be required), and the Reorganized Debtor shall thereafter cooperate to make all other findings and recordings that otherwise would be necessary under applicable law to give notice of such liens and security interests to third parties.

VII. CONFIRMATION AND CONSUMMATION OF PLAN

A. Conditions Precedent to Confirmation of the Plan

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

1. the Confirmation Order is in form and substance acceptable to the Debtor and Additional Debtors;

2. the Confirmation Order shall approve and implement the Channeling Injunction set forth in Article XI.D of the Plan; and

3. the Plan Documents shall be in form and substance acceptable to the Debtor and Additional Debtors.

B. Conditions Precedent to the Occurrence of the Effective Date

The Effective Date shall not occur unless all of the following conditions precedent have been satisfied, unless waived in accordance with Article X.C of the Plan:

1. the Confirmation Order, in form and substance acceptable to the Debtor and Additional Debtors, shall have been entered by the Bankruptcy Court and shall have become a Final Order;

2. the Trust Agreement and the Trust Allocation Protocol shall have become effective in accordance with the terms of the Plan;

3. the Trust shall have been established and funded with those amounts contemplated to be funded on the Effective Date in accordance with the Plan and the Trust Asset Payment Schedule;

4. the Additional Debtors Petition Date shall have occurred;

5. the Debtor and Additional Debtors shall have obtained all authorizations, consents, certifications, approvals, rulings, opinions or other documents that are necessary to implement and effectuate the Plan, including any and all canonical approvals; all actions, documents, and agreements necessary to implement and effectuate the Plan shall have been effected or executed; and

6. the Debtor and Additional Debtors shall have filed a notice of occurrence of the Effective Date.

C. Waiver of Conditions Precedent to the Effective Date

Each of the conditions precedent to the occurrence of the Effective Date set forth in Article X.B of the Plan, except X.B.3, may be waived in whole or in part by the Debtor and Additional Debtors without notice to or leave or order of the Bankruptcy Court or any formal action other than proceedings to confirm or consummate the Plan. The failure to satisfy any condition precedent to the Confirmation Date or satisfy or waive any condition precedent to the Effective Date may be asserted by the Debtor or Additional Debtors regardless of the circumstances giving rise to the failure of such condition to be satisfied.

D. Effect of Nonoccurrence of Conditions to the Effective Date

If the Confirmation Order is vacated or the Effective Date does not occur within 180 days after entry of the Confirmation Order (subject to extension by the Debtor and Additional Debtors in their sole discretion), the Plan shall be null and void in all respects and nothing contained in the Plan or the Disclosure Statement shall (1) constitute a waiver or release of any Causes of Action by or Claims against the Debtor or Additional Debtors; (2) prejudice in any manner the rights of the Debtor, Additional Debtors, any holders of a Claim or any other Entity; (3) constitute an admission, acknowledgment, offer, or undertaking by the Debtor, Additional Debtors, any holders, or any other Entity in any respect; or (4) be used by the Debtor, the Additional Debtors, or any other Entity as evidence (or in any other way) in any litigation, including with respect to the strengths and weaknesses of positions, arguments or claims of any of the parties to such litigation.

E. Retention of Jurisdiction by the Bankruptcy Court

Until the Chapter 11 Cases are closed, the Bankruptcy Court shall retain jurisdiction over all matters arising out of, and related to, the Chapter 11 Cases and the Plan pursuant to, and for the purposes of, sections 105(c) and 1142 of the Bankruptcy Code to the fullest extent permitted by law, including the jurisdiction necessary to ensure that the purposes and the intent of the Plan are carried out. Following the Confirmation Date, the administration of the Chapter 11 Cases will continue until the Chapter 11 Cases are closed by a Final Order of the Bankruptcy Court. The Bankruptcy Court shall also retain jurisdiction for the purpose of classification of any Claims and the re-examination of Claims (including Abuse Claims) that have been Allowed for purposes of voting, and the determination of such objections as may be filed with the Bankruptcy Court with respect to any Claims. The failure by the Debtor or Additional Debtors to object to, or examine, any Claim for the purposes of voting, shall not be deemed a waiver of the rights of the Debtor, the Additional Debtors, the Reorganized Debtor, the Reorganized Additional Debtors, the Trustee or the Trust to object to or re-examine such Claim in whole or part.

In addition to the foregoing, the Bankruptcy Court shall retain jurisdiction for each of the specific purposes enumerated in Article XII.B of the Plan after the Confirmation Date. Notwithstanding entry of the Confirmation Order and the occurrence of the Effective Date, the Bankruptcy Court shall retain jurisdiction over all matters arising out of, and related to, the Chapter 11 Cases and the Plan pursuant to, and for the purposes of, sections 105(c) and 1142 of the Bankruptcy Code and to the fullest extent permitted by law, including the following purposes:

1. to modify the Plan after the Confirmation Date pursuant to the provisions of the Bankruptcy Code and the Bankruptcy Rules;

2. to correct any defect, cure any omission, reconcile any inconsistency or make any other necessary changes or modifications in or to the Plan, the Trust Documents or the Confirmation Order as may be necessary to carry out the purposes and intent of the Plan,

including the adjustment of the date(s) of performance in the Plan in the event the Effective Date does not occur as provided herein so that the intended effect of the Plan may be substantially realized thereby;

3. to enter and implement such orders as are necessary or appropriate if the Confirmation Order is for any reason or in any respect modified, stayed, reversed, revoked or vacated, or if distributions pursuant to the Plan or the Trust Documents are enjoined or stayed;

4. to hear and determine all applications for compensation of Professionals and the Future Claimants' Representative for reimbursement of expenses under sections 328, 330, 331, 503(b) and/or the Order Appointing a Legal Representative for Future Claimants (Docket No. 799);

5. to hear and determine any Causes of Action arising during the period from the Petition Date to the Effective Date, or in any way related to the Plan or the transactions contemplated hereby, against the Debtor, the Reorganized Debtor, the Additional Debtors, the Reorganized Additional Debtors, the Trust, the Trustee, the Committee, or the Future Claimants' Representative and their respective officers, directors, employees, members, attorneys, accountants, financial advisors, representatives and agents;

6. to determine any and all motions, including motions pending as of the Confirmation Date, for the rejection, assumption or assumption and assignment of Executory Contracts or Unexpired Leases and the Allowance of any Claims resulting therefrom;

7. to hear and determine matters concerning state, local and federal taxes in accordance with sections 346, 505 and 1146 of the Bankruptcy Code;

8. to determine such other matters and for such other purposes as may be provided in the Confirmation Order;

9. to determine any and all motions, adversary proceedings, contested or litigated matters, and any other matters and grant or deny any applications involving the Debtor or Additional Debtors that may be pending on the Effective Date (which jurisdiction shall be non-exclusive as to any such non-core matters);

10. to determine the Allowance and/or Disallowance of any Claims against the Debtor, Additional Debtors, or their Estates and specifically including with respect to the Additional Debtors or their Estates any Non-Participating Post-Confirmation Claims, including any objections to any such Claims and the compromise and settlement of any Claim against the Debtor, Additional Debtors or their Estates;

11. to determine all questions and disputes regarding title to the assets of the Debtor, Additional Debtors or their Estates or the Trust Assets;

12. to ensure that Plan Distributions to holders of Allowed Claims and that Trust Distributions to holders of Channeled Claims are accomplished pursuant to the provisions of the Plan and adjudicate any and all disputes relating to distributions under the Plan or the Trust Documents;

13. to construe, enforce and resolve all questions and disputes relating to employment agreements existing or approved by the Bankruptcy Court at or before the Confirmation Date;

14. to hear and determine the Insurance Actions and to determine all questions and issues arising thereunder and to hear and determine the amount, if any, of any judgment

reduction under Article V.X. Notwithstanding anything herein to the contrary, however, such retention of jurisdiction by the Bankruptcy Court in this Article XII.B.14 shall not be deemed to be (a) a retention of exclusive jurisdiction with respect to any matter described in this Article XII.B.14; rather, any court other than the Bankruptcy Court that has jurisdiction over any matter described in this Article XII.B.14 shall have the right to exercise such jurisdiction, and (b) nothing in this Article XII.B.14 shall be construed to alter the orders of withdrawal of the reference to the bankruptcy court entered in the Coverage Adversary Case;

15. to hear and determine any matters related to (a) the indemnification obligations of the Trust under Article IV and the Trust Documents, (b) Trust Expenses, or (c) Trust Assumed Administrative Expenses;

16. to hear and determine any other matters related hereto, including the implementation and enforcement of all orders entered by the Bankruptcy Court in the Chapter 11 Cases;

17. to hear and determine, and to have exclusive jurisdiction over, any Claims or Causes of Action of the Trust against the Additional Debtors relating to any non-payment of the Additional Debtors Deferred Contributions or any disputes under Article V.W and any Claims or Causes of Action with respect to the CemCo Deferred Contributions to the Trust, the prevailing party shall be entitled to the payment of its reasonable fees and expenses. The Trust may pursue any non-payment of the Deferred Contributions by way of a motion to enforce the Plan and adversary proceeding shall not be required;

18. to enter in aid of implementation of the Plan such orders as are necessary, including orders in aid of the implementation and enforcement of the releases, the Channeling Injunction, the Settling Insurer Supplemental Injunction and the other injunctions described herein;

19. to enter and implement such orders as may be necessary or appropriate if any aspect of the Plan, the Trust, or the Confirmation Order is, for any reason or in any respect, determined by a court to be inconsistent with, to violate, or to be insufficient to satisfy any of the terms, conditions, or other duties associated with any Insurance Policies; provided, however, the rights of all interested parties, including any Insurer, are reserved to oppose or object to any such motion or order seeking such relief;

20. to hear and determine any Claims or Causes of Action of the Trust against the Additional Debtors relating to any non-payment of the Additional Debtors Deferred Contributions; and

21. to enter a Final Order or decree concluding or closing the Chapter 11 Cases.

VIII. VOTING REQUIREMENTS

The Disclosure Statement Order entered by the Bankruptcy Court approved certain procedures for the Debtor's and Additional Debtors' solicitation of votes to approve the Plan, including setting the deadline for voting, which holders of Claims are eligible to receive Ballots to vote on the Plan, and certain other voting procedures.

THE DISCLOSURE STATEMENT ORDER IS HEREBY INCORPORATED BY REFERENCE AS THOUGH FULLY SET FORTH HEREIN. YOU SHOULD READ THE DISCLOSURE STATEMENT ORDER, THE CONFIRMATION HEARING NOTICE, AND THE INSTRUCTIONS ATTACHED TO YOUR BALLOT IN CONNECTION WITH THIS ARTICLE, AS THEY SET FORTH IN DETAIL, AMONG OTHER THINGS, PROCEDURES GOVERNING VOTING DEADLINES AND OBJECTION DEADLINES.

If you have any questions about the procedure for voting your Claim or the Solicitation Package you received, or if you wish to obtain a paper copy of the Plan, this Disclosure Statement or any Exhibits to such documents, please

contact Epiq, the Voting Agent, by either (i) visiting the Document Website at https://dm.epiq11.com/case/drvc/dockets or (ii) calling (888) 490-0633.

A. Voting Deadline

This Disclosure Statement and the appropriate Ballot(s) are being distributed to all holders of Claims that are entitled to vote on the Plan. In order to facilitate vote tabulation, there is a separate Ballot designated for each impaired voting Class; however, the term "Ballot" is used without intended reference to the Ballot of any specific Class of Claims.

IN ACCORDANCE WITH THE DISCLOSURE STATEMENT ORDER, IN ORDER TO BE CONSIDERED FOR PURPOSES OF ACCEPTING OR REJECTING THE PLAN, ALL BALLOTS MUST BE RECEIVED BY THE VOTING AGENT NO LATER THAN **5:00 P.M. (PREVAILING EASTERN TIME) ON NOVEMBER 26, 2024**, THE VOTING DEADLINE. ONLY THOSE BALLOTS ACTUALLY RECEIVED BY THE VOTING AGENT BEFORE THE VOTING DEADLINE WILL BE COUNTED AS EITHER ACCEPTING OR REJECTING THE PLAN. FOR DETAILED VOTING INSTRUCTIONS, SEE THE DISCLOSURE STATEMENT ORDER.

B. Holders of Claims Entitled to Vote

Under section 1124 of the Bankruptcy Code, a class of claims is deemed to be "impaired" under a plan unless (1) the plan leaves unaltered the legal, equitable and contractual rights to which such claim or equity interest entitles the holder thereof; or (2) notwithstanding any legal right to an accelerated payment of such claim, the plan (a) cures all existing defaults (other than defaults resulting from the occurrence of events of bankruptcy), (b) reinstates the maturity of such claim or equity interest as it existed before the default, (c) compensates the holder of such claim or equity interest for any damages resulting from such holder's reasonable reliance on such legal right to an accelerated payment and (d) does not otherwise alter the legal, equitable or contractual rights to which such claim or equity interest entitles the holder of such claim or equity interest.

In general, a holder of a claim may vote to accept or reject a plan if (1) the claim is "allowed," which means generally that it is not disputed, contingent or unliquidated, and (2) the claim is impaired by a plan. However, if the holder of an impaired claim will not receive any distribution under the plan on account of such claim or equity interest, the Bankruptcy Code deems such holder to have rejected the plan and provides that the holder of such claim is not entitled to vote on the plan. If the claim is not impaired, the Bankruptcy Code conclusively presumes that the holder of such claim has accepted the plan and provides that the holder is not entitled to vote on the plan.

Except as otherwise provided in the Disclosure Statement Order, the holder of a Claim against the Debtor and Additional Debtors that is "impaired" under the Plan is entitled to vote to accept or reject the Plan if (1) the Plan provides a distribution in respect of such Claim; and (2) the Claim has been scheduled by the Debtor or Additional Debtors (and is not scheduled as disputed, contingent, or unliquidated), the holder of such Claim has timely filed a Proof of Claim or a Proof of Claim was deemed timely filed by an order of the Bankruptcy Court prior to the Voting Deadline.

A vote on the Plan may be disregarded if the Bankruptcy Court determines, pursuant to section 1126(e) of the Bankruptcy Code, that it was not solicited or procured in good faith or in accordance with the provisions of the Bankruptcy Code. The Disclosure Statement Order also sets forth assumptions and procedures for determining the amount of Claims that each creditor is entitled to vote in this Chapter 11 Case and how votes will be counted under various scenarios.

C. Vote Required for Acceptance by a Class

A Class of Claims will have accepted the Plan if it is accepted by at least two-thirds (⅔) in amount and more than one-half (½) in number of the Allowed Claims in such Class that have voted on the Plan in accordance with the Disclosure Statement Order.

IX. CONFIRMATION OF THE PLAN

The Bankruptcy Code requires the Bankruptcy Court, after notice, to conduct a hearing at which it will hear objections (if any) and determine whether to confirm the Plan. At the Confirmation Hearing, the Bankruptcy Court will confirm the Plan only if all of the requirements of section 1129 of the Bankruptcy Code described below are met.

The Confirmation Hearing has been scheduled to begin on **December 3, 2024, at 10:00 a.m. prevailing Eastern Time** before the Honorable Martin Glenn, Chief United States Bankruptcy Judge for the Southern District of New York, in a courtroom to be determined at the United States Bankruptcy Court for the Southern District of New York, located at One Bowling Green, New York, New York 10004. Parties wishing to appear at the Hearing via Zoom for Government, whether making a "live" or "listen only" appearance before the Court, must make an electronic appearance through the Court's website at https://ecf.nysb.uscourts.gov/cgi-bin/nysbAppearances.pl on or before December 2, 2024, at 4:00 p.m. (prevailing Eastern Time). After the deadline for parties to make electronic appearances has passed, parties who have made their electronic appearance through the Court's website will receive an invitation from the Court with a Zoom link that will allow them to attend the Hearing. Requests to receive a Zoom link should not be emailed to the Court, and the Court will not respond to late requests that are submitted on the day of the hearing. Further information on the use of Zoom for Government can be found at the Court's website at https://www.nysb.uscourts.gov/zoom-video-hearing-guide. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice, except for an announcement of the adjourned date made at the Confirmation Hearing.

A. Deadline to Object to Confirmation

Objections, if any, to the Confirmation of the Plan must: (1) be in writing; (2) state the name and address of the objecting party and the nature of the Claim of such party; (3) state with particularity the basis and nature of any objection; and (4) be filed with the Bankruptcy Court, and served on the following parties so that they are received no later than 5:00 p.m., prevailing Eastern time, on November 26, 2024:

- counsel to the Debtor, Jones Day, 250 Vesey Street, New York, New York 10281 (Corinne Ball, Esq., Todd Geremia, Esq., Benjamin Rosenblum, Esq., Andrew Butler, Esq.);
- counsel to the Additional Debtors, William C. Heuer, Westerman Ball Ederer Miller Zucker & Sharfstein LLP, 1201 RXR Plaza Uniondale, New York 11556;
- the Office of the United States Trustee, Southern District of New York, 201 Varick Street, Suite 1006, New York, NY 10014 (Attn: Greg Zipes, Esq.);
- counsel to the Committee, Pachulski Stang Ziehl & Jones LLP, 780 Third Avenue, 34th Floor, New York, New York 10017 (Attn: Ilan D. Scharf, Esq., Karen B. Dine, Esq., Brittany M. Michael, Esq.), Pachulski Stang Ziehl & Jones LLP, 10100 Santa Monica Boulevard, 13th Floor, Los Angeles, California 90067 (Attn: James I. Stang, Esq.); and
- all other parties in interest that have filed requests for notice pursuant to Bankruptcy Rule 2002 in the Chapter 11 Cases.

B. Requirements for Confirmation of the Plan

Among the requirements for Confirmation of the Plan are that the Plan (1) is accepted by all impaired Classes of Claims or, if rejected by an impaired Class, that the Plan "does not discriminate unfairly" and is "fair and equitable" as to such Class; (2) is feasible; (3) is in the "best interests" of creditors that are impaired under the Plan; and (4) all transfers of property under the plan comply with applicable nonprofit law.

1. Requirements of Section 1129(a) of the Bankruptcy Code

A moneyed, business or commercial corporation or trust must satisfy the following requirements pursuant to section 1129(a) of the Bankruptcy Code before the Bankruptcy Court may confirm its reorganization plan:

- The plan complies with the applicable provisions of the Bankruptcy Code.
- The proponent(s) of the plan complies with the applicable provisions of the Bankruptcy Code.
- The plan has been proposed in good faith and not by any means forbidden by law.
- Any payment made or to be made by the proponent, by the debtor, or by a person issuing securities or acquiring property under a plan, for services or for costs and expenses in or in connection with the case, or in connection with the plan and incident to the case, has been approved by, or is subject to the approval of, the Bankruptcy Court as reasonable.
- The proponent(s) of a plan has disclosed the identity and affiliations of any individual proposed to serve, after confirmation of the plan, as a director, officer, or voting trustee of the debtor, an affiliate of the debtor participating in a joint plan with the debtor or a successor to the debtor under the plan, and the appointment to, or continuance in, such office of such individual must be consistent with the interests of creditors and equity security holders and with public policy.
- The proponent(s) of the plan has disclosed the identity of any insider (as defined in section 101 of the Bankruptcy Code) that will be employed or retained by the reorganized debtor, and the nature of any compensation for such insider.
- Any governmental regulatory commission with jurisdiction, after confirmation of the plan, over the rates of the debtor has approved any rate change provided for in the plan, or such rate change is expressly conditioned on such approval.
- With respect to each impaired class of claims—
    - each holder of a claim of such class (a) has accepted the plan; or (b) will receive or retain under the plan on account of such claim property of a value, as of the effective date of the plan, that is not less than the amount that such holder would so receive or retain if the debtor were liquidated under chapter 7 of the Bankruptcy Code on such date; or
    - if section 1111(b)(2) of the Bankruptcy Code applies to the claims of such class, each holder of a claim of such class will receive or retain under the plan on account of such claim, property of a value, as of the effective date of the plan, that is not less than the value of such holder's interest in the estate's interest in the property that secures such claims.
- With respect to each class of claims or interests, such class has (a) accepted the plan; or (b) such class is not impaired under the plan (subject to the "cramdown" provisions discussed below; see "Confirmation of the Plan — Requirements of Section 1129(b) of the Bankruptcy Code").
- Except to the extent that the holder of a particular claim has agreed to a different treatment of such claim, the plan provides that:
    - with respect to a claim of a kind specified in sections 507(a)(2) or 507(a)(3) of the Bankruptcy Code, on the effective date of the plan, the holder of the claim will receive on account of such claim cash equal to the allowed amount of such claim, unless such holder consents to a different treatment;
    - with respect to a class of claim of the kind specified in sections 507(a)(1), 507(a)(4), 507(a)(5), 507(a)(6), or 507(a)(7) of the Bankruptcy Code, each holder of a claim of such class will receive (a) if such class has accepted the plan, deferred cash payments of a value, on the effective date of the plan, equal to the allowed amount of such claim; or (b) if such class has not accepted the plan, cash on the effective date of the plan equal to the allowed amount of such claim, unless such holder consents to a different treatment;

- with respect to a claim of a kind specified in section 507(a)(8) of the Bankruptcy Code, unless the holder of such a claim consents to a different treatment, the holder of such claim will receive on account of such claim, regular installment payments in cash, of a total value, as of the effective date of the plan, equal to the allowed amount of such claim over a period ending not later than 5 years after the date of the order for relief under section 301, 302, or 303 of the Bankruptcy Code and in a manner not less favorable than the most favored nonpriority unsecured claim provided for by the plan (other than cash payments made to a class of creditors under section 1122(b) of the Bankruptcy Code); and

- with respect to a secured claim which would otherwise meet the description of an unsecured claim of a governmental unit under section 507(a)(8) of the Bankruptcy Code, but for the secured status of that claim, the holder of that claim will receive on account of that claim, cash payments, in the same manner and over the same period, as prescribed in the immediately preceding bullet points above.

- If a class of claims is impaired under the plan, at least one class of claims that is impaired under the plan has accepted the plan, determined without including any acceptance of the plan by any insider (as defined in section 101 of the Bankruptcy Code).

- Confirmation of the plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the debtor or any successor to the debtor under the plan, unless such liquidation or reorganization is proposed in the plan.

- All fees payable under 28 U.S.C. § 1930, as determined by the Bankruptcy Court at the hearing on confirmation of the plan, have been paid or the plan provides for the payment of all such fees on the effective date of the plan.

- The plan provides for the continuation after its effective date of payment of all retiree benefits, as that term is defined in section 1114 of the Bankruptcy Code, at the level established pursuant to subsection (e)(1)(B) or (g) of section 1114 of the Bankruptcy Code, at any time prior to confirmation of the plan, for the duration of the period the debtor has obligated itself to provide such benefits.

The Debtor and the Additional Debtors believe that the Plan meets all the applicable requirements of section 1129(a) of the Bankruptcy Code other than those pertaining to voting, which has not yet taken place.

2. **Best Interests of Creditors**

Section 1112(c) of the Bankruptcy Code provides that non-profit Entities, such as the Debtor and Additional Debtors, cannot have their chapter 11 cases converted into chapter 7 cases involuntarily. For a non-profit debtor, therefore, a liquidation under chapter 7 of the Bankruptcy Code is a path that can be chosen only by the debtor. Because the Debtor's and Additional Debtors' chapter 11 cases could not be involuntarily converted to a chapter 7 liquidation, the Debtor and Additional Debtors may arguably not be required to satisfy the requirements of section 1129(a)(7) in connection with Confirmation of the Plan. Nevertheless, the Debtor and Additional Debtors are submitting a liquidation analysis and a consolidated liquidation analysis, respectively, each of which is attached hereto as Exhibit 2. The Additional Debtors' liquidation analysis does not provide an analysis of any restrictions or limitations on the Additional Debtors' real estate or other assets.

3. **Feasibility**

The Debtor and Additional Debtors believe that the Reorganized Debtor and Reorganized Additional Debtors will be able to perform their obligations under the Plan and continue to operate their organizations without further financial reorganization or liquidation. In connection with Confirmation of the Plan, the Bankruptcy Court must determine that the Plan is feasible in accordance with section 1129(a)(11) of the Bankruptcy Code (which section requires that the Confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtor). To support the Debtor's and Additional Debtors' belief that the Plan is feasible, the Debtor and Additional Debtors have prepared the projections for the Reorganized Debtor and Reorganized Additional Debtors, as set forth in Exhibit 3 to this Disclosure Statement.

4. **Requirements of Section 1129(b) of the Bankruptcy Code**

The Bankruptcy Code permits confirmation of a plan even if it is not accepted by all impaired classes, as long as (a) the plan otherwise satisfies the requirements for confirmation, (b) at least one impaired class of claims has accepted the plan without taking into consideration the votes of any insiders in such class and (c) the plan is "fair and equitable" and does not "discriminate unfairly" as to any impaired class that has not accepted the plan. These so-called "cramdown" provisions are set forth in section 1129(b) of the Bankruptcy Code.

"Fair and Equitable"

The Bankruptcy Code establishes different "cramdown" tests for determining whether a plan is "fair and equitable" to dissenting impaired classes of secured creditors, unsecured creditors and equity interest holders as follows:

- Secured Creditors. A plan is fair and equitable to a class of secured claims that rejects the plan if the plan provides: (a) that each holder of a secured claim included in the rejecting class (i) retains the liens securing its claim to the extent of the allowed amount of such claim, whether the property subject to those liens is retained by the debtor or transferred to another entity, and (ii) receives on account of its secured claim deferred cash payments having a present value, as of the effective date of the plan, at least equal to such holder's interest in the estate's interest in such property; (b) that each holder of a secured claim included in the rejecting class realizes the "indubitable equivalent" of its allowed secured claim; or (c) for the sale, subject to section 363(k) of the Bankruptcy Code, of any property that is subject to the liens securing the claims included in the rejecting class, free and clear of such liens with such liens to attach to the proceeds of the sale, and the treatment of such liens on proceeds in accordance with clause (i) or (ii) of this paragraph.

- Unsecured Creditors. A plan is fair and equitable as to a class of unsecured claims that rejects the plan if the plan provides that: (a) each holder of a claim included in the rejecting class receives or retains under the plan property of a value, as of the effective date of the plan, equal to the amount of its allowed claim; or (b) the holders of claims and interests that are junior to the claims of the rejecting class will not receive or retain any property under the plan on account of such junior claims or interests.

The Debtor and Additional Debtors believe the Plan is fair and equitable as to unsecured creditors because no holders of Claims junior to such parties are receiving any distributions under the Plan on account of such claims or interests. The Debtor and Additional Debtors do not have any secured creditors that are impaired under the Plan and, therefore, confirmation will not contemplate the non-consensual Confirmation of the Plan with respect to any such secured creditors.

"Unfair Discrimination"

A plan of reorganization does not "discriminate unfairly" if a dissenting class is treated substantially equally with respect to other classes similarly situated, and no class receives more than it is legally entitled to receive for its claims or interests. The Debtor and Additional Debtors carefully designed the Plan to ensure recoveries on account of Claims in a particular Class against the Debtor or Additional Debtors did not result in unfair discrimination among similarly situated Classes. The Debtor and Additional Debtors do not believe that the Plan discriminates unfairly against any impaired Class of Claims.

The Debtor and Additional Debtors believe that, if necessary, the Plan and the treatment of all Classes of Claims under the Plan satisfy the foregoing requirements for, "cramdown," or non-consensual Confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code.

X. MEANS OF IMPLEMENTATION OF THE PLAN

A. Effects of Confirmation of the Plan

1. Continued Corporate Existence and Vesting of Assets in the Reorganized Debtor and the Reorganized Additional Debtors

The Debtor and Additional Debtors shall continue to exist on and after the Effective Date, with all of the powers of such Entities under applicable law, including pursuant to the *Act to Incorporate the Roman Catholic Diocese of Rockville Centre, New York*, other formation, organizational and governance documents immediately prior to the Effective Date, and nonprofit law.

Except as otherwise explicitly provided in the Plan and expressly excluding the Trust Assets, on the Effective Date, pursuant to sections 1141(b) and 1141(c) of the Bankruptcy Code, all property comprising the Estates and any and all property of the Debtor and Additional Debtors shall vest in the Reorganized Debtor and Reorganized Additional Debtors, as applicable, free and clear of all Liens, Claims, interests, charges, other Encumbrances and liabilities of any kind, including successor liability Claims; provided, however, the foregoing shall not be construed to authorize the Reorganized Debtor or Reorganized Additional Debtors to use property in contravention of any legally enforceable restrictions requiring the use or disposition of such assets for a particular donative purpose or to use property that is held in a fiduciary capacity other than in accordance with such fiduciary obligations. On and after the Effective Date and excluding the Trust Assets, the Reorganized Debtor and the Reorganized Additional Debtors may continue operations and may use, acquire, or dispose of property, and compromise or settle any Claims, or Causes of Action without supervision or approval of the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or the Bankruptcy Rules.

2. Sources of Cash for Plan Distributions and Trust Distributions

The Debtor, the Additional Debtors, the Reorganized Debtor, or the Reorganized Additional Debtors, as applicable, shall fund Plan Distributions using cash on hand and the Trust shall fund distributions from Trust Assets in accordance with the Trust Documents.

3. Corporate Governance, Directors and Officers, Employment-Related Agreements and Compensation Programs; Other Agreements

a. Certificates of Incorporation and Bylaws

Other than with respect to the *Act to Incorporate the Roman Catholic Diocese of Rockville Centre, New York*, the Reorganized Debtor and Reorganized Additional Debtors shall enter into such agreements and amend formation, organizational and/or governance documents, including bylaws and rules and regulations, as applicable, to the extent necessary to implement the terms and provisions of the Plan. After the Effective Date, the Reorganized Debtor and the Reorganized Additional Debtors may amend and restate its organizational documents, and the Reorganized Debtor and Reorganized Additional Debtors may file bylaws, rules and regulations, or such other applicable organizational and/or governance documents, as applicable, and other constituent documents as permitted by applicable laws.

b. Directors and Officers of the Reorganized Debtor

In accordance with section 1129(a)(5) of the Bankruptcy Code, the identities and affiliations of the persons proposed to serve as the members and trustees of the Reorganized Debtor and Reorganized Additional Debtors and the persons proposed to serve as officers of the Reorganized Debtor and Reorganized Additional Debtors on and after the Effective Date are set forth in the Plan Supplement.

4. Preservation of Causes of Action

In accordance with section 1123(b)(3) of the Bankruptcy Code, notwithstanding anything else in the Plan to the contrary but subject to Article XI.I of the Plan and the Non-Settling Insurance Rights Transfer, all Causes of Action that the Debtor and Additional Debtors may hold against any Entity shall vest in the Reorganized Debtor and

Reorganized Additional Debtors, as applicable, on the Effective Date. Thereafter, subject to Article XI.I of the Plan and the Non-Settling Insurance Rights Transfer, the Reorganized Debtor and Reorganized Additional Debtors shall have the exclusive right, authority, and discretion to determine and to initiate, file, prosecute, enforce, abandon, settle, compromise, release, withdraw, or litigate to judgment any such Causes of Action, whether arising before or after the Petition Date or Additional Debtor Petition Date, and to decline to do any of the foregoing without the consent or approval of any third party or further notice to or action, order, or approval of the Bankruptcy Court. No Entity may rely on the absence of a specific reference in the Plan or the Disclosure Statement to any specific Cause of Action as any indication that the Debtor or Reorganized Debtor, as applicable, or Additional Debtors or Reorganized Additional Debtors, as applicable, will not pursue any and all available Causes of Action. The Debtor or Reorganized Debtor, as applicable, and the Additional Debtors or Reorganized Additional Debtors, as applicable, expressly reserve all rights to prosecute any and all Causes of Action against any Entity, except as otherwise expressly provided in the Plan, and, therefore, no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable or otherwise) or laches, shall apply to any Cause of Action of the Debtor or Reorganized Debtor, as applicable, or the Additional Debtors or the Reorganized Additional Debtors, as applicable, upon, after, or as a consequence of entry of the Confirmation Order or the occurrence of the Effective Date.

5. **Setoffs and Recoupment**

Each of the Debtor, the Reorganized Debtor, the Additional Debtors and Reorganized Additional Debtors may (notwithstanding anything else herein to the contrary), but shall not be required to, set off or recoup against any Claim, Cause of Action or any entitlement to a contribution, distribution or transfer to be made hereunder, including Plan Distributions, any and all Claims, rights, and Causes of Action of any nature whatsoever that any of the Debtor, the Reorganized Debtor, the Additional Debtors or the Reorganized Additional Debtors may have against the holder of such Claim, Cause of Action or entitlement pursuant to the Plan, the Bankruptcy Code or applicable non-bankruptcy law; provided, however, that the failure to do so shall not constitute a waiver or release by the Debtor, the Reorganized Debtor, the Additional Debtors or Reorganized Additional Debtors or the successors or assigns of any of the foregoing of any Claims, rights, or Causes of Action that any of them or their successors or assigns may possess against the holder of such Claim.

6. **Reinstatement and Continuation of Insurance Policies**

Notwithstanding anything herein to the contrary, the Reorganized Debtor and Reorganized Additional Debtors shall be deemed to have assumed all of the D&O Liability Insurance Policies pursuant to section 365(a) of the Bankruptcy Code, effective as of the Effective Date. Entry of the Confirmation Order will constitute the Bankruptcy Court's approval of the Reorganized Debtor and Reorganized Additional Debtors foregoing assumption of the unexpired D&O Liability Insurance Policies.

On the Effective Date, the Debtor's and Additional Debtors' insurance policies in existence as of the Effective Date, other than the Subject Policies, shall continue in accordance with their terms and, to the extent applicable, shall be deemed assumed by the Reorganized Debtor and Reorganized Additional Debtors pursuant to section 365 of the Bankruptcy Code and Article V of the Plan. Nothing in the Plan shall affect, impair, or prejudice the rights of the insurance carriers, the insureds, the Reorganized Debtor, or the Reorganized Additional Debtors under the insurance policies, other than the Subject Policies, in any manner, and such insurance carriers, the insureds, Reorganized Debtor, and Reorganized Additional Debtors shall retain all rights and defenses under such insurance policies, subject to the Non-Settling Insurance Rights Transfer and Insurance Settlement Agreements.

7. **Cancellation of Liens**

Except as otherwise specifically provided herein, upon the payment in full in cash of a Secured Claim, any Lien securing a Secured Claim that is paid in full in cash shall be deemed released, and the holder of such Secured Claim shall be authorized and directed to release any collateral or other property of the Debtor (including any cash collateral) held by such holder and to take such actions as may be requested by the Reorganized Debtor, to evidence the release of such Lien, including the execution, delivery and filing or recording of such releases as may be requested by the Reorganized Debtor.

8. **Effectuating Documents; Further Transactions**

Each of the officers, managers, or members of the Debtor, the Additional Debtors, the Reorganized Debtor, the Reorganized Additional Debtors, the Trust or the Trustee are authorized to execute, deliver, file, or record such contracts, instruments, releases, indentures, and other agreements or documents and take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

9. **The Committee and the Future Claimants' Representative**

Except as set forth below, the Committee and the Future Claimants' Representative shall continue in existence until the Effective Date. After the Effective Date, the Future Claimants' Representative shall be released and discharged of his rights, duties and responsibilities. On the Effective Date, the Committee shall dissolve and, as of the Effective Date, each member of the Committee and each Professional retained by the Committee shall be released and discharged from all rights, duties, responsibilities, and obligations arising from, or related to, the Debtor, its membership on the Committee, the Plan, or the Chapter 11 Cases, except with respect to any matters concerning any Professional Fee Claims held or asserted by any Professional retained by the Committee. For the avoidance of doubt, neither the Debtor, Additional Debtors, Reorganized Debtor nor the Reorganized Additional Debtors shall have any obligation to pay any fees or expenses of any Professional retained by the Committee, or the Future Claimants' Representative that are earned or incurred on or after the Effective Date. Nor shall the Debtor, Additional Debtors, the Reorganized Debtor or Reorganized Additional Debtors have any obligation to pay fees or expenses of any Professional retained by the Committee or the Future Claimants' Representative that are earned or incurred before the Effective Date to the extent such fees or expenses (or any portion thereof) are outstanding on the Effective Date, in which case such fees and expenses (or the applicable portion thereof) shall be paid by the Trust. All Trust Assumed Administrative Expenses are the responsibility of the Trust.

B. Provisions Governing Distributions on Account of Allowed Claims and Procedures for Resolving Disputed Claims

1. **Distributions on Account of Allowed Claims**

a. ***Distributions for Allowed Claims as of the Effective Date***

Except with respect to Trust Distributions on account of Abuse Claims and payment of Trust Expenses, which shall be made in accordance with the terms hereof and of the applicable Trust Documents, the Reorganized Debtor (or, with respect to Non-Participating Post Confirmation Claims, the Additional Debtors) shall make all distributions to the appropriate holders of Allowed Claims in accordance with the terms of the Plan, including Article VII of the Plan.

Except as otherwise provided in the Plan, any Plan Distributions shall be made on the Effective Date or as otherwise determined in accordance with the Plan, including the treatment provisions of Article III of the Plan, or as soon as practicable thereafter; provided, however, that the Reorganized Debtor and Reorganized Additional Debtors shall from time to time determine subsequent distribution dates to the extent they determine them to be appropriate; provided further, however, that the Reorganized Debtor and Reorganized Additional Debtors reserve their rights to seek Bankruptcy Court approval of procedures and mechanisms for Plan Distributions.

Except as provided in Article VII of the Plan, no holder of an Allowed Claim shall receive, on account of such Allowed Claim, Plan Distributions in excess of the Allowed amount of such Claim.

b. ***Distribution Record Date***

The Debtor or the Reorganized Debtor, or Additional Debtors or Reorganized Additional Debtors, as applicable, shall have no obligation to recognize any transfer, sale or assignment of Claims occurring after the close of business on the Distribution Record Date. With respect to payment of any Cure Amounts or assumption disputes, neither the Debtor nor the Reorganized Debtor shall have any obligation to recognize or deal with any party other than the non-Debtor party to the applicable Executory Contract or Unexpired Lease as of the close of business on the

Distribution Record Date, even if such non-Debtor party has sold, assigned, or otherwise transferred its Claim for a Cure Amount.

c. ***No Postpetition Interest on Claims***

Except as otherwise provided in the Plan, the Confirmation Order, or another order of the Bankruptcy Court or required by the Bankruptcy Code (including postpetition interest in accordance with sections 506(b) and 726(a)(5) of the Bankruptcy Code), interest shall not accrue or be paid on any Claims on or after the Petition Date; provided, however, that if interest is payable pursuant to the preceding sentence, interest shall accrue at the federal judgment rate pursuant to 28 U.S.C. § 1961 on a non-compounded basis from the date the obligation underlying the Claim becomes due and is not timely paid through the date of payment.

d. ***Non-Negotiated Plan Distributions***

If any Plan Distribution to a holder of an Allowed Claim is not negotiated for a period of 180 days after the Plan Distribution, then such Plan Distribution shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code and re-vest in the Reorganized Debtor or Reorganized Additional Debtor, as applicable. After such date, all non-negotiated property or interests in property shall revert to the Reorganized Debtor or Reorganized Additional Debtor automatically and without the need for any notice to or further order of the Bankruptcy Court (notwithstanding any applicable non-bankruptcy escheatment, abandoned, or unclaimed property laws to the contrary), and the right, title, and interest of any holder to such property or interest in property shall be discharged and forever barred.

e. ***Minimum Cash Distributions***

The Reorganized Debtor shall not be required to make any Plan Distribution of cash less than fifty dollars ($50) to any holder of an Allowed Claim; provided, however, that if any Plan Distribution is not made pursuant to Article VII.H of the Plan, such distribution shall be added to any subsequent Plan Distribution to be made on behalf of the holder's Allowed Claim.

f. ***Allocation of Plan Distributions Between Principal and Interest***

Except as otherwise required by law (as reasonably determined by the Reorganized Debtor), Plan Distributions with respect to an Allowed Claim shall be allocated first to the principal portion of such Allowed Claim (as determined for United States federal income tax purposes) and, thereafter, to the remaining portion of such Allowed Claim, if any.

g. ***Allowed Claims Paid by Third Parties***

To the extent a holder receives a Plan Distribution on account of an Allowed Claim and also receives payment from a party other than the Debtor, the Additional Debtors, Reorganized Debtor, or the Reorganized Additional Debtors, on account of such Allowed Claim, such holder shall, within thirty (30) days of receipt thereof, repay or return the Plan Distribution to the Reorganized Debtor or Reorganized Additional Debtors, as applicable, to the extent the holder's total recovery on account of such Allowed Claim from the third party and under the Plan exceeds the amount of the Allowed Claim as of the date of any such Plan Distribution.

2. Procedures for Resolving Disputed Claims

a. ***Objections to Claims***

The Reorganized Debtor shall be entitled to object to all Administrative Expense Claims, Priority Tax Claims, Priority Claims, Secured Claims, and General Unsecured Claims. The Committee and the Trustee shall be entitled to object to all Administrative Expense Claims. The Reorganized Additional Debtors shall be entitled to object to all Non-Participating Post-Confirmation Claims. The Trustee shall exclusively be entitled to administer Abuse Claims (other than Non-Participating Post-Confirmation Claims) in accordance with the Trust Allocation Protocol. After the Effective Date, the Reorganized Debtor, Reorganized Additional Debtors, the Trust and the Trustee shall have and

retain any and all rights and defenses that the Debtor and Additional Debtors had with respect to any Claim to which it may object or otherwise contest. The Reorganized Debtor or Reorganized Additional Debtors, as applicable, shall serve and file any objection to a Claim on or before the Claims Objection Deadline. The Trustee shall administer the Abuse Claims (other than the Non-Participating Post-Confirmation Claims) on a timeline determined by such Trustee, in consultation with the Trust Advisory Committee. The expiration of the Claims Objection Deadline shall not limit or affect the Debtor's or Reorganized Debtor's rights to dispute Claims asserted in the ordinary course of business other than through a Proof of Claim.

b. ***Resolution of Disputed Claims***

On and after the Effective Date, (a) the Reorganized Debtor shall have the authority to prosecute and withdraw objections to, compromise, settle, or otherwise resolve Administrative Expense Claims (other than with respect to Professional Fee Claims), Priority Tax Claims, Priority Claims, Secured Claims and General Unsecured Claims, and (b) the Reorganized Additional Debtors shall have the authority to prosecute and withdraw objections to, compromise, settle, or otherwise resolve Non-Participating Post-Confirmation Claims, in the case of each of (a) and (b), without approval of the Bankruptcy Court. For the avoidance of doubt, only the Trustee shall have the authority to administer Abuse Claims (other than Non-Participating Post-Confirmation Claims) in accordance with the Trust Allocation Protocol and Trust Documents.

c. ***Resolution of Abuse Claims***

Abuse Claims (other than Non-Participating Post-Confirmation Claims) shall be resolved in accordance with the Trust Documents, subject to the provisions of Article IV of the Plan and subject to the right of Non-Settling Insurers to raise any Insurer Coverage Defense in response to a demand by the Trust that the Non-Settling Insurer handle, defend, or pay any such Abuse Claim.

d. ***Payments and Distributions With Respect to Disputed Claims***

Notwithstanding anything herein to the contrary, if any portion of a Claim is a Disputed Claim, no distribution or Plan Distribution shall be made on account of such Claim unless and until (and to the extent that) such Disputed Claim becomes an Allowed Claim.

After such time as a Disputed Claim becomes, in whole or in part, an Allowed Claim, the holder thereof shall be entitled to a Plan Distribution to which such holder is then entitled, without interest, as provided in Article VII of the Plan. Such Plan Distributions shall be made as soon as practicable after the date that the order or judgment of the Bankruptcy Court allowing such Disputed Claim (or portion thereof) becomes a Final Order.

e. ***Estimation of Claims***

The Debtor or the Reorganized Debtor, with respect to contingent, unliquidated, and/or Disputed Administrative Expense Claims, Priority Tax Claims, Priority Claims, Secured Claims, and General Unsecured Claims, may at any time request that the Bankruptcy Court estimate any such contingent, unliquidated, or Disputed Claim or Class of Claims pursuant to section 502(c) of the Bankruptcy Code or otherwise, including to establish a reserve for Plan Distribution purposes, regardless of whether the Debtor, the Reorganized Debtor or any other Entity had previously objected to such Claim or whether the Bankruptcy Court has ruled on any such objection. The Bankruptcy Court will retain jurisdiction to estimate any Claim or Class of Claims at any time during litigation concerning any objection to any Claim, including during the pendency of any appeal relating to any such objection. In the event that the Bankruptcy Court estimates any contingent, unliquidated, or Disputed Claim or Class of Claims, the amount so estimated shall constitute either the Allowed amount of such Claim or Class of Claims, or a maximum limitation on such Claim or Class of Claims, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on the amount of such Claim or Class of Claims, the Debtor or the Reorganized Debtor, as applicable, may pursue supplementary proceedings to object to the allowance of such Claims; provided, however, that such limitation shall not apply to Claims requested by the Debtor to be estimated for voting purposes only.

f. ***Interest***

To the extent that a Disputed Claim becomes an Allowed Claim after the Effective Date, the holder of such Claim shall not be entitled to any interest that accrued thereon from and after the Effective Date, except as provided in Article VII.D of the Plan.

g. ***Insured Non-Abuse Claims***

To the extent that an Insurer satisfies an Insured Non-Abuse Claim in whole or in part (based on either a settlement or judgment), then immediately upon such satisfaction, the portion of such Claim so satisfied may be expunged without an objection to such Claim having to be filed and without any further notice to or action, order or approval of the Court.

C. Additional Debtors Deferred Contributions; Holdback and Offset against Trust Expenses

Subject to the terms and conditions of this Article V.W, in exchange for the settlement and release of Abuse Claims as set forth in this Plan, and the other provisions of this Plan, including, without limitation, the Trust's assumption of the Channeled Claims and Trust Expenses, the Additional Debtors have agreed, and are hereby directed, to pay in the aggregate $6.25 million to the Trust on or before each of the first four anniversaries of the Effective Date for a total of $25 million (collectively, the "Additional Debtors Deferred Contributions"). The Reorganized Debtor, or its designee, may serve as paying agent for the collection and payment of the Additional Debtors Deferred Contributions to the Trust. The Additional Debtors shall be jointly and severally liable for the payment of the Additional Debtors Deferred Contributions when due to the Trust in accordance with this Article V.W.

Notwithstanding the foregoing paragraph, the Additional Debtors may setoff and/or deduct from all or any part of the Additional Debtors Deferred Contributions all amounts due to or reasonable fees, costs and expenses incurred by the Additional Debtors with respect to any Non-Participating Post-Confirmation Claim against any Additional Debtor(s).

The Additional Debtor(s) may only setoff or deduct with respect to amounts that are actually incurred due to or relating to a Non-Participating Post-Confirmation Claim. The Additional Debtor(s) shall provide written notice to the Trustee setting forth the amount of any proposed setoff or deduction of Additional Debtors Deferred Contributions under this Article V.W., including information regarding the basis for any amounts proposed to be withheld, setoff or deducted and the Trustee shall be entitled to request information reasonably necessary for the Trustee to evaluate the proposed setoff or deduction. If the Trustee objects to any setoff or deduction of the Additional Debtors Deferred Contributions under this Article V.W, the Trustee shall promptly meet and confer with the Additional Debtor(s) and, within forty-five (45) days of receipt of a notice sent pursuant to the preceding sentence, file a motion with the Bankruptcy Court objecting to all or any portion of such setoff or deduction. The Trustee's motion shall be filed on no less than fourteen (14) days' notice to the Additional Debtor(s). The Additional Debtor(s) must pay all outstanding amounts owed that are not subject to the proposed setoff or deduction.

The Additional Debtor(s) may also withhold or deduct amounts that reflect an appropriate reserve for the Additional Debtor(s) with respect to such Non-Participating Post-Confirmation Claim(s) with the consent of the Trustee or, on at least fourteen (14) days' notice to the Trustee, a determination by the Bankruptcy Court that such a reserve is appropriate and necessary.

For purposes of a contested matter relating to a dispute concerning an appropriate withholding, setoff, or deduction for the Additional Debtor(s) with respect to such Non- Participating Post-Confirmation Claim(s), the Bankruptcy Court shall determine whether the Additional Debtor(s), the Trustee or neither party is the prevailing party for purposes of this Article.

The Bankruptcy Court shall retain exclusive jurisdiction over any Claims or Causes of Action of the Trust against the Additional Debtors relating to any non-payment of the Additional Debtors Deferred Contributions or any disputes under this Article V.W. In any contested matter relating to non-payment of the Additional Debtors Deferred Contributions to the Trust or disputes under this Article V.W., the prevailing party shall be entitled to the payment of its reasonable fees and expenses. The Trust may pursue any non-payment of the Additional Debtors

Deferred Contributions against the Additional Debtors by way of a motion to enforce the Plan and an adversary proceeding shall not be required.

D. Additional Debtors Sexual Abuse Bar Date

1. **Establishment of Additional Debtors Sexual Abuse Bar Date.**

Except for a Previously Asserted Abuse Claim (which, for the avoidance of doubt, will be classified and treated in accordance with Article III.B.4 of the Plan), all Proofs of Claim for Abuse Claims against Additional Debtors, if any, must be filed by the Additional Debtors Sexual Abuse Claim Bar Date. **Any Abuse Claim (other than a Previously Asserted Abuse Claim) against an Additional Debtor for which a timely Proof of Claim is not filed shall be automatically Disallowed, forever barred from assertion, and unenforceable against the Additional Debtors or the Reorganized Additional Debtors, the Estates, or their property without the need for any objection by the Reorganized Additional Debtors or further notice to, or action, order, or approval of the Bankruptcy Court, and any such Abuse Claim against an Additional Debtor shall be deemed fully satisfied, released, and discharged, notwithstanding anything in the Proof of Claim to the contrary.**

For the avoidance of doubt, the fact that an Abuse Claim is or may be time-barred or subject to a statute of limitations or other defense under applicable non-bankruptcy law does not excuse the holder of such Abuse Claim from compliance with the provisions of the Plan, including Article V.Z of the Plan, the Additional Debtors Sexual Abuse Bar Date, and the Confirmation Order.

2. **Treatment of Post-Confirmation Claims.**

All Previously Asserted Abuse Claims against the Additional Debtors shall be classified as Abuse Claims and treated in accordance with Article III.B.4 of the Plan.

All Abuse Claims (other than Previously Asserted Abuse Claims) against Additional Debtors that are timely filed in accordance with the Additional Debtors Sexual Abuse Bar Date shall be classified as Post-Confirmation Claims and treated in accordance with Article III.B.5 of the Plan.

As set forth herein, all Abuse Claims (other than Previously Asserted Abuse Claims) against Additional Debtors that are not timely filed in accordance with the Additional Debtors Sexual Abuse Bar Date and Article V.Z of the Plan shall be discharged, disallowed, forever barred from assertion, and unenforceable against the Trust, the Trustee, the Additional Debtors or the Reorganized Additional Debtors, the Estates or their property.

3. **Additional Debtors Sexual Abuse Bar Date Procedures.**

The following procedures for the filing of proofs of claim shall apply:

a. Additional Debtors Sexual Abuse Proofs of Claim must conform substantially to the Additional Debtors Sexual Abuse Proof of Claim Form;

b. Additional Debtors Sexual Abuse Proofs of Claim must be submitted (i) electronically through the Claims Agent website for the lead Chapter 11 Case at https://dm.epiq11.com/drvc by following instructions for filing proofs of claim electronically; or (ii) by delivering the original proof of claim either by U.S. Postal Service mail to The Roman Catholic Diocese of Rockville Centre, New York et al. Claims Processing Center c/o Epiq Corporate Restructuring, LLC P.O. Box 4421 Beaverton, OR 97076-4421, or by hand delivery or overnight courier to The Roman Catholic Diocese of Rockville Centre, New York et al. Claims Processing Center c/o Epiq Corporate Restructuring, LLC 10300 SW Allen Blvd. Beaverton, OR 97005;

c. Additional Debtors Sexual Abuse Proofs of Claim will be deemed filed only when received by the Claims Agent on or before the Additional Debtors Sexual Abuse Bar Date;

d. Additional Debtors Sexual Abuse Proofs of Claim must (i) be signed, (ii) include supporting documentation (if voluminous, attach a summary) or an explanation as to why documentation is not available; and (iii) be in the English language; and

e. Additional Debtors Sexual Abuse Proofs of Claim sent by facsimile, telecopy, or electronic mail transmission will not be accepted.

Pursuant to Bankruptcy Rule 3003(c)(2), all holders of Additional Debtors Sexual Abuse Claims that fail to comply with Article V.Z of the Plan by timely filing a proof of claim in appropriate form shall not be treated as a creditor with respect to such Claim for the purpose of distributions.

Parties asserting Additional Debtors Sexual Abuse Claims that arose before the Additional Debtors Petition Date must use the form substantially in the form of the Additional Debtors Sexual Abuse Proof of Claim Form.

Due to the sensitive nature of the information requested in the Additional Debtors Sexual Abuse Proof of Claim Form, the Confidentiality Protocol, as stated in the *Bar Date Order* (Docket No. 333), as amended by the *Amended Order Establishing Deadlines for Filing Proofs of Claim and Approving the Form and Manner of Notice Thereof* (Docket No. 813) and *the Order Further Amending the Bar Date Order* (Docket No. 867), and as may be further amended from time to time, shall apply to all Additional Debtors Sexual Abuse Proof of Claim Forms submitted by holders of Abuse Claims against the Additional Debtors.

The Claims Agent shall assign to each claimant filing an Additional Debtors Sexual Abuse Proof of Claim Form against an Additional Debtor a unique identifier code and shall maintain a confidential list of the identities of such claimants, their corresponding identifier code, and their respective Additional Debtors Proof of Claim Forms.

The Debtor will cause the Additional Debtors Bar Date Notice and the Additional Debtors Sexual Abuse Proof of Claim Form to be posted on the website established by the Claims Agent for these Chapter 11 Cases.

Pursuant to Bankruptcy Rules 2002(l) and 9008, the Debtor and Additional Debtors may publish notice of the Additional Debtors Sexual Abuse Bar Date substantially in the form of the Additional Debtors Bar Date Publication Notice.

The Additional Debtors may (a) post a link on its respective website to the Additional Debtors Bar Date Notice and the Additional Debtors Sexual Abuse Proof of Claim Form, (b) provide a notice (or a link to the notice) in any bulletins it sends to its parishioners, or (c) provide additional notice to the extent it considers appropriate.

The Debtor, Additional Debtors and the Claims Agent are authorized and empowered to take such steps and perform such acts as may be necessary to implement and effectuate the terms of Article V.Z of the Plan.

Nothing in Article V.Z of the Plan shall (a) prejudice the right of the Additional Debtors, Reorganized Additional Debtors, the Trust, the Trustee or any other Co-Insured Party or Insurer to dispute or assert offsets or defenses to any Abuse Claim, (b) limit the releases, discharges and injunctions set forth elsewhere in this Plan or the Confirmation Order or (c) be construed to modify, amend or enlarge any creditor's rights with respect to any Claim.

E. Child Protection Protocols

The Plan requires the Diocese to comply with, continue, and fulfill, the following "Child Protection Protocols." No claim or cause of action shall arise from the failure to comply with, or fulfill, the following requirements.

1. **Prevention.**

a. Zero tolerance. No cleric will be returned to pastoral ministry in the Diocese who, a determination has been made, has committed an act of sexual abuse of a minor or that poses a danger to minors. No cleric who is the subject of a credible accusation of sexual abuse of a minor will be temporarily released or incardinated

or permanently transferred for ministerial assignment to another diocese/eparchy or religious province.

b. Mandatory reporting to law enforcement, of any allegation of sexual abuse of a minor, consistent with the protection of confidential relationships and particularly that of the seal of Confession.

c. The Diocese shall comply with all applicable laws with respect to the reporting of allegations of sexual abuse of minors to law enforcement and will cooperate in any such investigation. At all times, the Diocese shall advise and support a person's right to make a report to law enforcement.

d. The Diocese shall maintain its Office for the Protection of Children and Young People (the "Office") and continue to employ a Director for the Office.

e. The Diocesan Child Protection Policy, which has been prominently displayed on the Diocese's website and distributed to all Diocesan entities.

f. The Procedure for Dealing with Sexual Abuse of Minors by Priests or Deacons in the Diocese of Rockville Centre, which has been prominently displayed on the Diocese's website and distributed to all Diocesan entities.

g. The Diocese of Rockville Centre, Code of Conduct for Church/Personnel/Volunteers, which has been prominently displayed on the Diocese's website and distributed to all Diocesan entities.

h. All potential employees and volunteers of the Diocese shall: (a) complete an employment form or volunteer service request form; (b) authorize a criminal history record check; and (c) provide at least two references. The Diocese will also continue to encourage parishes to require and retain copies of such materials. In addition to these requirements, anyone applying for the priesthood, diaconate, or incardination as a priest of the Diocese shall undergo a complete psychological evaluation in an effort to determine whether he is suitable to work with minors.

i. Utilization of the VIRTUS child abuse training awareness program.

j. Retention of StoneBridge Business Partners or other reputable auditor to provide an annual report on the Diocese's compliance with the Charter.

k. The Diocese shall continue to post information on its website for anonymously reporting allegations of clergy sexual abuse.

l. The Diocese's Superintendent of Schools, Director of Faith Formation, and Director of Youth and Young Adult ministry shall continue age-appropriate abuse prevention education programs be provided annually to children in all grades of every elementary school in the Diocese and in the Diocesan high schools.

m. Diocesan Review Board, established by the Diocesan Bishop, will be composed of at least five, but no more than seven, members of outstanding integrity and good judgment in full communion with the Church. The majority of the review board members will be laypersons who are not in the employ of the Diocese of Rockville Centre. At least one member shall be a priest who is an experienced and respected pastor of the Diocese. At least one member shall have particular expertise in the treatment of minors who have been sexually abused. At least one member shall have expertise in civil law. At least one member shall have medical, psychological or psychiatric training and expertise. The members will be appointed for a term of

five years, which can be renewed, for a maximum of two consecutive five year terms.

2. **Reconciliation.**

The Diocesan Bishop shall again make a public statement apologizing to survivors of clergy sexual abuse, thanking survivors for coming forward, and expressing the Diocese's continuing commitment to zero tolerance of abuse.

Upon request by an individual survivor and reasonable notice, the Diocesan Bishop, accompanied by the Director of the Office, will privately confer with individual survivors of sexual abuse.

The Diocese shall provide timely, supportive responses to survivors, as well as their families, parishes and communities. Those responses may include, expressions of compassion; support groups; acknowledgement and acceptance of feelings of anger, pain, and mistrust; and education of the parish and community in order to facilitate their understanding, acceptance, and support of survivors.

If requested by a survivor, such responses will include a letter signed by the Bishop, apologizing to the survivor, acknowledging that the survivor was not at fault for the abuse, thanking the survivors for coming forward, and expressing the Diocese's continuing commitment to zero tolerance of abuse. The Diocese will consult with the Committee on the form of such a letter.

3. **Transparency.**

The Diocese shall continue, for a period of not less than five (5) years, posting a link on its website to the names of Accused Clergy (x) that the Diocese knows have been the subject of an adverse determination by the Diocesan Review Board that an allegation of child sexual abuse against such priest or deacon was credible or (y) against whom an allegation of clergy abuse was made through the Diocese's Independent Reconciliation and Compensation Program ("IRCP") and the Diocese made a payment in settlement of such allegation through the IRCP (the "Credibly Accused List").

The Diocese shall post a link on its website to a statement: (i) confirming that it has not imposed any confidentiality requirements on survivors of sexual abuse since at least 2002; (ii) releasing survivors of clergy sexual abuse from any previous confidentiality requirements; and (iii) promising not to require any confidentiality provisions as part of any resolution of an allegation of clergy sexual abuse, in the future.

The Diocesan Bishop shall continue to post a letter to parishioners affirming the Diocese's commitment to child protection on the Diocese's website.

4. **Document Production.**

Within one hundred and twenty (120) days of the Effective Date, or as otherwise agreed between the Diocese and the Trust, the Diocese shall make available to the Trust, copies of all documents previously produced in connection with the bankruptcy and/or individual CVA state-court cases concerning: (i) allegations of abuse; and (ii) the policies and procedures the Diocese had in place to protect children from abuse. To the extent not already provided, the Debtor shall provide the CVA documents, including the Canon Law 489 files, for any cleric who is on the Credibly Accused List. The reasonable cost and expenses relating to the production of files not previously provided to the Committee will be a cost of the Trust.

The Diocese shall not be required to include any of its attorneys' work product such as document coding or annotations in its productions. While the documents are in the possession of the Trust, the documents shall continue to be governed by the *Confidentiality Agreement and Protective Order Between the Debtor and Official Committee of Unsecured Creditors* so ordered by the Court on January 20, 2021 (Docket No. 320).

On the later of the completion of the claims review process pursuant to the Trust Allocation Protocol, or three years after the Effective Date, the Trust shall provide such documents relating to any perpetrator for which any claim is sustained by the Trust or a cleric that is on the Credibly Accused List, in redacted form to protect survivors and

personal health information, as determined by the Trust in accordance with applicable law, to an archive maintained by an institute of higher learning acceptable to the Diocese and the Trust to be made available upon request in accordance with the protocols of that institution. After the second anniversary of the Effective Date, the documents shall be provided to the institute of higher learning for processing on a confidential basis; provided, however, such documents will not become available sooner than the third anniversary of the Effective Date.

The ongoing costs of any storage or further reproduction of documents shall be borne by the Trust. The Diocese shall not have any other, further or ongoing, document collection, review, or production obligations in connection with these child protection protocols. For the avoidance of doubt this does not limit the Diocese's obligation to collect, review or produce documents to the Trust with regard to recovery with respect to the Arrowood policies.

XI. DISCHARGE, INJUNCTIONS, AND RELEASES

A. Binding Effect.

As of the Effective Date, all provisions of the Plan, including all agreements, instruments and other documents filed in connection with the Plan by the Debtor, the Reorganized Debtor, the Additional Debtors, the Reorganized Additional Debtors and the Trust Documents, shall be binding upon the Debtor, the Additional Debtors, the Estates, the Reorganized Debtor, the Reorganized Additional Debtors, the Settling Insurers, all holders of Claims against the Debtor, the Additional Debtors, all holders of Abuse Claims, each such holder's respective successors and assigns, and all other Entities that are affected in any manner by the Plan, regardless of whether the Claim of such holder is Impaired under the Plan and whether such holder has accepted the Plan. Except as otherwise expressly provided in the Plan, all agreements, instruments and other documents filed in connection with the Plan shall be given full force and effect and shall bind all Entities referred to therein on and after the Effective Date, whether or not such agreements are actually issued, delivered or recorded on or after the Effective Date and whether or not such Entities have actually executed such agreement.

B. Discharge

1. Discharge of the Debtor

Except as expressly provided in the Insurance Settlement Agreements, Plan or the Confirmation Order, all consideration distributed under the Plan, and the Debtor's contribution to the Trust, shall be in exchange for, and in complete satisfaction, settlement, discharge, termination and release of, all Claims of any nature whatsoever against or in the Debtor or any of its assets or properties based upon any act, omission, transaction, occurrence, or other activity of any nature that occurred prior to the Effective Date, and, as of the Effective Date, the Debtor shall be deemed discharged and released, and each holder of a Claim and any successor, assign, and affiliate of such holder shall be deemed to have forever waived, discharged and released the Debtor, to the fullest extent permitted by section 1141 of the Bankruptcy Code, of and from any and all Claims, rights and liabilities, and all debts of the kind specified in section 502 of the Bankruptcy Code, based upon any act, omission, transaction, occurrence, or other activity of any nature that occurred prior to the Effective Date, in each case whether or not (a) a Proof of Claim based upon such debt is filed or deemed filed under section 501 of the Bankruptcy Code, (b) a Claim based upon such debt is Allowed under section 502 of the Bankruptcy Code, (c) a Claim based upon such debt is or has been Disallowed by order of the Bankruptcy Court, or (d) the holder of a Claim based upon such debt is deemed to have accepted the Plan.

Without limiting the foregoing, the Diocesan High Schools are not separate Entities from the Debtor and all Abuse Claims asserted against the Diocesan High Schools, including but not limited to the Diocesan High School CVAs, are discharged and released in accordance with the preceding paragraph.

2. Discharge of the Additional Debtors

All consideration distributed under the Plan, and the Additional Debtors' contribution to the Trust, shall be in exchange for, and in complete satisfaction, settlement, discharge, termination and release of, all Abuse Claims (other than Non-Participating Post-Confirmation Claims) of any nature whatsoever against or in the Additional Debtors or any of its assets or properties based upon any act, omission, transaction, occurrence, or other activity of

any nature that occurred prior to the Effective Date, and, as of the Effective Date, the Additional Debtors shall be deemed discharged and released, and each holder of an Abuse Claim (other than Non-Participating Post-Confirmation Claims) and any successor, assign, and affiliate of such holder shall be deemed to have forever waived, discharged and released the Additional Debtors, to the fullest extent permitted by section 1141 of the Bankruptcy Code, of and from any and all Abuse Claims, rights and liabilities, and all debts of the kind specified in section 502 of the Bankruptcy Code, based upon any act, omission, transaction, occurrence, or other activity of any nature that occurred prior to the Effective Date, in each case whether or not (a) a Proof of Claim based upon such debt is filed or deemed filed under section 501 of the Bankruptcy Code, (b) an Abuse Claim based upon such debt is Allowed under section 502 of the Bankruptcy Code, (c) an Abuse Claim based upon such debt is or has become an Expunged Abuse Claim, or (d) the holder of an Abuse Claim based upon such debt is deemed to have accepted the Plan.

Without limiting the foregoing, the Parish Schools are not separate Entities from the Additional Debtors and all Abuse Claims asserted against the Parish Schools are discharged and released in accordance with the preceding paragraph.

C. Injunctions

1. **Pre-Confirmation Injunctions and Stays**

Unless otherwise provided herein, the Confirmation Order, or in a Final Order of the Bankruptcy Court, all injunctions or stays arising under or entered during the Chapter 11 Cases under section 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the later of the Effective Date and the date indicated in the order providing for such injunction or stay.

2. **Channeling Injunction**

a. ***Terms.***

In consideration of the undertakings of the Protected Parties, their contributions to the Trust, and other consideration, and, where applicable, pursuant to their respective settlements with the Debtor or Additional Debtors and to further preserve and promote the agreements between and among the Protected Parties, and to supplement where necessary the injunctive effect of the discharge as provided in section 1141 and 524 of the Bankruptcy Code, and pursuant to sections 105 and 363 of the Bankruptcy Code: (1) any and all Channeled Claims are channeled into the Trust and shall be administered under the procedures and protocols and in the amounts established under the Plan and the Trust Documents as the sole and exclusive remedy for all Channeled Claimants; and (2) all Entities that have held or asserted, currently hold or assert, or that may in the future hold or assert, any Channeled Claims shall be permanently and forever stayed, restrained, enjoined and barred from taking any action for the purpose of directly or indirectly asserting, enforcing, collecting, recovering, or receiving payments, satisfaction, or recovery from any Protected Party, including:

i. commencing, conducting, or continuing, in any manner, whether directly or indirectly, any suit, action, or other proceeding of any kind in any forum with respect to any such Channeled Claim against any Protected Party or any property or interest in property of any Protected Party;

ii. enforcing, levying, attaching, collecting or otherwise recovering, by any manner or means, either directly or indirectly, any judgment, award, decree, or other order against any Protected Party or any property or interest in property of any Protected Party with respect to any such Channeled Claim;

iii. creating, perfecting, or enforcing in any manner, whether directly or indirectly, any Lien or Encumbrance of any kind against any Protected Party or any property or interest in property of any Protected Party with respect to any such Channeled Claim;

iv. asserting or accomplishing any setoff, right of subrogation, indemnity, contribution, or recoupment of any kind, whether directly or indirectly, against

any obligation due to any Protected Party or any property or interest in property of any Protected Party with respect to any such Channeled Claim; and

v. taking any act, in any manner, in any place whatsoever, that does not conform to, or comply with, the provisions of the Plan Documents with respect to any such Channeled Claim.

The Channeling Injunction is an integral part of the Plan and is essential to the Plan's consummation and implementation. The channeling of the Channeled Claims, provided in Article XI.D of the Plan, inures only to the benefit of the Protected Parties. In a successful action to enforce the injunctive provisions of Article XI.D of the Plan in response to a willful violation thereof, the moving party may seek an award of costs (including reasonable attorneys' fees) against the non-moving party, and such other legal or equitable remedies as are just and proper, after notice and a hearing.

b. ***Reservations.***

Notwithstanding anything to the contrary in Article XI.D of the Plan, the Channeling Injunction shall not enjoin:

i. the right of any Entity to the treatment afforded to such Entity under the Plan, including the rights of holders of Channeled Claims to assert such Channeled Claims in accordance with the Trust Documents solely through the Trust;

ii. the right of any Entity to assert any Claim for payment of Trust Expenses solely against the Trust;

iii. the Trustee from enforcing rights under the Trust Documents;

iv. the rights of the Trust, the Trustee, the holders of Abuse Claims, the Co-Insured Parties, the Reorganized Debtor, and the Reorganized Additional Debtors (in each case, to the extent permitted or required under the Plan) to prosecute any Claims, including Insurance Actions, or seek recovery of any Insurance Proceeds, in each case, against the Non-Settling Insurers, based on or arising from the Insurance Rights Transfer or otherwise;

v. the rights of the Co-Insured Parties with respect to Co-Insured Claims against, or with respect to, the Trust; or

vi. the rights of the Co-Insured Parties against Settling Insurers solely with respect to the Retained Workers Compensation Coverage as set forth in the Insurance Settlement Agreements.

3. **Retained Workers Compensation Coverage**

Nothing herein shall be construed to release, enjoin or waive the rights of the Co-Insured Parties with respect to the Retained Workers Compensation Coverage.

4. **Discharge Injunctions**

a. Discharge Injunction – Debtor

As of the Effective Date, except as expressly provided in the Insurance Settlement Agreements, Plan or the Confirmation Order, all holders of Claims of any nature whatsoever against or in the Debtor or any of its assets or properties based upon any act, omission, transaction, occurrence, or other activity of any nature that occurred prior to the Effective Date shall be precluded and permanently enjoined from prosecuting or asserting any such discharged Claim against the Debtor or the Reorganized Debtor or the property of the Debtor or the Reorganized Debtor. In accordance with the foregoing, except as expressly provided in the Plan or the Confirmation Order, the Confirmation

Order shall be a judicial determination of discharge or termination of all Claims, and other debts and liabilities against or in the Debtor pursuant to sections 105, 524 and 1141 of the Bankruptcy Code, and such discharge shall void any judgment obtained against the Debtor at any time to the extent such judgment relates to a discharged Claim.

Without limiting the foregoing, the Diocesan High Schools are not separate Entities from the Debtor and the discharge injunction set forth in the preceding paragraph shall include the Diocesan High Schools and shall apply to all discharged Claims against the Diocesan High Schools, including but not limited to the Diocesan High School CVAs.

b. Discharge Injunction – Additional Debtors

As of the Effective Date, except as expressly provided in the Plan or the Confirmation Order for Non-Participating Post-Confirmation Claims, all holders of Claims of any nature whatsoever against or in the Additional Debtors or any of their assets or properties based upon any act, omission, transaction, occurrence, or other activity of any nature relating to Abuse that occurred prior to the Effective Date shall be precluded and permanently enjoined from prosecuting or asserting any such discharged Abuse Claim against the Additional Debtors or the Reorganized Additional Debtors or the property of the Additional Debtors or the Reorganized Additional Debtors. In accordance with the foregoing, except as expressly provided in the Plan or the Confirmation Order, the Confirmation Order shall be a judicial determination of discharge or termination of all Claims, and other debts and liabilities against or in the Debtor pursuant to sections 105, 524 and 1141 of the Bankruptcy Code, and such discharge shall void any judgment obtained against the Debtor at any time to the extent such judgment relates to a discharged Claim.

Without limiting the foregoing, the Parish Schools are not separate Entities from the Additional Debtors and all Abuse Claims asserted against the Parish Schools are discharged and released in accordance with the preceding paragraph.

5. **Settling Insurer Supplemental Injunction.**

a. ***Terms.***

Pursuant to sections 105(a), 363, and 1129 of the Bankruptcy Code, and in consideration of the undertakings of the Settling Insurers pursuant to the Insurance Settlement Agreements, including the Settling Insurers' purchase of the Subject Policies and all Insurance-related Claims free and clear of all claims pursuant to section 363(f) of the Bankruptcy Code, any and all persons who have held, now hold, or who may in the future hold any Claims against any of the Protected Parties, which claims arise under or relate (directly or indirectly) to any of the Subject Policies, including (a) Abuse Claims (other than Non-Participating Post Confirmation Claims), Future Abuse Claims, General Unsecured Claims, Insurer Contribution Claims, all other Channeled Claims, and released Insurance related Claims, (b) the payment of any of the claims identified previously including Medicare Claims, and (c) extra-contractual Claims, are hereby permanently stayed, enjoined, barred, and restrained from taking any action, directly or indirectly, to assert, enforce or attempt to assert or enforce any such Claim or interest against (x) the Settling Insurers, (y) the Settling Insurers' respective assets, or property, or (z) any Subject Policy, including by:

i. commencing, conducting or continuing, in any manner, whether directly or indirectly, any suit, action or other proceeding of any kind in any forum against any of the Settling Insurers or against the property of any of the Settling Insurers;

ii. enforcing, levying, attaching, collecting, or otherwise recovering, by any manner or means, either directly or indirectly, any judgment, award, decree, or other order against any of the Settling Insurers or the property or interest in property of any of the Settling Insurers;

iii. creating, perfecting, or enforcing in any manner, whether directly or indirectly, any Lien or Encumbrance of any kind against any of the Settling Insurers or any of the property or interest in property of the Settling Insurers;

iv. asserting, implementing, or effectuating any such Claim of any kind against:

a. any obligation due any of the Protected Parties;

b. any of the Protected Parties; or

c. the property of any of the Protected Parties.

v. asserting or accomplishing any setoff, right of subrogation, indemnity, contribution, or recoupment of any kind, whether directly or indirectly, against any obligation due to any of the Settling Insurers or any property or interest in property of the Settling Insurers; and

vi. taking any act, in any manner, in any place whatsoever, that does not conform to, or comply with, the provisions of the Plan.

The Settling Insurer Supplemental Injunction will be effective with respect to a Settling Insurer only as of the date that the Trust receives the Insurance Settlement Amount or the Ecclesia Contribution, as applicable, pursuant to the terms of the applicable Insurance Settlement Agreement. The Settling Insurer Supplemental Injunction bars pursuit of the above-referenced Claims and/or interests against the Settling Insurers, and the Subject Policies, but against no other person or thing; provided, however, nothing in the Settling Insurer Supplemental Injunction shall limit, or be deemed or otherwise interpreted to limit, the scope of the discharge or Channeling Injunction in favor of the Protected Parties. In a successful action to enforce the injunctive provisions of Article XI.E of the Plan in response to a willful violation thereof, the moving party may seek an award of costs (including reasonable attorneys' fees) against the non-moving party, and such other legal or equitable remedies as are just and proper, after notice and a hearing. the foregoing injunctive provisions are an integral part of the Plan and are essential to its implementation. The Settling Insurer Supplemental Injunction shall not apply to a Non-Settling Insurer.

b. Reservations.

Notwithstanding anything to the contrary in Article XI.E of the Plan, the Settling Insurer Supplemental Injunction shall not enjoin:

i. the right of any Entity to the treatment afforded to such Entity under the Plan, including the rights of holders of Channeled Claims to assert such Channeled Claims in accordance with the Trust Documents solely against the Trust;

ii. the right of any Entity to assert any Claim for payment of Trust Expenses solely against the Trust;

iii. the Trustee from enforcing rights under the Trust Documents;

iv. the rights of the Trust, the Co-Insured Parties and the Reorganized Debtor and Reorganized Additional Debtors (in each case, to the extent permitted or required under the Plan) to prosecute any Claims, including Insurance Actions, against the Non-Settling Insurers based on or arising from the Non-Settling Insurance Rights Transfer or otherwise;

v. the rights of the Co-Insured Parties with respect to Co-Insured Claims against, or with respect to, the Trust; or

vi. the rights of the Co-Insured Parties against Settling Insurers solely with respect to the Retained Workers Compensation Coverage as set forth in the Insurance Settlement Agreements.

6. **Injunction Against Interference with Plan**

Upon entry of the Confirmation Order, all holders of Claims shall be precluded and enjoined from taking any actions to interfere with the implementation and consummation of the Plan.

7. **Injunction Related to Releases.**

As of the Effective Date, all holders of Claims that are the subject of the releases referenced in Article XI.I of the Plan are, and shall be, expressly, conclusively, absolutely, unconditionally, irrevocably, and forever stayed, restrained, prohibited, barred and enjoined from taking any of the following actions against any Co-Insured Party or Protected Party or its property or successors or assigns on account of or based on the subject matter of such Claims, whether directly or indirectly, derivatively or otherwise: (a) commencing, conducting or continuing in any manner, directly or indirectly, any suit, action or other proceeding (including any judicial, arbitral, administrative or other proceeding) in any forum; (b) enforcing, attaching (including, without limitation, any prejudgment attachment), collecting, or in any way seeking to recover any judgment, award, decree, or other order; (c) creating, perfecting or in any way enforcing in any matter, directly or indirectly, any Lien or Encumbrance; and/or (d) setting off, seeking reimbursement or contributions from, or subrogation against, or otherwise recouping in any manner, directly or indirectly, any amount against any liability or obligation that is discharged under Article XI.C of the Plan or releases referenced under Article XI.I of the Plan.

8. **Injunction Related to Exculpation.**

As of the Effective Date, all holders of Claims that are the subject of Article XI.J of the Plan are, and shall be, expressly, conclusively, absolutely, unconditionally, irrevocably, and forever stayed, restrained, prohibited, barred and enjoined from taking any of the following actions against any Exculpated Party and, solely to the extent provided by section 1125(e) of the Bankruptcy Code, any Entity described in section 1125(e) or its or their property or successors or assigns on account of or based on the subject matter of such Claims, whether directly or indirectly, derivatively or otherwise: (a) commencing, conducting or continuing in any manner, directly or indirectly, any suit, action or other proceeding (including any judicial, arbitral, administrative or other proceeding) in any forum; (b) enforcing, attaching (including any prejudgment attachment), collecting, or in any way seeking to recover any judgment, award, decree, or other order; (c) creating, perfecting or in any way enforcing in any matter, directly or indirectly, any Lien or Encumbrance; and/or (d) setting off, seeking reimbursement or contributions from, or subrogation against, or otherwise recouping in any manner, directly or indirectly, any amount against any liability or obligation that is discharged under Article XI.C of the Plan or released under Article XI.J of the Plan.

D. Judgment Reduction

The Channeling Injunction shall channel all Insurer Contribution Claims against Protected Parties and all Indirect Abuse Claims against Protected Parties to the Trust in accordance with Article XI of the Plan. If, for any reason any court does not recognize the channeling of the Insurer Contribution Claims to the Trust, or such Claims are not channeled for any reason, then the following shall apply:

1. The Settling Insurers shall retain their SI Contribution Claims, provided, however, that:

   a. The Settling Insurers shall not pursue any SI Contribution Claims against any Non-Settling Insurer, (A) that asserts an Insurer Contribution Claim solely against the Trust; (B) whose Insurer Contribution Claim is satisfied and extinguished entirely by the application of Article V.X of the Plan; or (C) that does not assert an Insurer Contribution Claim against them;

   b. If a Non-Settling Insurer asserts its Insurer Contribution Claim only against the Trust, then the Settling Insurers shall assign any SI Contribution Claims they may hold against such Non-Settling Insurer to the Trust, and the Trust shall be free to assert such SI Contribution Claims against such Non-Settling Insurer;

   c. If a Non-Settling Insurer releases its Insurer Contribution Claims, if any such exist, that it may have against a Settling Insurer, then such released Settling Insurer shall release its SI Contribution Claims against such releasing Non-Settling Insurer;

   d. If a Non-Settling Insurer asserts an Insurer Contribution Claim against any Settling Insurer, and (i) the Trust fully indemnifies the Settling Insurer, then the Settling Insurer shall assign its SI Contribution Claim to the Trust; or (ii) the Trust partially, but not

fully, indemnifies the Settling Insurer for such Claim, then the Settling Insurer shall retain its SI Contribution Claims and may assert those Claims against the Non-Settling Insurer asserting the Insurer Contribution Claim against the Settling Insurer. Any recovery by the Settling Insurer exceeding the amount necessary to satisfy the Trust's full indemnity obligation plus litigation costs shall be turned over to the Trust.

2. In any Insurance Action, including the Coverage Adversary Case, involving the Debtor, a Co-Insured Party, or the Trust (collectively, "Alleged Insured") or the holder of an Abuse Claim, as applicable, and one or more Non-Settling Insurers, where a Non-Settling Insurer has asserted, asserts, or could assert any Insurer Contribution Claim against a Settling Insurer, then any judgment or award obtained by such Alleged Insured or holder of an Abuse Claim against such Non-Settling Insurer shall be automatically reduced by the amount, if any, that such Settling Insurer is liable to pay such Non-Settling Insurer as a result of its Insurer Contribution Claim, so that the Insurer Contribution Claim is thereby satisfied and extinguished entirely ("Reduction Amount"). In any Insurance Action involving an Alleged Insured or the holder of an Abuse Claim against a Non-Settling Insurer, where the respective Settling Insurer is not a party, such Alleged Insured or the holder of an Abuse Claim shall obtain a finding from that court or arbitrator(s), as applicable, of the Reduction Amount before entry of judgment against such Non-Settling Insurer. In the event that such a reduction is not made as described above, then any Insurer Contribution Claim by any Non-Settling Insurer against any Settling Insurer shall be reduced by the Reduction Amount, as determined by the court or arbitrator(s) in which such Insurer Contribution Claim is filed. Settling Insurers shall be required to cooperate in good faith with the Alleged Insured to take reasonable steps to defend against any Insurer Contribution Claim. In the event that the reduction eliminates the Non-Settling Insurer's Insurer Contribution Claim, then any determination regarding the reimbursement of costs and expenses, including legal fees, shall be determined by a court of competent jurisdiction.

3. If an Alleged Insured or a holder of an Abuse Claim and a Non-Settling Insurer enter into an agreement settling one or more Abuse Claims, such agreement shall include a provision whereby such Non-Settling Insurer releases its Insurer Contribution Claims against each Settling Insurer so long as Settling Insurer release their SI Contribution Claims against such Non-Settling Insurer. If such settlement agreement fails to include such a release provision, and the Non-Settling Insurer has asserted, asserts, or could assert an Insurer Contribution Claim against Settling Insurers, then any settlement amount in such settlement agreement shall be deemed automatically reduced by the Reduction Amount. In such event, the settling parties shall obtain a finding from the applicable court or arbitrator(s) of the Reduction Amount. If (a) the settlement agreement was entered into without litigation or arbitration such that no judge or arbitrator can determine the Reduction Amount, or (b) such a reduction is not otherwise made as described above, then any Insurer Contribution Claim by any Non-Settling Insurer against any Settling Insurer shall be reduced by the Reduction Amount, as determined by the court or arbitrator(s) in which such Insurer Contribution Claim is filed. Settling Insurers shall be required to cooperate in good faith with the Alleged Insured to take reasonable steps to defend against any Insurer Contribution Claim by a Non-Settling Insurer. In the event that the reduction eliminates the Non-Settling Insurer's Insurer Contribution Claim, then any determination regarding the reimbursement of costs and expenses, including legal fees, shall be determined by a court of competent jurisdiction.

4. To ensure that the reduction contemplated in Article V.X of the Plan is accomplished, the Settling Insurers shall be entitled to: (i) notice, within a reasonable time of the initiation of any future Insurer Action against or future settlement negotiations with any Non-Settling Insurer in which an Insurer Contribution Claim is asserted against any Settling Insurer, and periodic notices thereafter on at least an annual basis of the status of such Insurer Action or negotiations; (ii) the opportunity to participate in the Insurer Action or settlement negotiations, but only to the extent necessary to accomplish the reduction contemplated in

Article V.X of the Plan; (iii) the reasonable cooperation of the applicable Alleged Insured, at the sole cost and expense of the Settling Insurers, so that the Settling Insurers can assert Article V.X of the Plan as a defense in any Insurer Action against any of them for any Insurer Contribution Claim; and (iv) have the court or appropriate tribunal issue such orders as are necessary to effectuate the judgment, award, or settlement reduction in order to protect the Settling Insurers from any Insurer Contribution Claim. The notice required above shall be given by (a) the Alleged Insured that is a party to such Insurer Action or settlement negotiations; or (b) if no Alleged Insured is such a party, the Non-Settling Insurer that is a party to such Insurer Action or settlement negotiations; or (c) if no Alleged Insured or Non-Settling Insurer is a party to such Action or settlement negotiations, the holder of the Abuse Claim bound by the Plan.

The above procedures shall bind, and inure to the benefit of, all Settling Insurers.

E. Disallowance of Contribution Claims; Judgment Reduction for Co-Defendants

The release of Abuse Claims as contemplated in the Plan and in the Trust Documents are provided in good faith by the holder of the Abuse Claim. Without limiting the discharges, releases and injunctions set forth in the Plan and Confirmation Order, including, without limitation, the Channeling Injunction, pursuant to New York General Obligation Law 15-108, (a) any Co-Defendant Party shall not be entitled to recover against the Co-Insured Parties, the Trust or any other Entity on account of a Claim against any Co-Insured Party for contribution and (b) any Abuse Claim against such Co-Defendant Party shall be reduced against such Co-Defendant Party to the extent of (i) any amount stipulated by the releases provided for in the Plan and Trust Documents, or (ii) in the amount of the Trust Distribution received by such holder of such Abuse Claim, or (iii) in the amount of the Co-Insured Party's equitable share of the damages under article fourteen of the civil practice law and rules, whichever is the greatest. To facilitate the foregoing judgment reduction, notwithstanding anything in the Trust Documents to the contrary, the Trustee shall be authorized to and shall, upon the written request of a Co-Defendant Party that identifies a particular holder of an Abuse Claim against the Co-Defendant Party (which identification may be made by reference to a particular CVA Action), disclose the amount of the Trust Distribution by the Trust, if any, to such holder of an Abuse Claim to such Co-Defendant Party for which such holder of an Abuse Claim has asserted an Abuse Claim against such Co-Defendant Party. The foregoing provisions, as provided in Article V.Y of the Plan, shall be binding upon, and inure to the benefit of, a Co-Defendant Party.

F. Certain Extraordinary Transfers

For a period of five years following the Effective Date, to the extent that an organization where the Debtor and/or the Bishop and/or any other cleric of the Diocese is part of any governance body, excluding Additional Debtors, Department of Education, Charities, Ecclesia, CemCo, CYO, Seminary, and Catholic Health Services, transfers or grants (whether direct or indirect) to the Debtor outside the ordinary course of business cash or other assets aggregating $5,000,000 or more in any twelve month period, then, except as may be otherwise agreed by the Trust, in its sole and absolute discretion, the Debtor shall cause 90% of such amount in excess of $5,000,000 to be transferred to the Trust and such amount shall be included in the Abuse Claims settlement fund and shall be Trust Assets.

G. Gatekeeper Injunction

Subject in all respects to Article XI of the Plan, no Enjoined Party may commence or pursue against any Protected Party (a) an Abuse Claim or (b) any other Claim or Cause of Action that arose or arises from or is related to an Abuse Claim, the Chapter 11 Cases, the negotiation of the Plan, the administration of the Plan or property to be distributed under the Plan, the wind-down or reorganization of the business of the Debtor, the Additional Debtors, the Reorganized Debtor, the Reorganized Additional Debtors, the administration of the Trust, or the transactions in furtherance of the foregoing without the Bankruptcy Court (i) first determining, after notice and a hearing, that such claim or cause of action represents a colorable claim against a Protected Party and (ii) subject in all respects to the Channeling Injunction and Settling Insurer Supplemental Injunction, specifically authorizing such Enjoined Party to bring such Claim or Cause of Action against any such Protected Party. The Bankruptcy Court will have sole and exclusive jurisdiction to determine whether a Claim or Cause of Action is colorable and, only to the extent legally

permissible and as provided for in Article XII of the Plan shall have jurisdiction to adjudicate the underlying colorable Claim or Cause of Action.

H. Releases

The releases in the Insurance Settlement Agreements, CemCo Settlement Agreement, Article V.S of the Plan (Department of Education Settlement), Article V.T of the Plan (Seminary Settlement) and the Seminary Settlement Agreement are hereby incorporated herein by reference.

I. Exculpation

Effective as of the Effective Date, to the fullest extent permissible under applicable law and without affecting or limiting either the Releases by the Debtor, the Additional Debtors or the Releases by Holders of Abuse Claims, and except as otherwise specifically provided in the Plan or the Confirmation Order, no Exculpated Party shall have or incur liability for, and each Exculpated Party hereby is exculpated from any claim or Cause of Action related to, any act or omission occurring on or after the DRVC Petition Date through and including the Effective Date in connection with, relating to, or arising out of the negotiation, solicitation, confirmation, execution, or implementation of, as applicable, the Chapter 11 Cases, the Plan Documents, the pursuit of entry of the Confirmation Order, the administration and implementation of the Plan, including the distribution of property under the Plan, or any other related agreement, or any restructuring transaction, contract, instrument, release, or other agreement or document created or entered into during the Chapter 11 Cases in connection with the Chapter 11 Cases, or upon any other act or omission, transaction, agreement, event, or other occurrence related or relating to the foregoing; provided, however, that Article XI.J of the Plan shall not apply to release (a) obligations under the Plan or any contracts, instruments, releases, agreements, and documents delivered, reinstated or assumed under the Plan, (b) any Claims or Causes of Action arising from or related to an act or omission that is judicially determined by a Final Order to have constituted actual fraud or willful misconduct on the part of the Exculpated Party, or (c) any Claims or Causes of Action against the Debtor, the Additional Debtors, the Reorganized Debtor or the Reorganized Additional Debtors that are reinstated under the Plan.

J. Provisions Relating to Channeling Injunctions and Settling Insurer Supplemental Injunction

1. **Modifications.**

There can be no modification, dissolution, or termination of the Channeling Injunction or Settling Insurer Supplemental Injunction, each of which shall be a permanent injunction.

2. **Non-Limitation.**

Nothing in the Plan or the Trust Documents shall or shall be construed in any way to limit the scope, enforceability, or effectiveness of the Channeling Injunction, the Settling Insurer Supplemental Injunction or the assumption by the Trust of all liability with respect to the Channeled Claims as set forth in the Plan.

3. **Bankruptcy Rule 3016 Compliance.**

The Debtor's and Additional Debtors' compliance with the requirements of Bankruptcy Rule 3016 shall not constitute or be deemed to constitute an admission that the Plan provides for an injunction against conduct not otherwise enjoined under the Bankruptcy Code.

4. **No Duplicative Recovery.**

In no event shall any holder of an Abuse Claim be entitled to receive any payment, reimbursement, or restitution from any Covered Party under any theory of liability for the same loss, damage, or other Claim that is treated by the Trust or is otherwise based on the same events, facts, matters, or circumstances that gave rise to the applicable Abuse Claim. For the avoidance of doubt, the Non-Settling Insurers remain fully liable for their obligations related in any way to the Abuse Claims, and their obligations are not reduced by the Debtor or Additional Debtors being in bankruptcy or by the distributions Class 4 Claimants receive, or are entitled to receive,

based on the Plan. Determinations by the Abuse Claims Reviewer and/or any distributions entitled to be received from the Trust shall not constitute a determination of the Debtor's, the Additional Debtors', or any Co-Insured Party's liability or damages for Channeled Claims.

5. **Trust-Related Discovery**

Without limiting any rights, defenses or privileges of the Protected Parties under the Plan or applicable law, any party seeking discovery related to the Trust, any Abuse Claim or any Channeled Claim must, before seeking such discovery from a Protected Party, first reasonably demonstrate that that such discovery or sufficiently similar documents or information, cannot be obtained from the Trust.

K. Reservation of Rights – Insurer and Bar Date Order

Nothing in the Plan shall serve as a release of any Claim or Cause of Action against Fireman's Fund Insurance Company, National Surety Corporation, Interstate Fire & Casualty Company, Allianz Resolution Management, Insurance Services Office, or any of their respective related persons (including, without limitation their predecessors, successors, assigns, affiliates, subsidiaries, and all of their respective past, present and future officers, directors, managers, counsel, agents, representatives and employees) regarding disclosure of any information from any Sexual Abuse Proof of Claim Form (as defined in the Bar Date Order). All parties rights regarding such claims are completely, wholly, unreservedly reserved.

L. Non-Settling Insurer Coverage

Notwithstanding any other Plan provisions, solely for the purpose of preserving coverage under any Non-Settling Insurer's Insurance Policies:

1. Abuse Claimants specifically reserve, and do not release, any claims, to the extent such claims implicate coverage under any Non-Settling Insurer's Insurance Policies, that they may have against (a) the Trust, as successor to the Debtor and the Additional Debtors as set forth herein or (b) solely in the event a court of competent jurisdiction determines in a Final Order that the transfer of the Debtor's and/or Additional Debtors' liability to the Trust nullifies or renders inaccessible coverage from the Non-Settling Insurer for the Abuse Claim of an Abuse Claimant, the Debtor and the Additional Debtor; provided, however, that (notwithstanding anything else herein to the contrary) recourse for such claims is limited to the Non-Settling Insurer and the Insurance Proceeds of the Non-Settling Insurer's Insurance Policies; and provided further that any recovery for such claims shall be paid in accordance with the procedure in the Trust Allocation Protocol.

2. Abuse Claimants, but only with the consent of the Trustee and under the Trust Document procedures, and the Trust shall be permitted to commence and name or continue an action against (a) the Trust, as successor to the Debtor and the Additional Debtors as set forth herein, or (b) solely in the event a court of competent jurisdiction determines in a Final Order that the transfer of the Debtor's and/or Additional Debtors' liability to the Trust nullifies or renders inaccessible coverage from the Non-Settling Insurer for the Abuse Claim of an Abuse Claimant, the Debtor and the Additional Debtor, in any proceeding to resolve whether the Debtor or the Additional Debtors have liability for Abuse Claims and the amount of any such liability, solely for the purpose of obtaining insurance coverage from Non-Settling Insurers; provided, however, that any recovery for such claims shall be paid in accordance with the procedure in the Trust Allocation Protocol and (notwithstanding anything else herein to the contrary) neither the Trust nor any Abuse Claimant shall seek to recover from or enforce any judgment or other resolution of such claim against any entity other than a Non-Settling Insurer. Any recovery from the prosecution of such action is deemed assigned to the Trust to the extent provided in the Plan, including as provided in the Trust Documents. The discharge provided for in the Plan does not apply to, and shall not limit in any way the obligations of Non-Settling Insurers

to defend and pay, the Debtor's, the Additional Debtors', or any other Co- Insured Party's liability for Abuse Claims.

3. For the avoidance of doubt, recourse for the Abuse Claims referred to in this Article XI.O is limited to the Non-Settling Insurer and the Insurance Proceeds of the Non-Settling Insurer's Insurance Policies.

4. The Debtor and Additional Debtors will have filed or will provide the information necessary for the Trustee to timely file proofs of claim on behalf of the Debtor and the Additional Debtors in the Arrowood Ancillary Receivership Proceeding administered by the Superintendent of the New York Department of Financial Services and/or the liquidation proceeding of the estate of Arrowood Indemnity Company overseen by the Delaware Bureau of Rehabilitation and Liquidation.

M. Disallowed Claims

On and after the Effective Date, the Debtor, the Additional Debtors, the Reorganized Debtor, and the Reorganized Additional Debtors shall be fully and finally discharged of any and all liability or obligation on any and all Disallowed Claims, and any order Disallowing a Claim that is not a Final Order as of the Effective Date solely because of an Entity's right to move for reconsideration of such Order pursuant to section 502 of the Bankruptcy Code or Bankruptcy Rule 3008 shall nevertheless become and be deemed to be a Final Order on the Effective Date. **The Confirmation Order, except as otherwise provided herein, shall constitute an order Disallowing all Claims to the extent such Claims are not allowable under any provision of section 502 of the Bankruptcy Code, including time-barred Claims, and Claims for unmatured interest.** For the avoidance of doubt, the Trust shall have no liability for any Disallowed Claims.

XII. VALUATION AND FINANCIAL PROJECTIONS

As further discussed below, the Debtor and Additional Debtors believe the Plan meets the feasibility requirement set forth in section 1129(a)(11) of the Bankruptcy Code, as Confirmation is not likely to be followed by liquidation or the need for further financial reorganization of the Reorganized Debtor or Reorganized Additional Debtors.

In connection with developing the Plan, and for purposes of determining whether the Plan satisfies feasibility standards, the Debtor's and Additional Debtors' management has, through the development of financial projections for the fiscal years 2024 through 2028 as attached hereto as Exhibit 3 (the "Financial Projections"), analyzed the Reorganized Debtor's and Reorganized Additional Debtors' ability to meet their obligations under the Plan and to maintain sufficient liquidity and capital resources to continue to operate. The Debtor and Additional Debtors believe that the Reorganized Debtor and Reorganized Additional Debtors will have sufficient liquidity to fund obligations as they arise, thereby maintaining value. Accordingly, the Debtor and Additional Debtors believe the Plan satisfies the feasibility requirement of section 1129(a)(11) of the Bankruptcy Code. The Debtor and Additional Debtors prepared the Financial Projections in good faith, based upon estimates and assumptions made by the Debtor's and Additional Debtors' management.

The Financial Projections assume that the Plan will be consummated in accordance with its terms and that all transactions contemplated by the Plan will be consummated by the assumed Effective Date. Any significant delay in the assumed Effective Date of the Plan may have a significant negative impact on the operations and financial performance of the Debtor and Additional Debtors, including, but not limited to, an increased risk of inability to meet revenue forecasts and higher reorganization expenses. Additionally, the estimates and assumptions in the Financial Projections, while considered reasonable by management, may not be realized, and are inherently subject to uncertainties and contingencies, especially given the Debtor's and Additional Debtors' dependence on Donation Revenues. They also are based on factors such as, general business, economic, competitive, regulatory, market, and financial conditions, all of which are difficult to predict and generally beyond the Debtor's and Additional Debtors' control. Because future events and circumstances may well differ from those assumed and unanticipated events or circumstances may occur, the Debtor and Additional Debtors expect that the actual and projected results will differ and the actual results may be materially different from those reflected in the Financial Projections. No representations can be made as to the accuracy of the Financial Projections or the Reorganized Debtor's or Reorganized Additional

Debtors' ability to achieve the projected results. Therefore, the Financial Projections may not be relied upon as a guaranty or other assurance of the actual results that will occur. The inclusion of the Financial Projections should not be regarded as an indication that the Debtor or Additional Debtors considered or consider the Financial Projections to reliably predict future performance. The Financial Projections are subjective in many respects, and thus are susceptible to interpretations and periodic revisions based on actual experience and recent developments. The Debtor and Additional Debtors do not intend to update or otherwise revise the Financial Projections to reflect the occurrence of future events, even in the event that assumptions underlying the Financial Projections are not borne out. The Financial Projections should be read in conjunction with the assumptions and qualifications set forth herein.

XIII. PLAN-RELATED RISK FACTORS

The implementation of the Plan is subject to a number of material risks, including those described below. Prior to voting on the Plan, each party entitled to vote should carefully consider these risks, as well as all of the information contained in this Disclosure Statement, including the exhibits hereto. If any of these risks occur, the Debtor and Additional Debtors may not be able to operate as currently planned, and their financial condition and operating results could be materially harmed. In addition to the risks set forth below, risks and uncertainties not presently known to the Debtor or Additional Debtors, or risks that the Debtor or Additional Debtors currently consider immaterial, may also impair their businesses, financial conditions, cash flows and results of operations.

A. Certain Bankruptcy Considerations

1. If the Plan is not confirmed or consummated, or the reorganization is delayed, distributions to holders of Claims could be materially reduced

If the Plan is not confirmed or consummated, there can be no assurance that the Chapter 11 Cases will continue rather than be dismissed or voluntarily converted to a chapter 7 liquidation case by the Debtor and Additional Debtors, or that any alternative plan of reorganization would be on terms as favorable to holders of Claims as the terms of the Plan. Certain parties in interest may file objections to the Plan in an effort to persuade the Bankruptcy Court that the Debtor and Additional Debtors have not satisfied the confirmation requirements under sections 1129(a) and (b) of the Bankruptcy Code. Even if (a) no objections are filed, and (b) all impaired Classes of Claims accept or are deemed to have accepted the Plan, the Bankruptcy Court, which can exercise substantial discretion, may determine that the Plan does not meet the requirements for confirmation under sections 1129(a) and (b) of the Bankruptcy Code. Section 1129(a) of the Bankruptcy Code requires, among other things, a demonstration that the Confirmation of the Plan will not be followed by liquidation or need for further financial reorganization of the Debtor and Additional Debtors, except as contemplated by the Plan.

Although the Debtor and the Additional Debtors believe that the Plan will meet the requirements for confirmation, there can be no assurance that the Bankruptcy Court will reach the same conclusion. If the Bankruptcy Court determines that the Plan violates section 1129 of the Bankruptcy Code in any manner, including, among other things, to the extent applicable, the cramdown requirements under section 1129(b) of the Bankruptcy Code, the Debtor and the Additional Debtors have reserved the right to amend the Plan in such a manner so as to satisfy the requirements of section 1129 of the Bankruptcy Code.

2. The Plan may not be consummated if the conditions to Effectiveness of the Plan are not satisfied

Articles X.A and X.B of the Plan provide for certain conditions that must be satisfied (or waived) prior to the Confirmation Date and for certain other conditions that must be satisfied (or waived) prior to the Effective Date. Many of the conditions are outside of the control of the Debtor and Additional Debtors. There can be no assurance that any or all of the conditions in the Plan will be satisfied (or waived). Accordingly, even if the Plan is confirmed by the Bankruptcy Court, there can be no assurance that the Plan will be consummated and the restructuring completed. If the Plan is not consummated, there can be no assurance that any new chapter 11 plan would be as favorable to holders of Claims as the current Plan. Such an outcome may materially reduce distributions to holders of Claims. See Articles VII.A and B to this Disclosure Statement for a description of the conditions to the Confirmation and effectiveness of the Plan, respectively.

3. The Amount that holders of Allowed Claims and Abuse Claims Will Recover May Not Be Certain

The Debtor and Additional Debtors cannot determine with any certainty at this time the number or amount of Claims that will ultimately be Allowed or entitled to distribution under the Trust, and thus the projected recoveries disclosed in this Disclosure Statement are highly speculative. A large amount of Allowed Claims may materially and adversely affect, among other things, the recoveries to holders of Allowed Claims under the Plan. Likewise, a large amount of Abuse Claims entitled to a distribution under the Trust may materially and adversely affect, among other things, the recoveries to holders of Abuse Claims under the Plan. Some holders are not entitled to any recovery pursuant to the terms of the Plan, and, depending on the accuracy of the Debtor's and Additional Debtors' various assumptions, even those holders entitled to a recovery under the terms of the Plan may ultimately receive no recovery.

The Debtor and Additional Debtors cannot know with certainty, at this time, the number or amount of Claims in the Voting Class that will ultimately be Allowed or receive distributions pursuant to the Trust Allocation Protocol. Accordingly, because certain Claims under the Plan will be paid *pro rata*, the Debtor and Additional Debtors cannot state with certainty what recoveries will be available to holders of Claims in the Voting Class.

4. Alternative Plans of Reorganization Might Be Proposed

In a chapter 11 reorganization, the debtor has the initial exclusive right to propose a plan of reorganization and solicit acceptances thereof. That period has expired, and the Bankruptcy Code permits other parties in interest to propose a plan of reorganization once the exclusive period expires. Should other parties propose a plan, there can be no assurance that the alternative plan will provide for as favorable a recovery to claim holders.

5. There Might Be a Non-Consensual Confirmation

In the event that any impaired class of claims does not accept a chapter 11 plan, a bankruptcy court may nevertheless confirm a plan at the proponent's request if at least one impaired class has accepted the plan (with such acceptance being determined without including the vote of any "insider" in such class), and, as to each impaired class that has not accepted the plan, the Bankruptcy Court determines that the plan "does not discriminate unfairly" and is "fair and equitable" with respect to the dissenting class, to the extent such provisions are applicable to a nonprofit. The Debtor and the Additional Debtors believe that the Plan satisfies these requirements and the Debtor and Additional Debtors may request such nonconsensual Confirmation in accordance with section 1129(b) of the Bankruptcy Code. Nevertheless, there can be no assurance that the Bankruptcy Court will reach this conclusion. In addition, the pursuit of nonconsensual Confirmation of the Plan may result in, among other things, increased expenses and the expiration of any commitment to provide support for the Plan, financially or otherwise.

6. There Might be Objections to the Plan's Classification of Claims

Under the Bankruptcy Code, a claim can only be placed into a class with other substantially similar claims and interests. Parties in interest may object to the grouping of certain classes by asserting that certain claims or interests are not substantially similar and should not be grouped together, or that substantially similar claims or interests were improperly sorted into separate classes. The Debtor and Additional Debtors believe that all claims are reasonably grouped into proper classes, although there can be no assurances that the Bankruptcy Court will agree with this assessment.

7. The Debtor May Object to a Claim's Classification or Amount

The Debtor and Additional Debtors reserve the right, unless specified otherwise in the Plan, to raise objections to the classifications and amounts of claims provided for in the Plan. If the Debtor or Additional Debtors object to a claim, the projections provided for in this Disclosure Statement may not be representative of the share the claim holder will recover.

8. Non-Settling Insurers May Object to the Plan

Non-Settling Insurers may assert objections to any plan, including to a transfer of the insurance rights to the Trust. While such transfers have long been permitted in New York, Non-Settling Insurers may object on these grounds and press appeals in the face of lower court decisions supporting these transfers. The Non-Settling Insurers may also assert that the settlement of claims as reflected in the Plan, including most importantly, the Trust Allocation Protocol, does not fairly consider their interests and that the Diocese's failure to obtain their consent before seeking confirmation of the Plan is a violation of the terms of the insurance policies. This defense could survive confirmation of the Plan and could be asserted in subsequent litigation with the Non-Settling Insurers.

B. Risks Relating to the Debtor's and Additional Debtors' Operation and Finances and General Economic Risk Factors

1. Litigation in the Ordinary Course of Business May Adversely Affect the Debtor's and Additional Debtors' Operations

The Debtor and Additional Debtors will be subject to various claims and legal actions arising in the ordinary course of their operations. The Debtor and Additional Debtors are not able to predict the nature and extent of any such claims and actions and cannot guarantee that the ultimate resolution of such claims and actions will not have a material adverse effect on the Debtor's and Additional Debtors' financial conditions, cash flows and results of operations.

2. A Pandemic Might Impact the Debtor's and Additional Debtors' Operations and Donation Revenues

Since early 2020, the Debtor and Additional Debtors have faced challenges stemming from the COVID-19 pandemic. It remains unclear how the COVID-19 pandemic, or other pandemics, may continue to affect the Debtor's and Additional Debtors' operations and Donation Revenues in future months and years. Unforeseen pandemic developments could impact the financial projections for the Debtor and Additional Debtors discussed in this Disclosure Statement.

3. Risks Involving the Additional Debtors and CemCo to Fund the Delayed Contributions

Under the Plan, $35.0 million is due after the Effective Date of the Plan:[11] $11.25 million is due on the first anniversary of the Effective Date, $11.25 million is due on the second anniversary of the Effective Date, $6.25 million is due on the third anniversary of the Effective Date, and $6.25 million is due on the fourth anniversary of the Effective Date. No collateral secures the payments and no interest shall be paid on amounts due after the Effective Date. This means such payments are subject to unsecured credit risk.

4. Risks Regarding the Debtor's and Additional Debtors' Historical Insurance Programs

Arrowood Liquidation and Ancillary Receivership

All Abuse Claims when the alleged abuse took place between 1957 and 1976, the Royal Period, are subject to stays which may be extended by the courts in Delaware or New York overseeing Arrowood's receivership or ancillary receivership.

The bar date for submitting claims to the liquidation proceeding in Delaware is January 15, 2025. Upon the Effective Date, the Trustee for the Trust will inherit the Debtor's and Additional Debtors' responsibility for making any further filings in connection with the Delaware liquidator and the New York Ancillary Receiver.

[11] It is assumed that the Seminary Contribution will be made on the Effective Date.

The Arrowood policies contain a "duty to defend." Although the Arrowood policies also contain a duty to cooperate, that duty is to cooperate in the defense that Arrowood is providing. The costs of defending claims in the Arrowood years do not use up the limits of the policies.

Arrowood has contested coverage for the claims of the Diocese in a legal action pending federal district court in New York, and Arrowood's statutory liquidator in Delaware has indicated an intention to continue its contest of coverage. Upon the Effective Date, the Trust will inherit responsibility for that litigation.

The New York Property/Casualty Security Fund will limit recoveries to $1 million or the policy limits, whichever is lower. These limits may apply on a per claim basis or may apply separately per policy period for each claim. Any recoveries above the New York limits would have to come from the Delaware liquidation, depending upon available funds, if any. The availability of such recoveries is uncertain and depends on the amount of assets that the Delaware Receiver can collect to pay policyholder claims and on the number and severity of other policyholders' claims, including policyholder claims by guaranty funds, like New York State's Property/Casualty Insurance Security Fund, who stand in the shoes of those they paid. The Ancillary receivership petition indicates the New York Property/Casualty Security Fund anticipates 3,000 liability claims to be filed because of Arrowood's insolvency. The timing and ability of the New York Property/Casualty Security Fund to pay these claims, including the claims from the Diocese, is uncertain. the authorities responsible for the Fund may challenge whether and the extent to which it must provide recoveries for the abuse claims at issue here.

Non-Settling Insurance Companies Might Object to the Plan

Any Non-Settling Insurance Companies may assert objections to the Plan. *See Truck Ins. Exch. v. Kaiser Gypsum Co.*, 144 S. Ct. 1414 (2024) (holding that an insurer with financial responsibility for a bankruptcy claim is a "party in interest" that may object to a plan of reorganization under chapter 11 of the Bankruptcy Code).

Non-Settling Insurance Companies may object to the transfer of insurance rights to a claimant trust, although such transfers have long been permitted in New York. Non-Settling Insurance Companies may also assert that the settlement of claims as reflected in the Plan and the Trust Allocation Protocol does not fairly consider their interests and that the Diocese's failure to obtain their consent before seeking confirmation of the Plan is a violation of the terms of the insurance policies. This defense would survive confirmation of the Plan and could be asserted in subsequent litigation with the Non-Settling Insurers. The receivers of Arrowood may assert objections on Arrowood's behalf.

XIV. CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF CONSUMMATION OF THE PLAN

A. General

The following discussion is a summary of certain U.S. federal income tax consequences of the Plan and is for general information purposes only. This summary should not be relied upon for purposes of determining the specific tax consequences of the Plan with respect to a particular holder of a Claim. This discussion does not purport to be a complete analysis or listing of all potential tax considerations.

This discussion is based on existing provisions of the Internal Revenue Code of 1986, as amended (the "Code"), existing and proposed Treasury Regulations promulgated thereunder, and current administrative rulings and court decisions. Legislative, judicial, or administrative changes or interpretations enacted or promulgated after the date hereof could alter or modify the analyses set forth below with respect to the U.S. federal income tax consequences of the Plan. Any such changes or interpretations may be retroactive and could significantly affect the U.S. federal income tax consequences of the Plan.

Due to the lack of definitive judicial and administrative authority in a number of areas, substantial uncertainty may exist with respect to some of the tax consequences described below. No ruling has been requested or obtained from the IRS with respect to any tax aspects of the Plan and no opinion of counsel has been sought or obtained with respect thereto. The discussion below is not binding upon the IRS or any court. No assurance can be given that the IRS would not assert, or that a court would not sustain, a different position than any position discussed herein. No representations or assurances are being made to the holders of Claims or Interests with respect to the U.S. federal income tax consequences described herein. Except as specifically set forth below, this discussion addresses only

holders of Claims or Interests that are "United States persons" (within the meaning of Section 7701(a)(30) of the Code).

This summary addresses certain U.S. federal income tax consequences only to holders of Claims that are entitled to vote (i.e., holders of Abuse Claims in Class 4, holders of General Unsecured Claims in Class 3, and holders of Convenience Claims in Class 6) and it does not address the U.S. federal income tax consequences to the Debtor, Additional Debtors, or to holders of Claims that are not entitled to vote on the Plan.

ACCORDINGLY, THE FOLLOWING SUMMARY OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND ADVICE BASED UPON THE INDIVIDUAL CIRCUMSTANCES PERTAINING TO A HOLDER OF A CLAIM. ALL HOLDERS OF CLAIMS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS FOR THE FEDERAL, STATE, LOCAL AND NON-U.S. TAX CONSEQUENCES OF THE PLAN.

B. The Trust

On the Confirmation Date, the Trust shall be established in accordance with the Trust Documents. The Trust is intended to qualify as a "qualified settlement fund" ("QSF") pursuant to Treasury Regulation section 1.468B-1. The Debtor and Additional Debtors are the "transferor" within the meaning of Treasury Regulation Section 1.468B-1(d)(1). The Trustee shall be classified as the "administrator" within the meaning of Treasury Regulation Section 1.468B-2(k)(3). The Trust Documents, including the Trust Agreement, are incorporated herein by reference.

C. Holders of Claims

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 a number of factors, including the nature of 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 their particular tax situations.

Among other things, the federal income tax consequences of a distribution to a claimant may depend initially on the nature of the original transaction pursuant to which the Claim arose. For example, a distribution in repayment of the principal amount of a loan is generally not included in the claimant's gross income. A distribution to a holder of an Abuse Claim may not be taxable as it may be considered compensation for personal injuries. The federal income tax consequences of a distribution to a claimant may also depend on whether the item to which the distribution relates has previously been included in the claimant's gross income or has previously been subject to a loss or bad debt deduction. For example, if a distribution is made in satisfaction of 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 his or her gross income under his or her 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, as discussed below, result in a loss.

Conversely, if the claimant had previously claimed a loss or bad debt deduction with respect to the item previously included in income, the claimant generally would be required to include the amount of the distribution in income when received.

A claimant receiving a distribution in satisfaction of his or her Claim generally may recognize taxable income or loss measured by the difference between (i) the amount of Cash and the fair market value (if any) of the property received and (ii) its adjusted tax basis in the Claim. For this purpose, the adjusted tax basis may include amounts previously included in income (less any bad debt or loss deduction) with respect to that item. This income or loss may be ordinary income or loss if the distribution is in satisfaction of accounts or notes receivable acquired in the ordinary course of the claimant's trade or business for the performance of services or for the sale of goods or merchandise. In addition, if a claimant had claimed an ordinary bad debt deduction for the worthlessness of his or her Claim in whole or in part in a prior taxable year, any income realized by the claimant as a result of receiving a distribution may be taxed as ordinary income to the extent of the ordinary deduction previously claimed. Generally, the income or loss will be capital gain or loss if the Claim is a capital asset in the claimant's hands.

Subject to the qualifications and limitations set forth above:

1. A holder of a General Unsecured Claim in Class 3 or a Convenience Claim in Class 6 generally will recognize gain or loss measured by the difference between (i) the amount of the cash and the fair market value (if any) of the property received and (ii) its adjusted tax basis in the General Unsecured Claim or Convenience Claim, respectively.

2. The U.S. federal income tax treatment of an Abuse Claim in Class 4 will depend on several factors, including the nature of the Abuse that forms the basis for the relevant Claim. As a result, certain holders of Abuse Claims in Class 4 generally will recognize gain or loss measured by the difference between (i) the amount of the cash and the fair market value (if any) of the property received and (ii) their adjusted tax basis in the Abuse Claim, while other holders will not be required to include the amount of such cash or the value of such property in their gross income for U.S. federal income tax purposes if, for example, their recovery is considered compensation for personal injury. Holders of Claims are urged to consult their tax advisors concerning the tax consequences of the Plan.

D. Holders of Claims that are Non-United States Persons

Holders of Claims that are not "United States persons" (within the meaning of Section 7701(a)(30) of the Code) generally will not be subject to U.S. federal income tax with respect to property (including Cash) received in exchange for such Claims, unless (i) such holder is engaged in a trade or business in the United States to which income, gain or loss from the exchange is "effectively connected" for U.S. federal income tax purposes, or (ii) if such holder is an individual, such holder is present in the United States for 183 days or more during the taxable year of the exchange and certain other requirements are met.

XV. RECOMMENDATION AND CONCLUSION

The Debtor, Additional Debtors and Official Committee believe that the confirmation and consummation of the Plan is preferable to all other alternatives. Consequently, the Debtor, Additional Debtors and Official Committee urge all parties entitled to vote to accept the Plan and to evidence their acceptance by duly completing and returning their Ballots so that they will be received on or before the Voting Deadline.

ANNEX 1

(OVERVIEW OF DEBTOR'S ORGANIZATION)

ANNEX 1 - OVERVIEW OF DEBTOR'S ORGANIZATION

A. The Debtor's Organization and Corporate Structure

There are around 1.3 billion baptized Catholics worldwide, of whom around 70 million reside in the United States. As a general matter, the Catholic community is composed of the ordained clergy (i.e., bishops, priests and deacons) and the laity. The Catholic Church operates through dioceses, each working within a specific geography, under the leadership of archbishops or bishops responsible to the Holy See in the Vatican. In turn a diocese provides administrative functions to, supports, and serves, among others: (i) local churches, known as parishes, and parish schools; and (ii) other charitable, educational, and religious-service affiliates that are critical to the ministry of the Church within that diocese and that are supported and often administered by the diocese.

1. The Diocese, Parishes, and Affiliates

a. The Diocese

The Diocese of Rockville Centre is the seat of the Roman Catholic Church on Long Island. It was established by the Vatican in 1957 from territory that was formerly part of the Diocese of Brooklyn, and it has been under the leadership of Bishop John O. Barres since February 2017. The State of New York established the Debtor as a religious corporation in 1958. The Debtor is one of eight Catholic dioceses in New York, including the Archdiocese of New York. The Debtor's total Catholic population is approximately 1.4 million, roughly half of Long Island's total population of 3.0 million. The Debtor is the eighth largest diocese in the United States when measured by the number of baptized Catholics. Within the geographic territory of the Debtor on Long Island, there are 136 parishes, 40 schools, and the fourteen Diocese Affiliates (each, a "Ministry Member," and collectively, the "Ministry Members," or the "Ministry"). Through the Ministry, the Debtor furthers its mission and serves the faithful and those in need in communities across Long Island.

Having sold the Debtor's chancery building in order to maximize value for the benefit of the estate, the Debtor's administrative offices have been relocated and the Diocese has leased replacement space for its administrative offices in various locations.

b. The Parishes

There are 136 parishes in the Debtor's geographic area of Suffolk and Nassau counties. This Disclosure Statement refers to these parishes as the "Parishes" or "Additional Debtors." The Diocese filed for chapter 11 bankruptcy in October of 2020. The Parishes did not file for bankruptcy at that time. The Parishes now contemplate filing chapter 11 bankruptcy shortly before the Confirmation Hearing. The Plan discussed in this disclosure statement is a "prepackaged" plan as it pertains to the Parishes. The term "prepackaged" plan is meant to refer to the fact that the voting process for the Plan, as it relates to the Parishes, was commenced and will conclude prior to, and in anticipation of, the Parishes filing for chapter 11 bankruptcy. The "prepackaged" plan for the Parishes is meant to implement a consensual resolution that the Diocese has reached with the Official Committee.

Parishes are the epicenter of the Church's mission, and play a central role in the lives of Catholics by administering key aspects of the Catholic Faith, including: baptism, education, communion, Mass, confirmation, marriage, and bereavement, including last rites, funeral services and grief support. In this way, a parish is the critical connection of the Church to the faithful, from the beginning of life to the end. There are approximately 509 priests (active and retired), 667 religious women, 54 religious brothers, and 273 permanent deacons.

The Parishes are separate religious corporations, formed under Article 5 of New York's Religious Corporations Law. Under the Religious Corporations Law, the trustees of each Parish Corporation are the Diocese's bishop and vicar-general, the Parish pastor and two laypersons from the Parish.

Parishes currently operate twenty-four elementary schools and two high schools in the Diocese. Parishes also own cemeteries. The parish cemeteries are operated and maintained by CemCo.

Parishes participate in the Priests' Pension and Benefits Plan, the Employees' Pension Plan and 403(b) Employee's Retirement Plan, the Employees' Benefits Program and the Protected Self Insurance Program. Each of these programs is discussed in detail below.

Parish revenue is generally generated through regular offertory collections (includes Sundays, Holydays, Christmas, Easter & flowers for holidays), auxiliary income (includes sacramental offerings, candles, poor boxes, rents, donations & bequests), diocesan collections, other fund-raising and parish programs, and re-funds from the Catholic Ministry Appeal if the particular Parish exceeded its goal amount for the years appeal. Certain parishes may also have income from investments or leased-real property.

Parish expenditures include parish programs (including salaries and office expenses), religious education (including confirmation program), social ministries, youth ministries, music, and various other ministries (including adult education, ministry to the elderly, senior club, sacristans, religious literation, receptions ,etc.). Expenditures also include capital expenses. For those Parishes that maintain a Parish School, the expenditures generally include a deficit for running the school.

Financial information for the Parishes is contained in Exhibit 5. The financial information includes balance sheets metrics, income statement metrics, real property information, information on Parish Schools and CVA suits asserted against each Parish.

The Parishes are also Additional Assureds under the Insurance Policies identified in the Disclosure Statement. A list of Known Insurance Policies is contained on Exhibit C to the Plan.

c. ***The Diocese Affiliates***

The Debtor has fourteen primary charitable, educational and other religious-service affiliates (each such organization, a "Diocese Affiliate"). Generally, each of these affiliates is a separate, not-for-profit charitable member corporation that has its own board, governance, and audited financial statements. Each has a role in furthering the ministry of the Church and serving the Parishes and the communities of Long Island. There may be additional Catholic Faith-based entities that provide charitable, educational and other religious services on Long Island that are not affiliated with the Diocese.

The fourteen Diocese Affiliates are: Catholic Charities of the Diocese of Rockville Centre; Catholic Community Foundation of Long Island, Inc.; Unitas Investment Fund, Inc.; Mission Assistance Corporation; Catholic Cemeteries of the Roman Catholic Diocese of Rockville Centre, Inc.; Diocese Rockville Centre Catholic Cemetery Permanent Maintenance Trust; Department of Education, Diocese of Rockville Centre; Tomorrow's Hope Foundation, Inc.; Seminary of the Immaculate Conception; Catholic Faith Network; Catholic Press Association of the Diocese of Rockville Centre, Inc.; Diocesan Service, Inc.; Ecclesia Assurance Company; and Society for the Propagation of Faith. The Diocese provides administrative support to many of the Diocese Affiliates pursuant to administrative services agreements. Each Diocese Affiliate is discussed in greater detail in Section A.3 below.

2. **Diocese Support of Ministry: Administrative Support for Insurance, Health, Welfare and Retirement Programs**

To support the Ministry, the Debtor provides administrative support for and participates in plans providing retirement, health and welfare benefits for clergy and lay persons employed by the Debtor and by Ministry Members. The plans for employee and clergy benefits are the Diocese of Rockville Centre 403(b) Employee Retirement Plan, the Diocese of Rockville Centre Health and Welfare Benefits Program, the Diocese of Rockville Centre Pension Plan, the Diocese of Rockville Centre Qualified Retirement Plan for Diocesan Priests and the Diocese of Rockville Centre Health Care and Other Assistance Plan for Retired and Disabled Diocesan Priests (collectively, the "Benefit Plans"). The Benefit Plans are each funded by separate trusts[12] for the benefit of their participants. The insurance program maintained for the insurance needs of the Diocese and Ministry Members is the Protected Self Insurance Program of

[12] The 403(b) Employees' Retirement Plan is funded by custodial accounts and annuity contracts held by an insurance company, which are in the nature of trusts, but not technically trusts. For ease of reference, these funding vehicles will be referred to herein as "trusts" along with the other trusts funding plans.

the Diocese of Rockville Centre (the "Protected Self Insurance Program" and collectively with the Benefit Plans, the "Benefit and Insurance Plans").

Each of the Benefit and Insurance Plans is primarily funded by its participating Ministry Members other than the Debtor, with the Debtor contributing a modest portion of annual funding for its own employees and insurance needs as an entity. Participating Ministry Members make contributions to the Benefit and Insurance Plans on behalf of their employees in the case of the Benefit Plans and on behalf of themselves in the case of the Protected Self Insurance Program. The Debtor provides administrative services to the Benefit and Insurance Plans and receives reimbursement for the costs incurred by the Debtor to administer these arrangements. The Debtor acts as contribution agent for the Benefit Plans, collecting contributions from all participants and remitting them to the plan trusts or paying plan-specific administrative expenses. The premiums or Benefit Plan contributions paid by the Ministry Members assure coverage and benefit Ministry Members and employees of Ministry Members.

3. Diocese Affiliates and the Ministry

The Debtor provides centralized human resources, accounting, and financial management services to certain Diocese Affiliates in support of their religious, educational and charitable missions. The Debtor historically has also made significant financial contributions to several of its affiliates. However, even prior to the financial challenges imposed by the recent pandemic, these contributions have been eliminated or significantly curtailed in light of the Debtor's declining financial health, the causes of which are described in Sections B and C below.

a. Catholic Charities

Catholic Charities of the Diocese of Rockville Centre ("Catholic Charities") is a non-profit organization with three affiliated corporations: Catholic Charities Support Corporation, which holds the organization's investments and certain real property; Regina Maternity Services Corporation, which provides services to pregnant women, mothers and infants; and Catholic Charities Health Systems of the Diocese of Rockville Centre, Inc. Catholic Charities also administers Cleary Deaf Child Center, Inc. (the "Cleary Center"), which is an organization that runs a school for children who are deaf. To support the charitable mission of the Church, Catholic Charities' mission is broad, addressing social issues ranging from homelessness, foster care, chemical dependence and food insecurity to mental health, HIV/AIDS support and family and senior services. Many of the charitable services delivered by Catholic Charities are the only services reasonably accessible and effective in the communities served by the Diocese, offering help and creating hope for self-reliance for Catholics and non-Catholics alike, whether resident, immigrant, or temporarily present.

Since its inception, Catholic Charities has had its own independent board of trustees and has been responsible for its own financials. It participates in the Benefit and Insurance Plans. The trustees of Catholic Charities also direct its investments. Catholic Charities leases space from Ministry Members. Catholic Charities is donor dependent and relies upon such donations and contracts under various government programs to provide its services.

b. Catholic Community Foundation of Long Island

Catholic Community Foundation of Long Island, Inc. (the "Catholic Foundation"), incorporated on March 1, 2016, is a New York, non-profit corporation established to develop financial resources to support the Debtor, the apostolic activities of the Church and the charitable mission locally and across the globe. The Catholic Foundation had its own board and audited financial statements. The Catholic Foundation is no longer in operation.

c. Unitas

Unitas Investment Fund, Inc. ("Unitas") is a separately incorporated, non-regulated investment fund organized for the purpose of offering the Debtor, the Additional Debtors and other Ministry Members the opportunity, but not the obligation, to invest in harmony with the teachings of the Church. Unitas serves as a non-profit fund manager for investments of the Diocese and other Ministry Members, to the extent any Ministry Member chooses to participate. Certain of the Diocese Affiliates and the Benefit and Insurance Plans administered by the Debtor participate in Unitas.

Unitas has its own board and audited financial statements. Unitas does not have employees. The Debtor provides administrative support to Unitas, and Unitas reimburses the Debtor for the cost of that support. Unitas previously charged investor-participants investment fees, fees for general expenses and what is known as a "mission fee." A mission fee is a performance fee charged as a percentage of assets in periods generating investment returns above a certain threshold. Mission fees were remitted to the Mission Assistance Corporation, discussed below. However, Unitas stopped charging a mission fee to investor-participants in 2019.

Investments with Unitas are reflected on the financial statements of Unitas and on the separate financial statements of the Diocese, the Additional Debtors and each other investor-participant. There are approximately 104 investor-participants in Unitas, each of which has its own separate account and receives its own separate account statements. Each investor-participant has an individual account agreement with Unitas, executed upon account opening, and has control over the extent and timing of its participation in Unitas (i.e., the decision to invest and to withdraw funds remains within the sole discretion of the investor-participant). Each investor-participant in Unitas is forbidden from assigning or transferring any part of its interest in Unitas.

d. ***Mission Assistance Corporation***

Mission Assistance Corporation ("MAC") is a New York, non-profit corporation that primarily provides loans to Parishes in need. Interest rates on the loans it offers to Parishes are generally below market. MAC also offers loan forgiveness and grants to Parishes that, without such assistance, would be unable to fulfill the mission of the Church. Funds are earmarked for short-term bridge financing and capital improvement projects, especially in aging Parish buildings. MAC has its own board and audited financial statements.

e. ***Cemetery Corporation and Cemetery Trust***

Catholic Cemeteries of the Roman Catholic Diocese of Rockville Centre, Inc. ("Cemetery Corporation"), a New York corporation, owns three and operates four Diocesan cemeteries located on Long Island (collectively, the "Cemeteries"): Cemetery of the Holy Rood in Westbury, New York; Holy Sepulchre Cemetery in Coram, New York; Queen of All Saints Cemetery in Central Islip, New York; and the Queen of Peace Cemetery in Old Westbury, New York. Cemetery Corporation operates the Cemeteries together with Diocese Rockville Centre Catholic Cemetery Permanent Maintenance Trust ("Cemetery Trust"), a New York permanent maintenance trust. Cemetery Corporation and Cemetery Trust each has its own board and audited financial statements.

Cemetery Corporation and Cemetery Trust together provide for the burial of the faithful according to the Catholic tradition. They also have the obligation to provide "perpetual care." Such obligation is central to the operating structure of Catholic cemeteries and is part of the contractual arrangements for every interment. Funds from every interment are set aside for a permanent maintenance fund to be held, invested, and used to provide perpetual care.

The current organizational structure of Cemetery Corporation and Cemetery Trust arose out of the need to fulfill the Debtor's canonical obligations to provide for Catholic burial of the deceased. Prior to September 1, 2017, three of the Debtor's four Cemeteries (i.e., excluding the Queen of Peace Cemetery in Old Westbury, New York) and their associated permanent maintenance fund were administered as a self-contained operation within the Diocese ("Cemetery Division"). Since at least 2014, Cemetery Division had at all times segregated its funds from those of the Debtor and had at all times maintained separate accounts and financial statements. Cemetery Division held and invested such segregated funds, and also bore the related obligation to provide perpetual care for the deceased.

The Diocese engaged outside consultants to assess the financial needs of the Cemeteries and to identify means to optimize their operation. Based on those studies, the consultants determined that the Cemetery Division would be more appropriately structured as an independent corporation and permanent maintenance trust. The consultants also determined through those studies that the cash reasonably necessary for the Cemeteries to discharge their perpetual care obligation did not require the full amount of the cash held in Cemetery Division and its permanent maintenance fund.

Accordingly, on September 1, 2017, the Debtor transferred the operations, certain of the assets (including certain cemeteries) and all of the liabilities of Cemetery Division to Cemetery Corporation and Cemetery Trust (the "Cemetery Transaction"). Specifically, under the Cemetery Transaction: (a) Cemetery Corporation assumed all obligations to provide perpetual care for the deceased; (b) the Diocese retained $47.6 million of the amount previously

segregated in the Cemetery Division; and (c) Cemetery Corporation purchased the Queen of Peace Cemetery in Old Westbury, New York for its appraised value of $15.3 million. In addition, the Diocese retained the $7.5 million payment it received from the Village of Old Westbury in settlement of its litigation with the Village to operate and put into service the Queen of Peace Cemetery. The Official Committee has filed a complaint against the Cemetery Corporation in the action titled *The Official Committee of Unsecured Creditors v. Catholic Cemeteries of the Roman Catholic Diocese of Rockville Centre, Inc.*, [Adv. Pro. No. 23-01121 (MG)], seeking turnover of certain assets transferred by the Debtor to the Cemetery Division in 2017 and additional relief.

Historically, the Cemetery Division generated an operating surplus. In each of the fiscal years 2014 through 2017 prior to the Cemetery Transaction, Cemetery Division provided approximately $3.25 million annually to the Debtor. Since the Cemetery Transaction, Cemetery Corporation and Cemetery Trust have not provided financial support to the Debtor. Cemetery Corporation, like Cemetery Division before it, participates in the Benefit and Insurance Plans.

The Debtor has proposed a settlement to the Cemetery Corporation and the Cemetery Trust, by which the Cemetery Corporation will contribute $20 million to the Debtor's plan of reorganization and the Cemetery Trust will lend $36.5 million to the Debtor at an interest rate of four percent over a thirty year term in exchange for settling the avoidance actions and releasing the Cemetery Corporation and Cemetery Trust from future liability. The terms of the Cemetery Trust loan would be the following:

Principal: $36.5 million

Term: 30-year amortization period using traditional mortgage-style amortization.

Rate: 4%.

Collateral: Perfected first priority security interest on all Diocesan assets except for the Excluded Assets (as defined in the Cemetery Trust Credit Agreement).

f. ***Department of Education***

The Department of Education, Diocese of Rockville Centre (the "Department of Education") owns, supervises and manages the two Diocesan high schools, Holy Trinity Diocesan High School and St. John the Baptist Diocesan High School. The Department of Education also supervises and helps manage the many Parish and regional Catholic elementary schools, but it does not own or operate the Parish or regional schools. The Department of Education does not oversee the two Parish High Schools. The teachers in the high schools are unionized and their employment is governed by a collective bargaining agreement.

The Department of Education was incorporated by the Regents of the University of the State of New York on April 26, 1974. Its primary purpose is to provide educational and financial support to the Parish and Diocesan schools operating within the Debtor's geographic territory. The Department of Education also manages relationships, grants, subsidies and funding with the State of New York and the federal government on behalf of all the Parish and Diocesan schools. The Department of Education has its own board and audited financial statements. The Debtor provides administrative support to the Department of Education in exchange for reimbursement of costs pursuant to an administrative services agreement.

As of September 1, 2017, the Debtor transferred the operations, real estate assets and related liabilities of three Diocesan high schools—Holy Trinity, St. John the Baptist and Bishop McGann-Mercy—to the Department of Education. The Debtor also allegedly transferred cash and investments to the Department of Education. In the deeds providing for the transfer of the real estate from the Debtor to the Department of Education, the Diocese retained reversionary interests in the event the properties were no longer used as schools. In summer 2018, Bishop McGann-Mercy was shut down. In May 2020, the McGann-Mercy property was sold to Peconic Bay Medical Center Foundation for $14 million. The Diocese received the proceeds from the sale.

The Official Committee received derivative standing to pursue potential avoidance claims related to these transfers by the Debtor to the Department of Education, and the parties reached a settlement. In addition to the

potential avoidance actions, the Department of Education has been named in four complaints in state court alleging liability stemming from sexual abuse.

The Debtor is proposing to settle the Abuse Claims asserted against the Department of Education and the avoidance actions on the following terms: (1) the Department of Education shall contribute $7,000,000 to the settlement trust or other fund created pursuant to the plan of reorganization; and (2) the Department of Education shall (i) receive releases of all Claims, liabilities, Causes of Action, demands, rights, damages, costs, loss of service, expense and compensation arising out of the DOE Transfer; and all holders of Abuse Claims shall release each Educational Party from all Abuse Claims and any and all Claims and Causes of Action whatsoever, but solely to the extent such claims are derivative Claims of the Debtor or the Additional Debtor, and (ii) receive an injunction that bars all holders of Claims from taking any of the following actions against any Educational Party or its property or successors or assigns on account of or based on the subject matter of such Claims, whether directly or indirectly, derivatively or otherwise: (a) commencing, conducting or continuing in any manner, directly or indirectly, any suit, action or other proceeding (including any judicial, arbitral, administrative or other proceeding) in any forum; (b) enforcing, attaching (including, without limitation, any prejudgment attachment), collecting, or in any way seeking to recover any judgment, award, decree, or other order; (c) creating, perfecting or in any way enforcing in any matter, directly or indirectly, any Lien or Encumbrance; and/or (d) setting off, seeking reimbursement or contributions from, or subrogation against, or otherwise recouping in any manner, directly or indirectly, any amount against any liability or obligation that is released and discharged pursuant to the Plan.

Consistent with past practice, the audit and financial reporting for the two operational schools remains separate from the audit and financial reporting for the Department of Education in order to provide transparency regarding the operations and financial standing of the high schools. The financial statements of Bishop McGann-Mercy were consolidated with those of the Department of Education on July 1, 2018.

For additional information concerning the transfer of the Diocesan high schools, see Article II.C of Annex 2.

g. ***Tomorrow's Hope Foundation II***

Tomorrow's Hope Foundation, Inc. II ("THF") is a non-profit corporation whose mission is to ensure the excellence and continuance of Catholic education on Long Island. It provides support through student scholarships and program funding. THF has its own board and audited financial statements. THF solicits and receives direct donations to enable it to grant scholarships. For the 2022-2023 school year, THF paid roughly $2.5 million for student scholarships directly to schools.

h. ***Seminary of the Immaculate Conception***

The Seminary of the Immaculate Conception of the Diocese of Rockville Centre (the "Seminary") is an institution of formation in the Catholic Faith, originally established by the Diocese of Brooklyn in 1930 as an institution of higher learning for the purpose of training men for the priesthood. The Diocese of Brooklyn transferred the Seminary to the Debtor when the Debtor was formed out of territory that was formerly within of the Diocese of Brooklyn. The Seminary is a religious, non-profit corporation ("Seminary Corporation"). The Seminary has an independent Board of Governors, and Seminary Corporation has its own board and audited financial statements.

On November 10, 2011, the Debtor, the Archdiocese of New York and the Diocese of Brooklyn created an interim Inter-Diocesan Partnership with a view towards establishing a single program for priestly formation for their three dioceses located at St. Joseph's Seminary in Dunwoodie, New York. Since 2014, the Debtor, the Diocese of Brooklyn and the Archdiocese of New York have jointly conducted seminary programs for the ongoing formation of priests and deacons for the three dioceses at Saint Joseph's Seminary, under the control and authority of the cardinal and two bishops of the three dioceses. Since the consolidation, the Seminary has conducted or overseen the conduct of retreats, education and similar programs at its facilities.

The Seminary has substantial real estate assets in Huntington, New York, consisting of more than 220 acres on the north shore of Lloyd's Neck. It is also the burial site for the bishops of the Debtor. In January 2017, the Debtor transferred the Seminary's land and buildings to Seminary Corporation in order to align title with the organization and operations of the Seminary. The expenses of maintaining the Seminary have historically exceeded the revenue it

generates from its various events, retreats and conferences. Since the commencement of the Diocese's chapter 11 case, the Debtor has not provided funding to the Seminary, and the Seminary has independently continued its operations.

For additional information concerning the transfer of the Seminary and settlement of potential claims, see Article II.C of Annex 2.

i. ***Catholic Faith Network***

The Catholic Faith Network ("CFN") is the single largest outreach effort of the Diocese on Long Island, reaching 1.5 million homes via television broadcasts. The broadcasts include live religious services, devotional programs, Catholic education, and youth programs. CFN is incorporated as a non-profit New York Educational Corporation, and was formerly known as Telecare of the Diocese of Rockville Centre. CFN has its own Board of Trustees and audited financial statements.

CFN's operations center on education broadband service spectrum licenses held by the Debtor. The Debtor and CFN are party to lease agreements leasing use of certain portions of this spectrum to third parties. The Debtor retains CFN pursuant to a services agreement to create and broadcast programming over the spectrum. In consideration for these services, the Debtor and CFN's services agreement provides that the Debtor will perform certain administrative services for CFN, provide rent-free operating space to CFN, and share a portion of the spectrum lease revenues with CFN. CFN has separate agreements to provide programming services to third parties.

j. ***Catholic Press Association***

Catholic Press Association of the Diocese of Rockville Centre, Inc. ("Catholic Press") is a non-profit corporation that, until Spring 2022, published the monthly magazine of the Debtor, The Long Island Catholic, and a Spanish-language newspaper, Fe Fuerza Vida. Catholic Press has its own board and audited financial statements. During the pendency of the Diocese's chapter 11 case, Long Island Catholic and Fe Fuerza Vida were discontinued.

k. ***Diocesan Service and Ecclesia Assurance Company***

Diocesan Service, Inc. ("Diocesan Service") is an insurance broker that helps the Debtor and related organizations purchase insurance coverage. It is a 501(c)(3) corporation with common stock held by a nonprofit trust for which the Bishop of the Debtor is the sole trustee. As of August 31, 2019, Diocesan Service had minimal revenues and expenses.

Ecclesia Assurance Company ("Ecclesia") is a captive property and casualty insurance company that provides insurance to the Debtor and other Ministry Members. It is a separate corporation that is wholly owned by the Debtor. Ecclesia was incorporated in New York in December 2003. The company is a licensed insurer and reinsurer. It is subject to the supervision of the New York State Department of Financial Services, which monitors it closely and has approval rights over any major action, such as the issuance of dividends. Ecclesia has its own board and its own audited financial statements. Upon its founding, Ecclesia began purchasing historical coverage dating back to September 1, 1986, and Ecclesia has provided insurance to the Debtor and the Ministry Members ever since. The sexual abuse liability coverage provided by Ecclesia is subject to self- insured retentions (or deductibles) of $250,000 per occurrence and an aggregate coverage limit for Abuse Claims of (i) $15 million for claims made before October 31, 2020 based on alleged incidents that occurred on or after September 1, 1986 and prior to October 31, 2019 and (ii) $7.5 million for claims made, and based on alleged incidents that occurred on or after October 31, 2019.

Ecclesia works closely with the Protected Self Insurance Program (as hereinafter defined), which historically insured the $250,000 self-insured retention layer, assessed and collected premiums and paid deductibles on all Ecclesia policies. However, effective November 1, 2019, the Diocese's insurance regime underwent certain changes that reduce the role of the Protected Self Insurance Program. First, the Protected Self Insurance Program ceased to provide the $250,000 self-insured retention layer. Following this change, only historical liabilities remain with the Protected Self Insurance Program. Second, Ecclesia began to provide first-dollar coverage for various types of insurance policies including, difference in conditions, general liability, directors and officers liability, employment practices liability, professional liability, and medical professional liability. Third, Ecclesia began to provide property, boiler, and crime coverage after a $5,000 deductible per incident.

In calendar year 2022, Ecclesia received income from insurance premiums, net after reinsurance, of $7.3 million, and returns on invested premiums of $-4.0 million. In calendar year 2022, Ecclesia ended the year with a $2.2 million net income.

Pursuant to a statutory formula, the Debtor may request ordinary dividends from Ecclesia. Special dividends may also be requested but are subject to regulatory approval, as are any material changes to the entity. To the extent any special dividends are paid, they correspondingly reduce Ecclesia's ability to pay ordinary dividends.

Prior to this chapter 11 case, the Debtor, in consultation with its advisors, explored a loss portfolio transfer for Ecclesia. The Debtor determined that the loss portfolio transfer was not a viable option. The alternative of liquidating Ecclesia was also explored, but the highly regulated environment would prevent any distributions on equity for many years.

l. ***Society for the Propagation of Faith and Mission Office***

The Society for the Propagation of Faith, Diocese of Rockville Centre (the "Society") and the Mission Office (which is part of the Debtor) are administered together. They both provide support for Catholic missionaries. The Society and Mission Office have their own board and audited financial statements consolidated with one another. The Society is a member of a national organization of the same name.

B. The Debtor's Finances and Operations

1. Indebtedness, Revenue Sources, and Assets

a. ***Indebtedness***

The Debtor has no indebtedness for borrowed money.

b. ***Revenue***

The Debtor's recurring revenues are limited and largely dependent on donors and parishioners. The Debtor's recurring revenues are: (i) revenue for administrative services provided to Ministry Members; (ii) the Debtor's Chaplaincy program, (iii) program income, and (iv) revenues from the Debtor's sublease to third parties of a portion of the spectrum in its educational broadcast license (collectively, the "Recurring Revenues"). In addition, the Diocese receives a share of weekly offertory made by the faithful at every Parish, in addition to other bequests and donor-directed gifts (the "Donation Revenues").

Other than revenue with respect to spectrum and administrative services revenue, there are no other Recurring Revenues. Prior to the Petition Date, the Debtor also received recurring revenue in the form of investment earnings. After the Petition Date, the Debtors has not realized material investment income.

The Debtor's future depends on the Debtor's ability to raise Donation Revenues from the faithful. The Debtor depends on these revenues to continue its mission of ministering to the faithful and providing charity to those in need. In turn, the faithful make donations in anticipation of the Debtor continuing its mission. The Debtor uses these revenues to provide ongoing, ordinary-course administrative support and services to the Parishes, their schools and the affiliated charitable, educational and service organizations.

c. ***Catholic Ministries Appeal***

Separate from the principal pastoral and temporal functions of the Debtor is the Catholic Ministries Appeal (the "CMA"), an annual campaign to support particular charitable, religious and educational missions undertaken by the Debtor and entities that are sponsored by and/or affiliated with the Debtor. CMA donations collected in a given calendar year are designated for use in the following calendar year. For the CMA and other non-offertory donations, the Debtor asks its donors to provide these revenues to fund areas of particular importance to the mission of the Church. These areas of particular importance include the provision of religious education for thousands of students on Long Island; affordable and safe housing for seniors, veterans and adults with mental and physical disabilities;

food programs for seniors, low-income families and women and their children; foster care; youth, campus and young adult ministries; priests', deacons' and lay leaders' education and formation; faith formation, including baptismal preparation, pre-Cana marriage preparation and Rite of Christian Initiation of Adults programs; hospital ministry to those who are ill and their families; prison ministry; substance abuse services and day treatment programs; and Catholic Diversity initiatives (collectively, the "CMA Missions"). In order to incentivize participation in the CMA, any Parish that raises more than its fundraising goal set by the Debtor in that year's campaign is eligible for a refund from the CMA from the excess amount.

CMA donations are made into a separate bank account and, for the most part, remain in that account until the following calendar year. Throughout each calendar year, funds from the previous year's CMA are disbursed from this account in one of four ways: (i) through transfers to the Debtor to support its engagement in CMA Missions; (ii) as direct contributions to Diocesan Affiliates that engage in CMA Missions; (iii) through transfers to the Debtor to fund the administrative support it provides such Diocesan Affiliates; and (iv) as refunds to Parishes that raised funds in excess of their goal amount for that year's CMA. Typically, contributions to Catholic Charities of the Diocese of Rockville Centre, a Diocese Affiliate, occur prior to the end of the CMA campaign year. In addition, some refunds to Parishes occur prior to the end of the campaign year based on collections. Funds raised in a given calendar year's CMA are generally disbursed in the following calendar year. The CMA has no endowment. Since at least 2014, the Debtor's expenditures in support of CMA Missions exceeded or were equal to the CMA funds released to the Debtor. Distributions of CMA funds to the Diocese to cover expenses for a given fiscal period have been less than or equal to the amounts spent by the CMA-funded departments during each such period.

2. **Benefit and Insurance Plans**

a. The Priests' Pension and Benefits Plans

The Diocese of Rockville Centre Qualified Retirement Plan for Diocesan Priests (the "Priests' Pension Plan"**)** is a defined benefit retirement plan that provides for the basic income needs of priests in old age as well as certain housing benefits for these priests. The Priests' Pension Plan is tax-qualified under section 401(a) of the Internal Revenue Code (the "Tax Code") and maintains a separate trust that is tax-qualified under section 501(a) of the Tax Code. All priests incardinated in the Debtor or on official assignment within the Debtor are eligible to participate in the Priests' Pension Plan. Priests are eligible to receive benefits under the plan after reaching age 72 and having at least 10 years of service to the Diocese. Retirement from service must be approved by the Bishop. The plan also provides benefits for priests who become disabled prior to the normal age of retirement. As of January 1, 2023, the Priests' Pension Plan had a market value of assets of $43.5 million, actuarial value of assets of $48.5 million, and actuarial value of liabilities of $41.5 million. Contributions to the Priests' Pension Plan totaled $1.9 million in calendar year 2022. The Debtor funded $381,000 or 15.7% of such contributions. Ministry Members with priests in their service contributed the remaining 84.3%.

The Diocese of Rockville Centre Health Care and Other Assistance Plan for Retired and Disabled Diocesan Priests (the "Priests' Benefits Plan") is a separate plan to provide for health benefits and other assistance to retired and disabled priests. The Priests' Benefits Plan is funded with a separate trust that provides benefits including, but not limited to, medical, dental, life insurance, automobile insurance, supplemental disability, housing and annual retreat and education reimbursement. Diocesan priests are eligible to receive benefits in the Priests' Benefits Plan if they are eligible to receive benefits under the Priests' Pension Plan or otherwise have permission from the Bishop. As of January 1, 2023, the Priests' Benefits Plan had a market value of assets of $55 million. actuarial value of assets of $61.2 million, and actuarial value of liabilities of $78.6 million. Contributions to the Priests' Benefits Plan in calendar year 2022 totaled $1.5 million. The Debtor funded $172,000 or 10.1% of such contributions. Ministry Members with priests in their service contributed the remaining 89.9%.

Both the Priests' Pension Plan and the Priests' Benefits Plan are governed by the Priests' Sickness, Disability and Retirement Board, a committee of active and senior priests incardinated within the Debtor.

b. ***Employees' Pension Plan and 403(b) Employee's Retirement Plan***

The Diocese of Rockville Centre Pension Plan (the "Employees' Pension Plan"), a separate trust, is a Tax Code section 401(a) tax-qualified, defined benefit retirement plan for lay employees of the Debtor as an employer,

Ministry Members and Catholic Health Services. Catholic Health Services, an integrated health system on Long Island, is not a Ministry Member and does not receive administrative support from the Debtor other than through its participation in certain Benefit Plans. Catholic Health Services has the most participating employees and accounts for the majority of contributions to the Employees' Pension Plan. The Employees' Pension Plan is governed by the Lay Pension Committee, whose members are senior leaders of the various employer groups that are participating employers in the plan. As of January 1, 2023, the Employees' Pension Plan had a market value of assets of $2,123 million, actuarial value of assets of $2,320 million, and actuarial value of liabilities of $2,226 million.

In 2015, the Employees' Pension Plan froze accruals for employees with under 30 years of service and who are not employed by Catholic Health Services. For those employees, the Employees' Pension Plan was replaced by the Diocese of Rockville Centre 403(b) Employees' Retirement Plan (the "403(b) Employees' Retirement Plan"). The 403(b) Employees' Retirement Plan is a Tax Code section 403(b) tax-qualified, defined contribution retirement plan for employees of the Diocese and the Ministry Members. The 403(b) plan is open to employees of the Diocese and Ministry Members. Contributions to the 403(b) Employees' Retirement Plan are held in various annuity contracts and custodial accounts in the plan's name. The standard employer contribution is 3% with an additional 1% match of employee contributions. The employer contribution and match are provided by the employee's employer, either the Diocese or a Ministry Member. The Diocese has 110 participating employees. There are another 2,124 participating employees of the Ministry Members. The 403(b) Employees' Retirement Plan is governed by the 403(b) Plan Committee, whose members are senior leaders of the various employer groups that are participating employers in the plan. Contributions from 2015 onward have been held in annuity contracts and custodial accounts with Mutual of America. Contributions from earlier years were made to T. Rowe Price, Trans America and other institutions.

In response to the financial impact of the COVID-19 pandemic, the 403(b) Plan Committee temporarily suspended all employer contributions to the 403(b) Employees' Retirement Plan for all participating employers for covered services performed by employees from April 1, 2020 through June 30, 2020. During calendar year 2021, contributions to the Employees' Pension Plan were $87.5 million. The Debtor funded $611,000 or 0.7% of such contributions. The remainder of the contributions were made by other participating employers and employees. During the same year, contributions to the 403(b) Employees' Retirement Plan totaled $10.3 million. The Diocese funded $324,000 or 3.1% of such contributions. The remainder of the contributions were made by other participating employers and employees.

c. Employees' Benefits Program

The Diocese of Rockville Centre Health and Welfare Benefits Program (the "Employees' Benefits Program") provides medical coverage, dental coverage, life insurance, disability insurance and similar welfare benefits for employees of the Diocese and of the Ministry Members (including predominantly active lay employees but also active priests). Employees who are regularly scheduled to work 28 or more hours per week may participate in the Employees' Benefits Program.

The Employees' Benefits Program is governed by the Diocesan Health Plan Committee, whose members are senior leaders of the various employer groups that are participating employers in the plan. The Debtor administers certain financial activities for the Employees' Benefits Program, including assessing and directing premiums to the program's trust and arranging for the program trust to fund a segregated medical operating account used by Empire Blue Cross as plan insurance administrator to pay benefits. The program's medical and dental benefits are self-insured by its participating employers, and the plan purchases stop-loss coverage for catastrophic claims over certain limits. Contributions from 166 different employers and employees totaled $43 million in fiscal year 2019, ended August 31, 2019. The Debtor contributed $1.9 million or 4.6% of the total annual contribution. Premiums contributed from employees and participating employers, as well as reimbursements from insurance companies for expenditures over the individual stop-loss cap, are held in trust for the plan. This trust is tax-exempt under section 501(c)(3) of the Tax Code.

d. The Protected Self Insurance Program

The Protected Self Insurance Program is a program to provide insurance coverage and risk management services to the Debtor and Ministry Members. The program currently secures coverage for the following categories of insurance: (i) workers' compensation, (ii) property, (iii) boiler and machinery; (iv) general liability, (v) automobile

liability and physical damage; (vi) crime; (vii) directors' and officers' liability; (viii) employment practices liability; (ix) employee benefits liability; (x) professional liability; (xi) medical professional liability; (xii) sexual abuse liability; (xiii) fiduciary liability; (xiv) student accident; and (xv) cyber. Protected Self Insurance Program has its own board and audited financial statements.

The Protected Self Insurance Program historically provided for the self-indemnification of property, casualty, automobile and other losses of the Debtor and Ministry Members. However, as described above, the Protected Self Insurance Program transitioned in 2019 to purchasing first-dollar coverage from Ecclesia for these losses. The program also covered workers' compensation on a self-insured basis until 2012, when, in response to a change in New York law, the Debtor arranged for third-party coverage for itself and the Ministry Members and placed its self-insurance program for workers' compensation into runoff. The Debtor maintains a security deposit of approximately $7.5 million in cash with the New York State Workers' Compensation Board for the benefit of the employees of the Ministry.

The Protected Self Insurance Program has funded expenses relating to the Independent Reconciliation and Compensation Program, described in detail below, (i) the care for those who suffered clergy sexual abuse, (ii) the Diocesan Child Protection Policy, (iii) the annual expenses of audits by StoneBridge Business Partners, an outside expert, of the Diocese and Ministry Members to ensure compliance with the Charter for the Protection of Children and Young People established by the U.S. Conference of Catholic Bishops (the "Charter"); and (iv) investigations, including responding to the Attorney General inquiries. The Protected Self Insurance Program is funded by assessments on Ministry Members and the Debtor, which are used to fund the insurance coverage purchased by the program and other program expenses. As part of its oversight, the Debtor supports risk-reduction efforts at Ministry Members. Third-party administrators administer claims settlement and make recommendations on reserves for historical liabilities that remain with the Protected Self Insurance Program. In fiscal year 2021, ended August 31, 2021, program revenues amounted to $15.2 million. Of those revenues, $15.1 million were sourced from assessments to Ministry Members, with the remaining $0.7 million derived from investment income realized by the Protected Self Insurance Program. The Debtor funded $227,000, or 1.5%, of such assessment.

C. The Clergy Sex Abuse Crisis and the Debtor's Response

1. Independent Reconciliation and Compensation Program

The Debtor adopted and announced the Independent Reconciliation and Compensation Program (the "IRCP") on October 16, 2017. The IRCP, which remained open until shortly before the Petition Date, was directed at individual reconciliation and compensation based on the independent review by and judgement of nationally recognized fund administrators (the "Administrators") in other multiple-victim situations.

The protocols of the IRCP defined the process by which claims were to be evaluated and eligible claimants compensated. In general, claims as to the actual occurrence and extent of sexual abuse, if any, were accepted or rejected based on the weight and credibility of the evidence, as determined independently by the Administrators. Compensation decisions were made according to a number of factors, including the nature, extent and frequency of the abuse, again as determined solely by the Administrators.

The Debtor pledged to honor the resolutions reached by the IRCP, but an abuse claimant was not bound by an Administrator's eligibility and compensation determination unless the claimant chose to accept the compensation awarded. Abuse survivors were eligible to participate in the IRCP regardless of when their alleged abuse occurred. Participation in the IRCP was completely voluntary, and participation did not affect any rights of the abuse survivor unless and until he or she accepted compensation and signed a release. In addition, the Debtor has committed to all participants in the IRCP that their claims and associated information will remain confidential without regard to whether a resolution is reached. The participants, however, remain free to disclose or discuss their claim and/or the compensation determination of their own claim.

As a condition of accepting the compensation offer determined by the Administrators, abuse survivors under the IRCP were required to sign a release. The release states that the abuse survivor waives all claims or potential claims of sexual abuse against the Debtor and any related entities. Before signing releases, all abuse survivors were required to consult with an attorney selected by the abuse survivor, or, if requested by the abuse survivor, an attorney provided by the Administrators free of charge.

As of September 29, 2020, 445 abuse claimants filed claims and a total of about 350 of them accepted compensation totaling approximately $62 million, with about 25 claims still being processed as of the Petition Date and 18 outstanding determinations. The Debtor paid compensation to every claimant who was deemed eligible by the Administrators and who accepted the compensation offered and submitted a signed release prior to the Petition Date.

2. **The Child Victim's Act**

On February 14, 2019, New York Governor Andrew Cuomo signed New York Senate Bill S.2440, known as the Child Victims Act (the "CVA"), into law. The CVA extended the statute of limitations under which certain criminal and civil actions arising out of the sexual abuse of minors may be brought. The CVA also revived certain previously time-barred causes of action.

Specifically, the CVA amended the statute of limitations for bringing civil actions against any party whose intentional or negligent acts or omissions are alleged to have resulted in the commission of child sexual offenses. The CVA required that such actions be commenced on or before the plaintiff reached the age of 55. The CVA also revived all civil actions that alleged child sexual offenses that were time-barred as of February 14, 2019, the date the bill was signed into law. The CVA originally provided that revived actions may be commenced during the twelve-month period that ran from six months after the CVA's effective date (i.e., August 14, 2019) to eighteen months after the CVA's effective date (i.e., August 14, 2020). On August 3, 2020, Governor Cuomo signed New York Senate Bill S.7082 into law, which extended the window for bringing revived actions by one additional year (i.e., until August 14, 2021). As of the Petition Date, there were a total of 223 CVA cases filed against the Diocese, with 194 filed in the Ninth and Tenth Judicial Districts, 28 in the New York City CVA regional court, and one case removed to federal district court. In many of these cases, the plaintiffs sought to proceed anonymously. After the Petition Date, additional cases were filed against the Diocese and/or Parishes.

3. **The Adult Survivor's Act**

On May 24, 2022, New York Governor Kathy Hochul signed the Adult Survivors Act (S.66A/A.648A) (the "ASA"). While the CVA had revived certain claims based on allegations of sexual abuse of a minor, the ASA revived claims resulting from sexual offenses against individuals that occurred when the person was 18 years of age or older and allowed such persons to sue on account of such claims, regardless of prior limitations periods. Like the CVA, the ASA opened a lookback window for individuals to bring suit on account of such revived claims—specifically, the ASA allows individuals to commence claims, not earlier than six months after (November 24, 2022), and not later than one year and six month after (November 24, 2023), the effective date of the ASA (May 24, 2022). N.Y. C.P.L.R. 214-g (McKinney).

The Additional Debtors are not aware of any cases filed against them in connection with the ASA. Following the enactment of the ASA, the Debtor received approximately 32 ASA Sexual Abuse Proofs of Claim, approximately 9 of which related to already-filed Proofs of Claim.

ANNEX 2

(THE CHAPTER 11 CASE)

ANNEX 2 – THE CHAPTER 11 CASE

XVI. THE CHAPTER 11 CASE

A. Voluntary Petition

On October 1, 2020 (the "Petition Date"), the Debtor commenced this case by filing a voluntary petition for relief under chapter 11 of the Bankruptcy Code.

The Debtor has continued, and will continue until the Effective Date, to manage its properties as debtor-in-possession, subject to the supervision of the Bankruptcy Court and in accordance with the provisions of the Bankruptcy Code. An immediate effect of the filing of the Chapter 11 Case was the imposition of the automatic stay under section 362 of the Bankruptcy Code, which, with limited exceptions, enjoined the commencement or continuation of: (1) all collection efforts by creditors; (2) enforcement of liens against any assets of the Debtor; and (3) litigation against the Debtor.

B. First Day Relief

On the Petition Date, the Debtor filed a number of motions and other pleadings (the "First Day Motions"), the most significant of which are described below. The First Day Motions were proposed to ensure the Debtor's orderly transition into chapter 11.

The First Day Motions included:

- *Motion for Interim and Final Orders Authorizing Continued Insurance Programs* [Docket No. 10];
- *Motion for Adequate Insurance With Respect to Utility Providers* [Docket No. 8];
- *Motion for Notice and Case Management Procedures* [Docket No. 11];
- *Motion for Interim Compensation* [Docket No. 9];
- *Motion for Continued Use of Cash Management System* [Docket No. 7];
- *Motion for Pastoral Care* [Docket No. 6];
- *Employee Wages Motion* [Docket No. 5];
- *Motion for Special Noticing and Confidentiality Procedures* [Docket No. 4];
- *Notice of Motion for Preliminary Injunction Under Sections 362 and 105(a) of the Bankruptcy Code* [Docket No. 2]; and
- *Motion for Retention of Professionals in the Ordinary Course of Business* [Motion No. 12].

The First Day Motions were granted with certain adjustments or modifications to accommodate the concerns of the Bankruptcy Court, the United States Trustee for the Southern District of New York (the "U.S. Trustee") and other parties in interest.

C. Retention of Advisors for the Debtor

Soon after the commencement of the Chapter 11 Case, the Debtor obtained Bankruptcy Court approval of the retention of (1) Jones Day as the Debtor's primary bankruptcy counsel; (2) Alvarez & Marsal as the Debtor's restructuring advisor; (3) Reed Smith as the Debtor's special insurance counsel; (4) Sitrick & Co. as the Debtor's corporate communications consultant; (5) Standard Valuation Services as the Debtor's real estate appraiser; (6) Forchelli Deegan Terrana LLP as the Debtor's special real estate counsel; (7) Nixon Peabody LLP as Special Counsel; and (8) Jefferies LLC as the Debtor's investment banker. These applications were granted on November 4, 2020

[Docket Nos. 132, 131, 128, 130], December 10, 2020 [Docket No. 252], January 4, 2022 [Docket No. 944], and November 2, 2022 [Docket No. 1401], with certain adjustments or modifications to accommodate the concerns of the Bankruptcy Court, the U.S. Trustee, the Committee, and other parties in interest. The Debtor has also retained experts pursuant to the *Order Authorizing the Retention of Experts* [Docket No. 783].

D. The Committee

On October 16, 2020, the U.S. Trustee appointed the Committee in this Chapter 11 Case pursuant to section 1102 of the Bankruptcy Code.

The Committee consists of nine individuals who hold claims against the Debtor, including eight individuals who allege they were sexually abused as minors by perpetrators for whom the Debtor was responsible and one representative of a minor with a civil rights claim against the Debtor.

Since its appointment, the Committee has been actively involved with the Debtor in overseeing the administration of the Chapter 11 Case as a fiduciary for all unsecured creditors of the Debtor in this Chapter 11 Case, and has consulted with the Debtor on various matters relevant to the Chapter 11 Case. The Debtor has also discussed its business operations with the Committee and their advisors and has negotiated with the Committee regarding actions and transactions outside of the ordinary course of business. The Committee has participated actively in reviewing the Debtor's business operations, operating performance and business plan.

The Committee has retained (1) Pachulski Stang Ziehl & Jones LLP as bankruptcy counsel; (2) Berkeley Research Group, LLC as financial advisor; (3) Burns Bair LLP as special insurance counsel; (4) Ruskin Moscou Faltischek, P.C. as special real estate counsel; (5) Kinsella Media, LLC as an expert consultant; (6) Jon R. Conte, Ph.D. as an expert consultant, and (7) Lerman Senter PLLC as Special FCC Counsel. These applications were respectively granted on November 17, 2020; December 9, 2020; August 9, 2021; and November 21, 2022 [Docket Nos. 163, 247, 246, 667, 248, 249, and 1446]. The Committee has also retained several experts pursuant to the *Order Authorizing the Retention of Experts* [Docket No. 783].

E. Further Motions in the Chapter 11 Case

1. **Removal**

On December 7, 2020 the Debtor filed a motion to extend the period within which the Debtor could remove actions pursuant to 28 U.S.C. § 1452 and Bankruptcy Rule 9027. [Docket No. 238]. Section 1452 permits the removal of civil action claims that are related to a bankruptcy case and Rule 9027 creates the time period within which notices of removal must be filed. The Debtor requested an extension of this period to provide it with additional time to determine whether to remove certain pending civil action claims related to its Chapter 11 proceedings. The court entered orders approving this extension, and the Debtor's subsequent requests for additional extensions, on December 18, 2020 [Docket No. 267], April 13, 2021 [Docket No. 452], August 18, 2021 [Docket No. 687], December 9, 2021 [Docket No. 906], April 13, 2022 [Docket No. 1069], August 10, 2022 [Docket No. 1263], November 30, 2022 [Docket No. 1487], March 30, 2023 [Docket No. 1962], July 13, 2023 [Docket No. 2299], November 27, 2023 [Docket No. 2688], April 9, 2024 [Docket No. 3042], and August 6, 2024 [Docket No. 3208].

2. **Unexpired Leases of Nonresidential Real Property**

A debtor must assume or reject unexpired leases of nonresidential real property by the earlier of (a) 120 days from the date of the petition, or (b) the date on which the court confirms the plan of reorganization, at which time a debtor will be considered to have rejected the leases. A debtor, upon a showing of cause, may request that the court extend the time period in which the debtor must make the decision by a period of 90 days. In the present case, the Debtor has sought and been granted various such extensions [Docket Nos. 310, 451, 688, 905, 1070, 1261, 1489, 1961, 2298, 2689, 3043 and 3207] with respect to certain leases.

3. **CHS 9019 Settlement**

On August 14, 2023, the Debtor filed its *Motion, Pursuant to Bankruptcy Rule 9019, Seeking Entry of an Order Approving the Settlement Between the Debtor and Catholic Health System of Long Island, Inc.* [Docket No.

2385]. As described in the motion, the Diocese and CHS reached an agreement, as set forth in the Settlement Term Sheet described in the motion, which simplifies the parties' arrangement with respect to payment for legacy workers' compensation claims and benefits both parties. The motion sought court approval of the Debtor's entry into the Settlement Term Sheet, whereby the Diocese would transfer all of its obligations for pre-January 1, 2012 workers' compensation claims, including legacy workers' compensation obligations that did not originate from CHS operations, to CHS. In exchange for CHS agreeing to assume these obligations, the Diocese will transfer to CHS the exclusive right to receive the entirety of the $7.6 million deposit currently held by the New York State Workers' Compensation Board. Generally, although CHS could petition to have a portion of the deposit released prior to the payment of all claims, the full deposit will become available when the entirety of the legacy workers' compensation claims have been paid, which is expected to occur many years in the future. The Diocese will receive all interest earned and payable on the deposit for the first 5 years following the effectiveness of the settlement, and CHS will receive all interest earned and payable on the deposit thereafter.

The Bankruptcy Court granted the motion on September 8, 2023 [Docket No. 2472]. The Debtor entered into the transaction authorized by the Bankruptcy Court in January 2024.

F. Mediation

On October 20, 2021, the Bankruptcy Court entered an order appointing Paul J. Van Osselaer as mediator for a mediation between the Debtor, the insurers of the debtor, and the Committee. *Order Appointing a Mediator* [Docket No. 794]. The Bankruptcy Court's order authorized the Debtor to pay the expenses and fees of the mediator.

On November 15, 2022, the Debtor requested the appointment of an additional judicial co-mediator. The Committee opposed the request. On January 10, 2023, the Committee sent a letter that stated, among other things, it would "pursue the litigation path," and on January 13, 2023, the Committee declared its determination that the Mediation is at a standstill.

On April 17, 2023, the Bankruptcy Court entered the *Judicial Notice re Appointment of Mediator* [Docket No. 2018] "tak[ing] judicial notice of the appointment of United States Magistrate Judge Sarah L. Cave as the mediator in the four declaratory judgment actions pending in the Southern District of New York under the cases numbered 20cv11011, 21cv71, 21cv7706, and 21cv9304." The Bankruptcy Court's order continued: "The Court expects that Magistrate Judge Cave will function as a co-mediator, with Paul Van Osselaer, for purposes of global settlement discussions implicating those actions and this Bankruptcy case."

On October 18, 2023, following additional mediation sessions, the co-mediators filed a *Mediator's Status Report* [Docket No. 2589] indicating that the mediation was concluded and that "[r]egretfully, no agreement has been reached as of today's date." The co-mediators stated that they "believe that no such agreement is likely before the Court's deadline and believe further that, absent a substantial movement in the positions of the Committee or the Debtor, those parties have reached an impasse in their efforts to have a consensual plan."

Following the mediator's report, the Diocese, parishes, and affiliated parties made their offer to claimants outside of mediation in the amount of $200 million in cash, in addition to the parties' substantial third-party insurance assets. *See Letter to the Honorable Chief Judge Glenn Regarding Case Status* [Docket No. 2590]. This offer was reflected in the Debtor's Fifth Amended Disclosure Statement [Docket No. 2910], approved by the Bankruptcy Court on February 13, 2024, and the Fourth Modified First Amended Plan of Reorganization [Docket No. 2908] (the "First Amended Plan").

After failing to obtain the requisite support for its First Amended Plan, the Debtor sought dismissal of its chapter 11 case. The Bankruptcy Court continued the Debtor's motion to dismiss and issued its *Order Appointing Mediators* on May 28, 2024 [Docket No. 3113], appointing the Hon. Shelley C. Chapman (Ret.) and Paul A. Finn to serve as co-mediators. The Debtor consented to several continuances of its motion to dismiss as mediation continued [Docket Nos. 3116, 3158, 3223, 3250]. The Debtor and the Additional Debtors have since reached a consensual settlement of this chapter 11 case with the Committee and the Settling Insurers. In light of the resolution, on September 26, 2024, the Debtor withdrew the motion to dismiss the chapter 11 case, without prejudice.

G. Bar Dates and Claims Process

1. **Sexual Abuse Bar Date and General Bar Date**

On October 9, 2020, the Debtor filed Schedules identifying the assets and liabilities of its Estates [Docket No. 57]. The Debtor updated the Schedules with amendments on January 8, 2021 [Docket No. 299] and February 11, 2022 [Docket No. 977]. In addition, pursuant to an order dated January 27, 2021 (as thereafter amended, the "Bar Date Order"), the Bankruptcy Court established the following bar dates for the filing of Proofs of Claim in this Chapter 11 Case:

i. the general bar date (the "General Bar Date") for all General Claims, except as noted below, of March 30, 2021 at 5:00 p.m. (prevailing Eastern Time);

ii. a bar date for individuals holding Abuse Claims against the Debtor of August 14, 2021 at 5:00 p.m. (prevailing Eastern Time);

iii. a bar date for Claims amended or supplemented by the Debtor's amended Schedules on or before the later of (a) the General Bar Date; and (b) 5:00 p.m. (prevailing Eastern Time) on the date that is thirty (30) days after the date on which the Debtor provides notice of unfiled schedules or an amendment or supplement to the schedules (the "Amended Schedules Bar Date"); and

iv. a bar date for any Claims arising from or relating to the rejection of executory contracts or unexpired leases on or before the later of (a) the General Bar Date and (b) 5:00 PM (prevailing Eastern Time) on the date that is thirty (30) days after the entry of the order authorizing the rejection (the "Rejection Bar Date").

The Debtor provided notice of the bar dates above as required by the Bar Date Order. To date, Proofs of Claim for 183 General Unsecured Claims have been filed against the Debtor, totaling approximately $2.039 billion, and 750 Abuse Claims have been filed against the Debtor.

2. **Supplemental Bar Date**

On May 24, 2022, New York Governor Kathy Hochul signed the Adult Survivors Act (S.66A/A.648A). While the CVA had revived certain claims based on allegations of sexual abuse of a minor, the ASA revived claims resulting from sexual offenses against individuals that occurred when the person was 18 years of age or older and allowed such persons to sue on account of such claims, regardless of prior limitations periods. Like the CVA, the ASA opened a lookback window for individuals to bring suit on account of such revived claims—specifically, the ASA allows individuals to commence claims, not earlier than six months after (November 24, 2022), and not later than one year and six month after (November 24, 2023), the effective date of the ASA (May 24, 2022). N.Y. C.P.L.R. 214-g (McKinney).

As a consequence, the Debtor sought to provide persons who had their claims revived by the ASA a supplemental period of time to file proofs of claim in this chapter 11 case. To be clear, the Debtor acknowledged that the Bar Date Order established August 14, 2021 as the bar date for Abuse Claims. The term "Sexual Abuse Claim" expressly included, among other things, claims—including contingent, unliquidated and disputed claims—involving a "nonconsenting adult and another adult."

On July 21, 2022, the Debtor filed the *Motion of the Debtor for an Order Establishing a Supplemental Deadline for Filing Certain Proofs of Claim and Granting Related Relief* [Docket No. 1219] seeking a supplemental bar date for ASA claims of September 28, 2022 at 5:00 p.m. (prevailing Eastern Time). The Court ultimately granted the motion over the Committee's objection and established the Supplemental Bar Date for ASA claims as October 10, 2022 at 5:00 p.m. (prevailing Eastern Time) (the "Supplemental Bar Date").

3. **Bar Date Amendments**

On August 8, 2021, the Debtor filed *Debtor's Motion For Entry of an Order Amending the Bar Date Order* [Docket No. 698], requesting an amended Bar Date Order so as to clarify the Debtor's ability to make sexual abuse proofs of claim available to the District Attorneys for Nassau County and Suffolk County.

The Committee opposed the Debtor's ability to make sexual abuse proofs of claim available to the District Attorneys for Nassau County and Suffolk County because of concerns for the privacy of the information of survivors of childhood sexual abuse and the risk that information from the proofs of claim could potentially be shared with the person accused of the abuse. After the Debtor held negotiations with the Committee regarding the contents of the proposed order, the Debtor was able to resolve the Committee's objections and the Bankruptcy Court granted the motion on November 2, 2021 by entering the *Amended Order Establishing Deadlines for Filing Proofs of Claim and Approving the Form and Manner of Notice Thereof* [Docket No. 813].

The Debtor additionally filed *Debtor's Motion For Entry of an Order Further Amending the Bar Date Order* on October 21, 2021 [Docket No. 796], seeking permission to (a) use the information in the Sexual Abuse proofs of Claim to pursue further investigations against clergy, (b) provide certain law enforcement agencies with redacted Sexual Abuse proofs of Claim, (c) provide other dioceses and affiliates with anonymous information to use in child protection efforts, and (d) provide insurance administrators with access to the Proofs of Claim. The Committee subsequently filed *The Official Committee of Unsecured Creditors' Limited Preliminary Objection to the Debtor's Motion for Entry of an Order Further Amending the Bar Date Order* on November 3, 2021 [Docket No. 823]. The Committee objected to further amending the Bar Date Order. Following negotiations, the Debtor and the Committee resolved the Committee's objection and, on November 17, 2021, the Bankruptcy Court entered the *Order Further Amending the Bar Date Order* [Docket No. 867].

4. **Claim Objections**

On August 3, 2021, the Debtor filed notice of two claim objections, *Notice of Debtor's First Omnibus Objection to Certain (I) Amended Claims and (II) Duplicate Claims* [Docket No. 658], and *Notice of Debtor's Second Omnibus Objection to Certain Satisfied Claims and/or Scheduled Amounts* [Docket No. 659]. The Debtor sought to, respectively, (a) disallow, expunge, or reassign claims that had been replaced or duplicated, and (b) designate certain claims as having already been satisfied. The Bankruptcy Court granted both motions on September 20, 2021 [Docket Nos. 744, 745].

5. **Omnibus Claim Objection Procedures and Claim Settlement Procedures**

On November 21, 2022, the Debtor filed a *Motion for an Order (I) Approving Claim Objection Procedures, (II) Approving Claim Settlement Procedures and (III) Granting Related Relief* [Docket No. 1469]. The Committee filed its *Objection to Debtor's Motion for an Order (I) Approving Claim Objection Procedures, (II) Approving Claim Settlement Procedures and (III) Granting Related Relief* [Docket No. 1510].

The Committee opposed the Debtor filing claim objection on account of claims that the Debtor alleged were improper claims on the basis that such claims should be resolved, as has been done in other Diocesan cases, through trust as part of a confirmed plan. The Committee believes that the use of trust allocation protocols for the resolution of those Abuse Claims would have been far less expensive than the Debtor's objecting to and litigating those claims.

The Committee also opposed the Debtor's request to establish claim settlement procedures.

The Court approved the omnibus claim objection procedures on January 10, 2023 [Docket No. 1554] and reserved judgment on the claim settlement procedures. Pursuant to such claim objection procedures, the Debtor has filed fourteen additional omnibus claim objections [Docket Nos. 1645, 1646, 1655, 1677, 1683, 1730, 1744, 1754, 2117, 2118, 2149, 2150, 2151, 2372].

On February 28, 2023, the Committee filed its *Notice of Committee's First Omnibus Objection to Proofs of Claim* [Docket No. 1718]. The Committee sought to disallow and/or expunge claims by the parishes for (1) indemnification, reimbursement and contribution against the Debtor; (2) continued insurance coverage or "some other payment or benefit" under the Debtor's Protected Self Insurance Program; (3) any amounts paid or property transferred

to the Debtor and is held in trust for the parish; and (4) a property interest and right to repayment in amounts paid under Protected Self Insurance Program. The Committee's omnibus claim objection was granted solely with respect to certain claims, and is without prejudice to the later allowance of certain claims, including pursuant to 11 U.S.C. §§ 502(e)(2), 502(j), and 509(a) upon an appropriate showing on notice by the Parishes [Docket No. 2004].

6. **Motion for Entry of an Order Appointing a Legal Representative for Future Claimants**

The Debtor filed a motion to appoint a future claimants' representative for future sexual abuse claimants, *Debtor's Motion for Entry of an Order Appointing a Legal Representative for Future Claimants*, on September 30, 2021 [Docket No. 764]. The Bankruptcy Court granted the Debtor's motion on October 27, 2021, with the *Order Appointing a Legal Representative for Future Claimants* [Docket No. 799]. Under that order, Hon. Robert E. Gerber (ret.) was appointed as future claimants' representative. The future claimants' representative obtained Bankruptcy Court approval of the retention of Hon. Michael A. Hogan (ret.) as his financial advisor and Joseph Hage Aaronson LLC as his counsel.

H. Sale and Financing Process for Spectrum Assets

The Debtor owns four Federal Communication Commission licenses with call signs KNZ65, KNZ67, KNZ68, and WHR845 (the "FCC Licenses"). The Debtor works with its affiliate CFN to reach 1.5 million homes via television broadcasts, which is the single largest outreach effort of the Diocese on Long Island. The broadcasts include live religious services, devotional programs, Catholic education, and youth programs. On April 27, 2020, the U.S. Federal Communications Commission determined that it would no longer conditions the spectrum licenses on continued educational broadcasting. *See* Transforming the 2.5 GHz Band, 84 Fed. Reg. 57343 (Oct. 25, 2019); *see also* Transforming the 2.5 GHz Band, WT Docket No. 18-120, Report and Order, 34 FCC Rcd 5446, 5489-90, paras. 117, 124 (2019). In June of 2022, the Debtor received an unsolicited offer from a third party proposing to acquire the Debtor's four FCC Licenses. Upon receipt of this unsolicited proposal, the Debtor began developing a process for maximizing the value of such FCC Licenses, in addition to other assets, such as four cell towers owned by the Debtors (the "Cell Towers") and contracts related to the foregoing, for the benefit of all of the Debtor's stakeholders.

The Debtor's first step in this process was seeking to engage with this third-party to better understand the details of this proposal. Nevertheless, the Debtor's ability to engage with this third-party was complicated by certain contracts relating to these assets — specifically, the FCC Leases. In particular, the FCC Leases contain multiple provisions that directly interfered with the Debtor's ability to monetize the assets for the benefit of all stakeholders — e.g., (a) a confidentiality provision, which purports to prevent the Debtor from sharing a copy of the Leases without counterparty consent; (b) an anti-assignment provision, which purports to prevent the Debtor from assigning its interests in the Leases without counterparty consent; (c) a "no-shop" or "exclusivity" provision, which purports to forbid the Debtor from selling certain of the assets without counterparty consent; and (d) a "right of first refusal," which purports to give the counterparty the ability to forgo participation in any sale process relating to certain assets, and yet step in at the last minute to acquire such assets.

On October 12, 2022, the Debtor filed the *Motion of the Debtor for Entry of Orders (I)(A) Approving Bidding Procedures for the Sale of the Debtor's Assets, (B) Authorizing the Debtor to Enter Into One or More Stalking Horse Purchase Agreements and to Provide Bid Protections Thereunder, (C) Scheduling an Auction and Approving the Form and Manner of Notice Thereof, (D) Approving Assumption and Assignment Procedures and (E) Scheduling a Sale Hearing and Approving the Form and Manner of Notice Thereof; (II)(A) Approving the Sale of the Debtor's Assets Free and Clear of Liens, Claims, Interests and Encumbrances and (B) Approving the Assumption and Assignment of Executory Contracts and Unexpired Leases; and (III) Granting Related Relief* [Docket No. 1355] (the "Bid Procedures Motion"). The Bid Procedures Motion requested that the Court approve the Bidding Procedures (as defined in the Bid Procedures Motion) and order that the restrictive provisions in the leases were invalid under Section 365(f)(1) of the Bankruptcy Code. A response was filed by the Committee [Docket No. 1416], and an objection was filed by WBSY Licensing, LLC [Docket No. 1414]. The Court granted the motion on November 22, 2022 [Docket No. 1471]. The Court entered an order approving the Bidding Procedures on November 22, 2022 [Docket No. 1471]. On May 3, 2023, the Court entered an order approving the proposed sale of the Debtors' Cell Towers, and related assets, to SWIF II Investment Co. Towers II, LLC [Docket No. 2072]. The Debtors filed a notice of closing of the Cell Tower sale on June 5, 2023 [Docket No. 2133]. The Debtors did not select a successful bidder for the FCC License assets.

The Debtor has also explored potential financing structures where cashflows generated by the FCC Licenses leases, and other assets related thereto, could serve as loan collateral. On January 19, 2023, the Court entered an order modifying the terms of Jefferies' engagement to include services relating to potential financings [Docket No. 1583]. Since the entry of such order, the Debtor has been exploring opportunities to implement such financings, and potential lenders have been conducting diligence in respect thereof.

XVII. POSTPETITION LITIGATION AND CONTESTED MATTERS

A. Insurance Coverage for Abuse Claims

On October 1, 2020, the Debtor brought an Adversary Proceeding Complaint against its insurers[13] (the "Insurers") for declaratory judgement and breach of contract in regards to the Insurer's coverage of the abuse claims [Docket No. 1] (the "Insurance Adversary Proceeding"). The breach of contract claim regarded insurance coverage of claims settled under the Debtor's Independent Reconciliation and Compensation Program, discussed in Section C.1 of Annex 1. The Debtor sought declaratory judgement on its rights under the policies it holds with each of the Insurers. The Debtor included its known insurance policies as exhibits to its complaint in the Insurance Adversary Proceeding.

On November 20, 2020 the Committee filed a motion to intervene in the adversary proceeding, *Motion to Intervene in Adversary Proceeding No. 20-1227 and Official Committee of Unsecured Creditors Motion to Intervene in Adversary Proceeding Number 20-01227*, asserting that it had similar interests of the Debtor as well as conflicts of interest with the Debtor in regards to insurance coverage of the abuse claims [Docket. No. 13]. The Debtor consented to the Committee's right to intervene, but several of the insurance companies did not consent and filed objections to the Committee's motion to intervene [Docket Nos. 28, 27, 25, 24, and 22]. After a hearing, the Bankruptcy Court granted the Committee's motion to intervene on December 10, 2020. [Docket No. 38].

The Insurance Adversary Proceeding against the Insurers had been referred to the Bankruptcy Court for the Southern District of New York by the District Court for the Southern District Court of New York pursuant to 28 U.S.C. § 157, which permits a district court to refer a case to the proper bankruptcy court when the case arises under the Bankruptcy Code or is a core proceeding of the bankruptcy case. Once the Bankruptcy Court granted the Committee's motion to intervene, the Insurers filed several motions seeking withdrawal of the reference to the Bankruptcy Court [Docket Nos. 57, 55, 54, 49, 64, 93, and 95]. These motions have been granted, and the Insurance Adversary Proceeding is now before different District Court judges in the United State District Court for the Southern District of New York: (a) Case No. 20-CV-11011 (JLR); (b) Case No. 21-CV-71 (JPC); (c) Case No. 21-CV-7706 (AKH); and (d) Case No. 21-CV-9304 (JLR).

On November 7, 2023, the Insurance Commissioner of the State of Delaware petitioned the Delaware Court of Chancery for an order of liquidation with respect to Arrowood Indemnity Company, which was granted on November 8, 2023. Arrowood is responsible as successor in interest with respect to insurance policies issued by Royal Insurance Company, Royal Indemnity Company and Royal Globe Insurance Company, and is required to meet all of the insurance policy obligations of those companies. The Delaware Insurance Commissioner's petition states that Arrowood has a negative surplus of approximately $17 million, driven by a $25 million increase in reserves for certain coverage lines. Arrowood's board of directors unanimously consented to the liquidation. Pursuant to the liquidation order, all persons or entities that have notice of the proceedings or of the order are hereby enjoined and restrained from instituting or further prosecuting any action at law or in equity, or proceeding with any pretrial conference, trial, application for judgment, or proceedings on judgment or settlements and such action at law, in equity, special, or other proceedings in which Arrowood is obligated to defend a party insured or any other person it is legally obligated to defend by virtue of its insurance contract for a period of 180 days.

[13] The Insurers, individually: Arrowood Indemnity Company; Lloyd's, London; Allianz International Ltd.; Ancon Insurance Co. (UK) Ltd.; Assicurazioni Generali T.S.; British National Insurance Co. Ltd.; CX Reinsurance Co. Ltd.; Allianz Global Corporate & Specialty (France); Dominion Insurance Co. Ltd.; Excess Insurance Co. Ltd.; Lexington Insurance Co.; London & Edinburgh General Insurance Co. Ltd.; Sovereign Marine & General Insurance Co. Ltd.; St. Katherine Insurance Co. Ltd.; Storebrand Insurance Ltd.; Taisho Marine & Fire (UK) Ltd.; Terra Nova Insurance Co. Ltd.; Tokio Marine & Fire (UK) Ltd.; Turegum Insurance Co. Ltd.; Unionamerica Insurance Co. Ltd.; Yasuda Fire & Marine (UK) Ltd; Allianz Underwriters Insurance Company; Associated International Insurance Company; Colonial Penn Insurance Company; Fireman's Fund Insurance Company; Interstate Fire & Casualty Company; and National Surety Corporation.

In light of the liquidation order, on November 17, 2023, the District Court for the Southern District of New York entered an order staying the Insurance Adversary Proceeding against Arrowood Indemnity Company. Case No. 20-CV-11011 (JLR) [Docket No. 176].

Upon confirmation of the Plan, the Trust is expected to have access to two sources of funds in light of the Delaware Chancery Court's *Liquidation and Injunction Order with Bar Date of Arrowood Indemnity Company* as modified and dated November 8, 2023 and the appointment by the Supreme Court of the State of New York of an ancillary receiver in New York: (1) the Arrowood liquidation, which is under the supervision of the Insurance Commissioner of Delaware (and his successors) as the appointed receiver of Arrowood; and (2) the New York Property/Casualty Security Fund administered by the New York Liquidation Bureau, which is part of the New York State Department of Financial Services. The New York Property/Casualty Security Fund would be expected to pay covered claims within the limits of the Arrowood insurance policies up to its statutory limits of $1 million, which may apply on a per claim basis or may apply separately per policy for each claim, with any remainder to be sought from the Arrowood liquidation. Such payments on the Debtor's claims would be expected to reduce the recovery of the Debtor against the Arrowood liquidation. The Arrowood liquidation is not expected to have assets to pay all liabilities in full; therefore, distributions would be expected to be *pro rata* with other policyholder-level priority claims. The timing for payments from the NY Property/Casualty Security Fund and the Arrowood liquidation are uncertain.

B. Preliminary Injunction

On October 1, 2020, the Debtor filed a complaint, *Notice of Motion For Preliminary Injunction Under Sections 362 and 105(a) of the Bankruptcy Code* seeking a declaratory judgment on certain state court actions against the Debtor, and a notice of motion for preliminary injunction under sections 362 and 105(a) of the Bankruptcy Code, requesting an extension of the stay to enjoin abuse claimants seeking to hold the non-debtor parishes and other non-debtor entities liable in state court from continuing their actions [Case No. 10-01226, Adv. Pro. Docket No. 2]. The Debtor noted that to permit these suits to continue against the Debtor's co-insureds would jeopardize the estate and cause irreparable harm to the Debtor's chances of a successful reorganization. On October 23, 2020, the Committee filed a motion, *The Official Committee of Unsecured Creditors Objection to Debtor's Motion For a Preliminary Injunction Under Sections 362 and 105(a) of the Bankruptcy Code*, objecting to the Debtor's motion for a preliminary injunction. The Committee objected on the grounds that continuance of the lawsuits would not deplete the estate or impede the Debtor's ability to successfully reorganize. [Adv. Pro. Docket No. 17].

Beginning in October 2020, the parties agreed on an initial preliminary injunction that stayed the prosecution of state court actions against non-debtors in order to facilitate a global consensual plan of resolution. The Bankruptcy Court approved the initial preliminary injunction [Adv. Pro. Docket No. 36]. The Bankruptcy Court subsequently approved nine consecutive extensions of the preliminary injunction until December 21, 2020 [Adv. Pro. Docket No. 44], January 14, 2021 [Adv. Pro. Docket No. 46], January 21, 2021 [Adv. Pro. Docket No. 53], March 31, 2021 [Adv. Pro. Docket No. 59], June 14, 2021 [Adv. Pro. Docket No. 68], September 14, 2021 [Adv. Pro. Docket No. 88], December 13, 2021 [Adv. Pro. Docket No. 98], March 13, 2022 [Adv. Pro. Docket No. 105], and June 11, 2022 [Adv. Pro. Docket No. 110].

In July 2022, the Committee did not support a further extension of the preliminary injunction, and the Debtor filed a renewed *Notice of Motion for Preliminary Injunction Under Sections 362 and 105(a) of the Bankruptcy Code* [Adv. Pro. Docket No. 126]. Following the Debtor's renewed motion, the Committee agreed to an extension of the preliminary injunction until October 28, 2022 [Adv. Pro. Docket No. 138]. Then, following the Diocese's and the parishes' consent to the provision of year-end parish annual summary financial reports for years 2018-2022 that were in the possession of the Diocese to the Committee, the Committee agreed to a further extension of the preliminary injunction to January 13, 2023 [Adv. Pro. Docket No. 157].

On January 13, 2023, the Committee determined that the mediation was at a standstill and withdrew its consent to the preliminary injunction. As a result, the Debtor sought an extension of the preliminary injunction over the Committee's opposition. The Court held an evidentiary hearing regarding the dispute on April 19 and 20, 2023 and the preliminary injunction remained in effect pending the Court's ruling.

On June 1, 2023, the Court denied the Debtor's renewed motion and lifted the injunction for a sub-set of 228 cases to which the Debtor was not a named defendant (the "Unstayed Cases") finding:

> On the other side of the scale is the harm to the Survivors. For every day the injunction lasts, they are not only prevented from pursuing recovery on their claims, but their ability to prove their underlying case is weakened. For many Survivors, allowing time to pass means that they simply may not be able to recover either because the evidence for their case is lost, or because they themselves do not live long enough to press their claims. Importantly, these are claims they would be entitled to bring, if not for the stay in this case. It is clear that these harms to the Survivors become more significant with each passing day in this case, and in the past thirty months have eclipsed what is now a much more incidental—and certainly less consequential—harm for the Debtor, in having a limited role in participating in litigation against non-debtors.[14]

Following the Preliminary Injunction Opinion, the Debtor and the defendants in 224 of the cases filed a joint petition under 28 U.S.C. § 157(b)(5) in the United States District Court for the Southern District of New York to transfer abuse-related cases against parishes to the Southern District. [Case No. 23-5751 (LGS)]. The day after the 157(b)(5) motion was filed, the clerk's office automatically transferred the case to the bankruptcy court citing the Court's standing order of reference. In response to the referral, the Debtor sent a letter to the Chief Judge Swain in her capacity as chair of the assignment committee, informing her that 157(b)(5) obligates a *district court* and not a *bankruptcy court* to decide whether to fix venue in the bankruptcy-home court. In response, the District Court withdrew the referral and returned the case to District Judge Schofield for a determination on the merits. The Committee, however, requested reconsideration and an opportunity to object to the withdrawal of reference. The Court ordered briefing on the Committee's motion for reconsideration of its order withdrawing reference of the petition to the bankruptcy court [Case No. 23-5731, Docket No. 16]. On November 16, 2023, Judge Schofield ordered the parties to submit a joint report on the status of the bankruptcy proceeding, which the parties submitted on November 22, 2023. On January 11, 2024, Judge Schofield ordered the parties to submit a joint report on the status of the bankruptcy proceeding, which the parties submitted on January 18, 2024 [Docket No. 40]. Under the joint report, the Committee advised that the bankruptcy remanded an unstayed cases to state court and joined eleven district courts rejecting the defendants' arguments under section 157(b)(5). On March 13, 2024, Judge Schofield granted the Committee's motion for reconsideration, struck withdrawal of the reference to the Bankruptcy Court, and referred the matter to the bankruptcy court for a report and recommendation on the Debtor's 157(b)(5) motion. Judge Schofield further ordered a joint letter by the parties every 60 days on the status of the bankruptcy proceeding. [Docket No. 41]. The parties subsequently submitted joint reports on the status of the bankruptcy proceedings on April 12, 2024, June 11, 2024, and August 12, 2024, as ordered by Judge Schofield. To date, the Bankruptcy Court has not issued a briefing schedule or report and recommendations with respect to the merits of the 157(b)(5) motion.

The Debtor and the defendants in the unstayed actions also removed the unstayed actions from state court to federal court. To date, sixteen different Eastern District of New York Court Judges have remanded 182 cases that were removed from state courts in Queens, Nassau, and Suffolk Counties.

Thus, there are currently 179 Diocese-related cases pending before the CVA Regional Child Victims Act Part for the Ninth and Tenth Judicial Districts of the New York State Supreme Court (the "CVA Court"), with 178 of those cases pending before Hon. Leonard D. Steinman. Of the 178 cases before Hon. Steinman, approximately 125 of these cases are stayed due to the Order by the Delaware Court of Chancery in the Arrowood liquidation proceedings. And of those unstayed cases before Hon. Steinman, approximately 49 of them are subject to a discovery order. On February 27, 2024, the CVA Court selected four cases to continue through remaining pre-trial proceedings and, if applicable, trial on an expedited basis. The CVA Court issued orders in those cases stating that summary judgment motions are to be made within thirty days of the filing of a Note of Issue and setting various dates in October 2024 for the commencement of any jury selection. Plaintiffs have so far filed a Note of Issue in two of those cases. Meanwhile, on August 19, 2024, Hon. Steinman granted a three-week stay of proceedings, and on September 12, 2024, Hon. Steinman granted an extension of the stay until September 20, 2024. On September 20, 2024, Hon. Steinman further extended the stay "until at least September 30" subject to further updates. On September 26, counsel for the Debtor notified Hon. Steinman of the agreement in principle to resolve the Debtor's bankruptcy case on a global basis.

[14] *Roman Catholic Diocese of Rockville Centre, New York v. Ark320 Doe (In re Roman Catholic Diocese of Rockville Centre, New York)*, 651 B.R. 622, 666 (Bankr. S.D.N.Y. 2023) (the "Preliminary Injunction Opinion").

C. Independent Advisory Committee

1. Formation and Investigation

In May of 2019, the Debtor appointed an independent committee (the "Independent Advisory Committee") to review certain transactions between the Debtor and the Diocese Affiliates outside the ordinary course of administration and support that the Debtor provides to the Diocese Affiliates. Specifically, the Independent Advisory Committee was charged with reviewing all such transactions in excess of $2.5 million that occurred on or after January 1, 2014 (the "Affiliate Transactions"). Because the Affiliate Transactions took place between affiliates, they are subject to a conflict analysis. The Debtor delegated to the Independent Advisory Committee the authority to determine whether there are colorable claims related to any given Affiliate Transaction and, if so, to pursue recovery and resolution on behalf of the Debtor.

The Independent Advisory Committee consisted of three members, each with a strong reputation and well-recognized experience in bankruptcy, investigations and restructuring. The members of the Independent Advisory Committee were: (1) Arthur J. Gonzalez, formerly Chief Judge of the U.S. Bankruptcy Court for the Southern District of New York and currently Senior Fellow at New York University School of Law and a member of the Financial Oversight and Management Board for Puerto Rico; (2) Melanie L. Cyganowski, formerly Chief Judge of the U.S. Bankruptcy Court for the Eastern District of New York and currently a partner at Otterbourg, P.C. in New York; and (3) Harrison J. Goldin, a Senior Managing Director at Goldin Associates, LLC, formerly the Comptroller for the City of New York. Mr. Gonzalez chaired the Independent Advisory Committee.

The members of the Independent Advisory Committee were compensated on a monthly, fixed-fee basis for their services, but with an hourly or per diem amount for extraordinary services, such as days in mediation, testimony, depositions or preparation for the same. The monthly fixed fees were $25,000 to the chair and $20,000 to the two other members.

The Independent Advisory Committee and its advisors had access to over 220,000 documents, consisting of Debtor records, such as minutes, financial statements, reports and other materials prepared for the Debtor's Finance Council. Such documentation included emails relevant to Affiliate Transactions of key Debtor personnel, including the current and former bishops, the Chief Operating Officer, the Chief Financial Officer, the Director of Communications, and others. The Independent Advisory Committee had access to the Debtor's personnel and their full cooperation.

2. The Transfers

The Independent Advisory Committee had identified the following four Affiliate Transactions for its review:

(1) the September 2017 transfer by the Diocese of (a) the real property, assets, and operations of (i) Holy Rood Cemetery, Westbury, NY, (ii) Holy Sepulchre Cemetery, Coram, NY; (iii) Queen of All Saints Cemetery, Central Islip, NY; and (b) real property intended to be used as a cemetery in Old Westbury, NY to the newly-created CemCo, (c) $40 million (of which approximately $15.3 million CemCo returned to the Diocese for the transfer of Cemeteries' real property) to CemCo, and (d) the transfer of approximately $65 million by the Diocese to the Cemetery Trust;

(2) the January 2017 transfer of the real property parcel located in Huntington, New York, that was formerly used as a Seminary by the Diocese, to Seminary Corporation;

(3) the September 2017 transfer of assets, operations and liabilities of three Diocesan high schools (Bishop McGann-Mercy, Holy Trinity, and St. John the Baptist) to the Department of Education; and

(4) the 2018 transfer of $3 million to the Catholic Foundation.

3. Litigation with Respect to the IAC's Proposed Professionals

On October 12, 2020, the Debtor filed a motion to employ Otterbourg P.C. as counsel to the Independent Advisory Committee and to employ Goldin, A Teneo Company as financial advisor to the Independent Advisory Committee [Docket No. 60]. The Independent Advisory Committee hired Otterbourg and Goldin to assist in evaluating the Affiliate Transactions and, when necessary, pursuing further action in regards to colorable claims related to the Affiliate Transactions. On October 28, 2020, the Committee filed an objection to the order permitting the Independent Advisory Committee to hire professionals, stating that the Committee, and not the Independent Advisory Committee, had the authority to review the Affiliate Transactions and pursue any related colorable claims [Docket 103]. The Debtor filed a reply to the Committee's objection on November 11, 2020, defending the Independent Advisory Committee's authority to hire professionals to resolve claims with relating to the Affiliate Transactions [Docket 150]. The Committee filed a sur-reply on November 16, 2020, maintaining its objection to the Independent Advisory Committee's retention of professionals [Docket 159].

4. Derivative Standing of the Committee

On March 5, 2021, by court order, the Debtor and the Committee entered into a joint stipulation and order (the "Joint Stipulation"), in which they agreed to a resolution of the contentions with respect to the Independent Advisory Committee's hiring of professionals [Docket No. 392]. Pursuant to the order, the Committee was granted derivative standing to evaluate the Affiliate Transactions and pursue action on any colorable claims. Accordingly, the Debtor provided the Committee with the Independent Advisory Committee Report, including its appendices, exhibits, and the documents on which it was based.

Arthur J. Gonzalez was appointed as the special mediator between the Committee and the Debtor in regards to the examination of the Affiliate Transactions and the pursuit of colorable claims.

5. Tolling Agreements

On September 27, 2022 and from time to time thereafter, the Committee entered into separate stipulated tolling agreements with (i) The Seminary of the Immaculate Conception of the Diocese of Rockville Centre, (ii) Catholic Cemeteries of the Roman Catholic Diocese of Rockville Centre, Inc., and (iii) The Department of Education, Diocese of Rockville Centre. The stipulated tolling agreements each extend any statute of repose, statute of limitations, limitation or laches period, or other provision, whether jurisdictional or otherwise, that requires, mandates, or establishes any deadline for the commencement or filing of any matter, proceeding or other action with respect to claims against each of such entities. [Docket Nos. 1320-22, 2074-2076, 2379, 2387, 2719, 2971-2972 and 3134]. Prior to expiration of the tolling agreement, the Committee commenced an adversary case against Catholic Cemeteries of the Roman Catholic Diocese of Rockville Centre, Inc. [Adv. Pro. No. 23-01121 (MG)]. The defendant has answered the adversary complaint and the case remains ongoing. The Committee has prepared a complaint seeking turnover of property to the Debtor's estate from the Department of Education, which is being held in abeyance pursuant to the tolling agreement. The "Termination Date" for the tolling agreement with The Department of Education, Diocese of Rockville Centre is currently scheduled to occur on September 30, 2024. [Docket No. 2741].

6. Seminary Settlement Agreement

On October 6, 2023, the Committee filed a *Motion Pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure for Entry of an Order Approving a Settlement Agreement and Release Between the Seminary, the Committee, and the Diocese* [Docket No. 2548]. Through this motion, the Committee proposed settlement of the estate's alleged causes of action against the Seminary.

The terms of the proposed settlement are as follows: (1) the Seminary would sell approximately 200.3 acres of the Seminary property, while retaining the main Seminary building and approximately 16 acres of the Seminary property associated with the Seminary's operations, (2) New York State would purchase approximately 180.3 acres of undeveloped Seminary acreage for use as a nature preserve for $18.03 million, while the Village of Lloyd harbor would purchase the remaining approximately 20 acres for $2 million, (3) upon closing of the Seminary property sale, the Seminary shall pay 80% of the sale proceeds to the abuse claims trust created in connection with a confirmed plan of reorganization for the Diocese in the Bankruptcy Case, or if the Bankruptcy Case is dismissed, to the Diocese, and

(4) upon payment of the settlement amount, the Diocese and the Committee shall release the Seminary from the adversary claims arising out of the Seminary transfer.

The Bankruptcy Court approved the Committee's settlement motion on October 25, 2023 [Docket No. 2612].

There are no CVA Actions pending against the Seminary. The Seminary will contribute is Insurance Rights as set forth in the Plan. In exchange, the Seminary will receive a release of all Abuse Claims and any and all Claims and Causes of Action whatsoever relating to Abuse, but solely to the extent such claims are derivative Claims of the Debtor or the Additional Debtors. An injunction will support the release of such Claims.

7. **Department of Education Settlement**

The Debtor is proposing to settle avoidance actions and other claims relating to the DOE Transfer as well as derivative Abuse Claims against the Department of Education and the Regional Schools. Under the settlement, the Department of Education will contribute $7 million to the Trust. The Department of Education will also contribute its insurance rights to the Trust. In exchange, the Department of Education and related parties will receive a release of all Claims, liabilities, Causes of Action, demands, rights, damages, costs, loss of service, expense and compensation arising out of the DOE Transfer. The Educational Parties will also receive a release of all Abuse Claims and any and all Claims and Causes of Action whatsoever relating to Abuse, but solely to the extent such claims are derivative Claims of the Debtor or the Additional Debtors. An injunction will support the release of such Claims.

The settlement with the Department of Education resolves all of the issues between the Debtor, the Committee, the Department of Education and Regional Schools, avoids protracted litigation and related fees over fraudulent transfer, insolvency, whether the property was held in trust, and other issues. If forced to litigation, the Debtor anticipates that the Department of Education would defend itself. Issues of insolvency and fraudulent intent are necessarily factual and the contested resolution of such facts could involve extended delays, expense, inconvenience and uncertain results. The Department of Education may also have certain defenses available to it, such as the Religious Freedom Restoration Act or the First Amendment to the U.S. Constitution. *See*, *e.g.*, Transcript, *In re The Christian Brothers' Institute*, Case No. 11-22820 (Bankr. S.D.N.Y. Aug. 13, 2012), at pp. 48-9 (noting, in the context of a creditors' committee request to sue to recover a transferred high school, "if one were actually to close the school and sell it, you know, as a condo for example, I think it would raise the prospect of another serious defense which would be the RFRA issue," but finding the issue premature). The Department of Education may also take the position that certain expenses that the Department of Education has assumed are actually expenses of the Debtor, thereby further depleting the estate. For all of these reasons, any litigation against the Department of Education would necessarily be uncertain and expensive.

In addition, the financial position of the Department of Education and the nature, including zoning-restrictions, of the transferred real property raise issues of collectability, particularly after litigation of any length. The Debtor believes that it is also notable that the proposed settlement with the Department of Education is greater than the amount sought by the Committee from the Department of Education. Therefore, because the Official Committee supports the Plan and, indeed, previously proposed a settlement with the Department of Education at a lower contribution, the Debtor believes that the settlement is supported by other parties in interest and way above the lowest point in the range of reasonableness.

The Debtor further believes that the proposed settlement is in the best interests of the estate and satisfies the applicable Bankruptcy Rule 9019 standards.

8. **Catholic Charities and CYO Settlement**

Upon occurrence of the Effective Date, and in exchange for a general contractual release in the form set out in the Plan Supplement by all of the holders of Abuse Claims in the Charities CVAs and the CYO CVA as well as the other provisions of this Plan, (a) Charities shall contribute $7 million and the Non-Settling Insurance Rights Transfer to the Trust, and (b) CYO shall make the Non-Settling Insurance Rights Transfer to the Trust. In the event that the holder of the Abuse Claim in the CYO CVA does not contractually release CYO by the Effective Date, CYO shall not make the Non-Settling Insurance Rights Transfer to the Trust. In the event that no holders of Abuse Claims in the Charities CVAs contractually release Charities by the Effective Date, Charities shall not make the Non-Settling Insurance Rights Transfer and shall not make the Charities Contribution to the Trust. In the event that some, but not

all, of the holders of Abuse Claims do not contractually release Charities by the Effective Date, then Charities shall make the Non-Settling Insurance Rights Transfer to the Trust, but Charities shall not make the Charities Contribution to the Trust.

The Debtor is not releasing claims against Charities or CYO. Instead, the settlement is subject to the consensual contractual release by certain holders of Abuse Claims. To the extent Bankruptcy Rule 9019 is applicable, the Debtor believes it is easily satisfied as the Trust is receiving millions of dollars of consideration and insurance rights to benefit holders of Abuse Claims.

9. **Litigation Against the Cemetery Corporation and the Cemetery Trust**

The Committee commenced an adversary case against Catholic Cemeteries of the Roman Catholic Diocese of Rockville Centre, Inc. [Adv. Pro. No. 23-01121 (MG)], in both its individual capacity and as trustee of the Cemetery Trust. The Committee alleges that the Diocese transferred assets to Catholic Cemeteries and the Cemetery Trust valued in excess of $200 million as part of a massive asset protection scheme to puts its assets beyond the reach of survivors. Catholic Cemeteries denies the allegations. The defendant has answered the adversary complaint and the case remains pending.

The Independent Advisory Committee determined that colorable claims existed with respect to the Cemetery Corporation and the Cemetery trust. The Debtor and the Cemetery Corporation and the Cemetery Trust have reached a settlement, by which the Cemetery Corporation will (i) contribute $20 million to the Debtor's plan of reorganization, $10 million of which will be contributed on the Effective Date with another $5 million due on each anniversary of the Effective Date for two years; and (ii) the Cemetery Trust will lend $36.5 million to the Debtor at an interest rate of four percent over a thirty year term in exchange for settling the avoidance actions and releasing the Cemetery Corporation and Cemetery Trust from future liability. The terms of the Cemetery Trust loan would be the following:

Principal: $36.5 million

Term: 30-year amortization period using traditional mortgage-style amortization.

Rate: 4%.

Collateral: Perfected first priority security interest on all Diocesan assets except for the Excluded Assets (as defined in the Cemetery Trust Credit Agreement).

The Debtor's settlement with the Cemetery Corporation and the Cemetery Trust will need to be evaluated by the Bankruptcy Court to determine whether such settlement should be approved under the standards required by the Bankruptcy Code, including section 1123(b)(3) and Federal Rule of Bankruptcy Procedure 9019. The factors the Court will consider when deciding whether to approve the settlement are (1) the balance between the litigation's possibility of success and the settlement's future benefits; (2) the likelihood of complex and protracted litigation, "with its attendant expense, inconvenience, and delay," including the difficulty in collecting on the judgment; (3) "the paramount interests of the creditors," including each affected class's relative benefits "and the degree to which creditors either do not object to or affirmatively support the proposed settlement"; (4) whether other parties in interest support the settlement; (5) the "competency and experience of counsel" supporting, and "[t]he experience and knowledge of the bankruptcy court judge" reviewing, the settlement; (6) "the nature and breadth of releases to be obtained by officers and directors"; and (7) "the extent to which the settlement is the product of arm's length bargaining." *Motorola Inc. v. Official Comm. of Unsecured Creditors (In re Iridium Operating LLC)*, 478 F.3d 452, 462 (2d Cir. 2007) (citations omitted).

The adversary complaint filed by the Committee alleges constructively fraudulent transfer and intentionally fraudulent transfer under sections 544 and 550 of the Bankruptcy Code and unjust enrichment under New York law against the Cemetery Corporation and Cemetery Trust and seeks to avoid and recover "(a) the real and personal properties and business operations of four cemeteries to CemCo, (b) $40 million cash and investment assets to CemCo, and (c) approximately $65 million of investment assets to the Cemetery Trust. Complaint, Adv. Pro. No. 23-01121 (MG), at ¶ 3.

If the litigation is not consensually resolved, the Debtor anticipates that the Cemetery Corporation and Cemetery Trust are likely to dispute the underlying elements of the causes of action contained in the adversary complaint and raise various affirmative defenses or other arguments. For example, the Debtor anticipates that the defendants may assert: (a) that the amounts transferred to the defendants were insufficient to meet the obligations assumed by the defendants to maintain the cemeteries and graves therein in perpetuity and were not fraudulent, (b) that cemeteries are exempt from execution under section 450 of New York's Real Property law and, as exempt property, are not an asset capable of being fraudulently transferred under New York fraudulent transfer law, (c) that time-barred claims are not "probable liabilities" under controlling law and as a result the transferor was not insolvent on the date of the transfer, (d) that amounts transferred are held in trust and for religious and charitable purposes, (e) that the transferees acted in good faith and have a defense based on, and to the extent of, the assumption of the obligations to maintain the cemeteries and the graves therein in perpetuity, and (f) that the transfers are not subject to avoidance based on the Religious Freedom Restoration Act or the First Amendment to the U.S. Constitution. The Debtor believes that certain of these defenses may raise complicated issues of fact or law that may be time-consuming and expensive to resolve.

In addition, to the extent the Cemetery Corporation is unable to honor its permanent maintenance obligations, claimants may seek to hold the Debtor responsible for any obligations entered into prior to the transfer of the obligations to the Cemetery Corporation, arguing that any assumption of liability by the Cemetery Corporation was not a novation under state law. This could result in substantial additional expense and claims against the estate.

The Debtor believes that the proposed settlement is in the best interests of the estate and satisfies the applicable Bankruptcy Rule 9019 standards.

D. Committee's Motion to Dismiss

The Committee filed its *Motion of the Official Committee of Unsecured Creditors to Dismiss Chapter 11 Case* [Docket No. 1912] on March 27, 2023. The Diocese and the Future Claimants' Representative filed objections to the Committee's motion [Docket Nos. 2196, 2199]. The Court held an evidentiary hearing on July 10 and 11, 2023, where the parties presented their evidence and cross-examined each other's witnesses.

The Bankruptcy Court issued its *Order Denying the Motion of the Official Committee of Unsecured Creditors to Dismiss the Chapter 11 Case Without Prejudice* [Docket No. 2329] on July 18, 2023. As part of its order denying the Committee's motion, the Bankruptcy Court noted that "the Debtor has only withstood the Motion to Dismiss here at this time because it took the position that it would be able to propose such a plan within a reasonable amount of time." *Id.* at 7. Relatedly, the Bankruptcy Court ordered the Debtor to "file an amended plan of reorganization and disclosure statement, or at minimum, a term sheet for a plan that is supported by both the Debtor and the Committee, by October 31, 2023." *Id.* at 8.

Following the mediator's report filed on the docket of this Chapter 11 Case, and in connection with the Bankruptcy Court order requiring the Debtor to file an amended plan of reorganization or term sheet by October 31, 2023, the Diocese filed its *Letter to the Honorable Chief Judge Glenn Regarding Case Status* [Docket No. 2590] on October 19, 2023. Through the letter, the Diocese, parishes, and affiliated parties made their offer to claimants outside of mediation in the amount of $200 million in cash, in addition to the parties' substantial third-party insurance assets. Despite the passage of the October 31, 2023 date, the Committee has not at this time renewed its motion to dismiss the chapter 11 case.

The Committee, elaborating on an idea expressed by the Bankruptcy Court, suggested a process to enable "test cases" to go forward in State Court (along with a suspension of the bankruptcy proceedings to limit the continued administrative costs of the estate) as a path to make all of the parties, including the Covered Parties and the Insurers more realistic about their potential exposure and risks. *See Corrected Motion of the Official Committee of Unsecured Creditors Pursuant to Sections 105, 305 and 362 of the Bankruptcy Code to Permit Proceeding with Certain State Court Actions and Temporary Suspension of the Chapter 11 Case* [Docket No. 2677]. Though the Bankruptcy Court denied the Committee's motion, approximately 44 of the unstayed actions are ongoing before Justice Steinman in Nassau County Supreme Court. *See Order Denying Motion of the Official Committee of Unsecured Creditors Pursuant to Sections 105, 305 and 362 of the Bankruptcy Code to Permit Proceeding with Certain State Court Actions and Temporary Suspension of the Chapter 11 Case* [Docket No. 2744].

E. Debtor's Motion to Dismiss

The Debtor filed its Fifth Amended Disclosure Statement and First Amended Plan on February 13, 2024, and the Bankruptcy Court issued an order approving the Debtor's Fifth Amended Disclosure Statement on February 15, 2024 [Docket No. 2918]. The Debtor solicited votes for its First Amended Plan but ultimately did not obtain the votes necessary to confirm the First Amended Plan, as reflected in the voting tabulation filed on April 17, 2024 [Docket No. 3057].

After failing to obtain requisite support for its Plan of Reorganization, the Debtor moved to dismiss its chapter 11 case by filing its *Motion for Entry of an Order Dismissing the Debtor's Chapter 11 Case* on April 12, 2024 [Docket No. 3053]. The Committee and certain claimants filed objections to the motion to dismiss [Docket Nos. 3071, 3077]. The Bankruptcy Court held a hearing on May 15, 2024, at which it continued the Debtor's motion to dismiss. The Bankruptcy Court also issued an order appointing co-mediators on to assist the parties in reaching a resolution, as described in more detail above. The Debtor consented to continuances of its motion to dismiss on May 28, 2024 [Docket No. 3116], July 11, 2024 [Docket No. 3158], August 19, 2024 [Docket No. 3223], and September 4, 2024 [Docket No. 3250], and the Bankruptcy Court has yet to rule on the Debtor's motion to dismiss. The Debtor filed a status update on September 3, 2024, stating that the parties were still working toward a resolution. On September 11, 2024, the Debtor and the Committee announced that they had reached agreement on the financial terms of a consensual resolution among the Debtor, the Committee, the Additional Debtors and certain other Ministry Members.

EXHIBIT 1

Plan of Reorganization Proposed by
Debtor and Debtor in Possession

EXHIBIT 2

Liquidation Analysis

EXHIBIT 3

Prospective Financial Information

EXHIBIT 4

Insurance Coverage Chart

EXHIBIT 5

Parish Financial and Real Estate Disclosures

EXHIBIT 6

Claims List