

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:)	
)	Chapter 11
CATHOLIC DIOCESE OF WILMINGTON, INC.,)	Case No. 09-13560 (CSS)
a Delaware Corporation,)	
Debtor. ¹)	Honorable Christopher S. Sontchi
)	

**DISCLOSURE STATEMENT PURSUANT TO SECTION 1125 OF THE
BANKRUPTCY CODE WITH RESPECT TO THE CHAPTER 11 PLAN OF
REORGANIZATION OF CATHOLIC DIOCESE OF WILMINGTON, INC.**

PLEASE NOTE THAT THIS DISCLOSURE STATEMENT HAS NOT YET BEEN APPROVED BY THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE UNDER § 1125 OF THE BANKRUPTCY CODE FOR USE IN THE SOLICITATION OF ACCEPTANCES OF THE CHAPTER 11 PLAN DESCRIBED HEREIN. ACCORDINGLY, THE FILING AND DISTRIBUTION OF THIS DISCLOSURE STATEMENT IS NOT INTENDED, AND SHOULD NOT BE CONSTRUED, AS A SOLICITATION OF ACCEPTANCES OF SUCH PLAN. THE INFORMATION CONTAINED HEREIN SHOULD NOT BE RELIED UPON FOR ANY PURPOSE BEFORE A DETERMINATION BY THE BANKRUPTCY COURT THAT THIS DISCLOSURE STATEMENT CONTAINS "ADEQUATE INFORMATION" WITHIN THE MEANING OF § 1125 OF THE BANKRUPTCY CODE.

Dated: ~~November 1,~~ December, 2010

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TABLE OF CONTENTS

	Page
I. INTRODUCTION.....	1
A. Disclosure Statement Enclosures.....	4
B. Summary of Plan Treatment of Claims.....	45
C. Recommendation.....	7
II. ELIGIBILITY TO VOTE.....	7
III. BACKGROUND OF THE DEBTOR AND THE CHAPTER 11 CASE.....	8
A. General Background.....	8
1. Structure and Organization of the Church.....	9
2. The Diocese and the Debtor.....	11
3. The Parishes and the Non-Debtor Parish Corporations.....	12
4. Other Non-Debtor Catholic Entities.....	13
B. CDOW's Operations and Assets.....	15
1. CDOW's Sources of Income.....	15
2. Operations.....	1617
3. CDOW's Assets.....	19
4. <u>Insurance</u>	21
C. The Clergy Sex Abuse Crisis.....	2022
D. Events Leading to the Chapter 11 Filing.....	2224
1. The Child Victim Act and the Pending Litigation.....	2224
2. The Allied Irish Bank Letter of Credit.....	2426
E. Purpose of the Chapter 11 Filing.....	2527
F. The Chapter 11 Case.....	2628
1. Debtor in Possession Status.....	2628
2. Entry of the Debtor's First-Day Orders.....	2628
3. Appointment of Official Committees.....	2729
4. Retention of Professionals.....	2729
5. Extensions of Exclusivity.....	2729
6. Schedules and Statement of Financial Affairs; Claims Bar Date and Aggregate Claims Asserted.....	2830
7. Litigation.....	2831
8. Global Mediation.....	3436
9. Cash Position; Estimated Claims and Distributions.....	3537
IV. STREAMLINED PROCEDURE FOR THE LIQUIDATION AND ALLOWANCE OF PERSONAL INJURY TORT CLAIMS UNDER THE PLAN	
3740	
A. Convenience Treatment.....	3941
B. Arbitration.....	3941
C. Litigation.....	3941
D. Allocation of Costs Between Estate and Survivor-Claimants.....	3942
E. Global Estimation for Distribution Purposes.....	4042

V. PROPOSED RESOLUTION OF PERSONAL INJURY TORT CLAIMS AGAINST
NON-.....DEBTOR CATHOLIC ENTITIES UNDER THE PLAN

4042

VI. PROPOSED SETTLEMENT BETWEEN ESTATE AND NON-DEBTOR
CATHOLIC ENTITIES EMBODIED IN THE PLAN

4244

VII. THE PLAN..... 4346

A. Classification of Claims..... 4346

B. Treatment of Claims..... 4447

1. Secured Claims..... 4447

2. Priority Claims..... 4447

3. Personal Injury Tort Claims..... 4547

4. Lay Pension Claims..... 4548

5. Allied Irish Bank Claim..... 4648

6. Clergy Pension Claims..... 4648

7. Gift Annuity Claims..... 4649

8. Other Unsecured Claims..... 4649

9. Penalty Claims..... 4749

C. Procedures for Liquidation and Allowance of Personal Injury Tort Claims..... 4749

1. Personal Injury Tort Claimant Election of ADR, Litigation,

or

Convenience Treatment..... 4749

2. Assumption of Liabilities by Plan Trust..... 4750

3. Global Removal of Pending State-Court Litigation; Estimation..... 4750

4. Personal Injury Tort ADR Process..... 4750

5. Personal Injury Tort Litigation Process..... 4851

6. Effect of No Election..... 4851

7. Civil Complaint by Personal Injury Litigation Tort Claimant..... 4951

8. Fees and Expenses..... 4951

9. Agreements Outside the ADR and Litigation Procedures..... 4952

D. Settlement with Non-Debtor Catholic Entities..... 4952

1. Debtor-Release Consideration..... 4952

2. Resolution of PIA Investment Claims..... 5052

3. Release of Chapter 5 Actions Against Non-Debtor Catholic Entities..... 5052

4. Third-Party Release Consideration..... 5053

5. Reservation of Rights..... 5053

E. Means of Implementing the Plan..... 5053

1. Vesting of Assets in the Plan Trust..... 5053

2. Assumption of Plan Obligations and Personal Injury Tort Liability..... 5153

3. Treatment of the Transfer of Plan Trust Assets..... 5154

F. The Plan Trust..... 5154

1. Appointment of the Plan Trustee..... 5154

2. Term and Compensation of the Plan Trustee..... 5254

3. Rights and Responsibilities of the Plan Trustee..... 5255

4. Investment Powers; Permitted Cash Expenditures..... 5355

5. Reporting Duties..... 5356

6.	Beneficial Interests.....	5456
7.	Termination.....	5457
8.	Purpose of the Plan Trust.....	5457
9.	Plan Oversight Committee.....	5457
10.	Liability, Indemnification.....	5558
11.	Retention of Professionals.....	5659
12.	Preservation of All Causes of Action.....	5659
13.	Succession to Litigation.....	5759
G.	Insurance Policies.....	5760
1.	Policies Subject to § 365 of the Bankruptcy Code.....	5760
2.	Policies Not Subject to § 365 of the Bankruptcy Code.....	5760
3.	Insurance Neutrality.....	5760
H.	The Pooled Investment Account.....	5860
1.	Continuation of PIA Custody Agreement.....	5860
2.	Continuation of Trust Relationships.....	5861
3.	Rights of Custodian.....	5861
4.	Non-Debtor PIA Dispute Escrow.....	5861
5.	Restricted Fund Dispute Escrow.....	5962
6.	Lay Pension Dispute Escrow.....	6063
7.	Use of Undisputed Restricted PIA Funds.....	6063
8.	Final § 345 Waiver.....	6063
9.	Accounting.....	6163
I.	Procedures for General Claims Administration.....	6164
1.	Reservation of Rights to Object to Claims.....	6164
2.	Objections to Claims.....	6164
3.	Service of Objections.....	6264
4.	Determination of Claims.....	6265
5.	No Distributions Pending Allowance.....	6265
6.	Claim Estimation.....	6265
7.	Reports.....	6366
J.	Distributions under the Plan.....	6366
1.	Timing of Distributions.....	6366
2.	Payment Date.....	6366
3.	De Minimis Distributions.....	6466
4.	Undeliverable Distributions.....	6467
5.	Setoffs.....	6467
6.	No Interest on Claims.....	6467
7.	Withholding Taxes.....	6467
K.	Effectiveness of the Plan.....	6567
L.	Effects of Confirmation.....	6568
1.	Dissolution of Official Committees.....	6568
2.	Discharge Injunction.....	6568
M.	The Reorganized Debtor.....	6770
1.	Continued Corporate Existence, Corporate Action and Vesting of Assets.....	6770
2.	IBNR Reserves.....	6870
3.	Voluntary Undertakings.....	6871

4.	Mandatory Mediation of Certain Disputes.....	<u>6972</u>
N.	Retention of Jurisdiction.....	<u>7072</u>
1.	By the Bankruptcy Court.....	<u>7072</u>
2.	By the District Court.....	<u>7073</u>
O.	Administrative Provisions.....	<u>7073</u>
1.	Rejection of Unassumed Executory Contracts.....	<u>7073</u>
2.	Final Order.....	<u>7173</u>
3.	Amendments and Modifications.....	<u>7173</u>
4.	Withholding and Reporting Requirements.....	<u>7174</u>
5.	No Waiver.....	<u>7174</u>
6.	Tax Exemption.....	<u>7174</u>
7.	Non-Severability.....	<u>7274</u>
8.	Revocation.....	<u>7274</u>
9.	Controlling Documents.....	<u>7275</u>
10.	Governing Law.....	<u>7275</u>
11.	Notices.....	<u>7275</u>
12.	Filing of Additional Documents.....	<u>7376</u>
13.	Powers of Officers.....	<u>7376</u>
14.	Direction to a Party.....	<u>7376</u>
15.	Successors and Assigns.....	<u>7376</u>
16.	Certain Actions.....	<u>7476</u>
17.	Final Decree.....	<u>7476</u>
P.	Bankruptcy Rule 9019 Request.....	<u>7477</u>
Q.	Confirmation Request.....	<u>7477</u>
VIII.	CERTAIN FACTORS TO BE CONSIDERED REGARDING THE PLAN.....	<u>7477</u>
A.	Allowance of Claims.....	<u>7477</u>
B.	Objections to Classification of Claims Pursuant to § 1122 of the Bankruptcy Code.....	<u>7578</u>
C.	Modification of Personal Injury Tort Claim Procedures.....	<u>7578</u>
D.	Valuation Risk.....	<u>7678</u>
E.	Market Risk.....	<u>7679</u>
F.	Appellate Risk.....	<u>7679</u>
G.	Risk of Non-Confirmation of the Plan.....	<u>7679</u>
H.	Nonconsensual Confirmation.....	<u>7779</u>
I.	Delays of Confirmation and/or Effective Date.....	<u>7780</u>
J.	Plan Trust Operations.....	<u>7780</u>
K.	Non-Transferability.....	<u>7780</u>
L.	Uncertainty of Value.....	<u>7880</u>
IX.	CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN.....	<u>7880</u>
A.	General.....	<u>7880</u>
B.	United States Federal Income Tax Consequences of Payment of Allowed Claims Pursuant to Plan.....	<u>7881</u>
1.	Recognition of Gain or Loss.....	<u>7981</u>
2.	Certain Other Tax Consequences for Holders of Claims.....	<u>8083</u>
3.	Importance of Obtaining Professional Tax Assistance.....	<u>8183</u>
X.	ACCEPTANCE AND CONFIRMATION OF THE PLAN; VOTING REQUIREMENTS.....	<u>8184</u>

A. Best Interests Test.....	<u>8184</u>
B. Financial Feasibility Test.....	<u>8385</u>
C. Acceptance by Impaired Classes.....	<u>8386</u>
1. Voting Procedures.....	<u>8487</u>
XI. RECOMMENDATION AND CONCLUSION.....	<u>8689</u>

I. INTRODUCTION

Catholic Diocese of Wilmington, Inc. ("CDOW" or the "Debtor"), which is the secular legal embodiment of the Roman Catholic Diocese of Wilmington (the "Diocese"), filed a voluntary petition under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the "Bankruptcy Code"), on October 18, 2009 (the "Petition Date"), thereby commencing case number 09-13560 (CSS) (the "Chapter 11 Case") currently pending before the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court"). Since filing for bankruptcy protection, the Debtor has continued to operate and manage its affairs as a debtor in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. On September 22, 2010, the Debtor filed its Chapter 11 Plan of Reorganization, which it amended on September 30 and November 1, 2010 (as may be further amended, the "Plan").

This Chapter 11 Case arises against the backdrop of terrible pain and a profound breach of trust. Members of the clergy sexually abused children entrusted to their care and that sin was compounded in many cases by the failure of other church officials to take appropriate action. For years now the Diocese has been working with abuse survivors and their families to address these injuries and redress these wrongs. Over the past many years, the Diocese has been a leader among Catholic dioceses in taking responsibility quickly and seeking to do what it can to help and compensate the injured, to initiate policies to ensure that these wrongs do not happen again, and to provide a safe environment for children.

On July 10, 2007, the Delaware Child Victim's Act, 10 *Del. C.* § 8145 (the "CVA"), was enacted into law. Between the enactment of the CVA and the Petition Date, CDOW was named in 131 sexual abuse civil actions involving 142 plaintiffs. CDOW worked hard to settle as many of these cases as possible, with some success. However, and unfortunately, CDOW simply did not have enough money to satisfy the demands of the plaintiffs, the needs of other abuse survivors, and the claims of its other creditors, including the financiers of the construction of the new schools made possible by the Bringing the Vision to Life campaign, and the more than 1,700 lay and clergy pensioners whose dedicated service to the Diocese, its agencies, and ministries over the years has been absolutely critical to the fulfillment of the Diocese's mission. Under these circumstances, the only way for CDOW to treat the abuse survivors, and its other creditors, fairly and equitably, was to seek bankruptcy protection to ensure that CDOW's limited assets would be distributed ratably among all creditors.

From the outset of this Chapter 11 Case, the Debtor had two goals in mind. The first was to run a completely open, fair and effective bankruptcy process, making available all information necessary for any creditor or other party to fairly represent itself in the Chapter 11 Case. The second was to run a bankruptcy process that was as speedy as possible, both to minimize the accrual of bankruptcy administrative expenses (which erode recoveries to all creditors) and to provide distributions to abuse survivors and other creditors as quickly as possible. In furtherance of these goals, the Plan provides for the establishment of a trust (the "Plan Trust") to which the Debtor will contribute the unrestricted assets of its bankruptcy estate, less approximately \$3 million which will be used as startup capital for the reorganized CDOW ("Reorganized CDOW" or the "Reorganized Debtor") following confirmation of the Plan. The Plan sets forth procedures for resolving disputes as to whether a given asset should be included or excluded from the Plan Trust, which procedures are geared toward preserving both the asset

itself and the rights of all interested parties to be heard in connection with such dispute. The Plan Trust will be responsible for resolving creditor claims and making distributions thereon.

With respect to the claims of abuse survivors, the Plan provides for the contribution of insurance and other assets to the Plan Trust by (or on behalf of) parishes and other entities related to the Diocese, for the benefit of survivor-claimants, in exchange for (i) the Plan Trust's assumption of liabilities for abuse survivor claims against the contributing entities, and (ii) a "channeling injunction" directing all survivor claims against the contributing entities to the Plan Trust for liquidation and allowance in accordance with a uniform process that permits the survivor-claimant to elect between "convenience" treatment (i.e., liquidation and allowance at a fixed amount per claim), binding arbitration, or mediation followed, to the extent necessary, by trial in the United States District Court for the District of Delaware (the "District Court"). Prior to the claim-by-claim arbitration, mediation, and/or litigation, the District Court will estimate for Plan distribution purposes the aggregate amount of all survivor claims, which will permit the Plan Trust to make prompt distributions to creditors having undisputed, liquidated, and non-contingent claims. The Plan also contains certain voluntary undertakings on the part of the Reorganized Debtor, including (i) establishment of a charitable trust to provide assistance to abuse survivors and their families, (ii) public access to abuse-related documents, (iii) written apologies to abuse survivors, (iv) continuation of existing child protection programs, and (v) continuation of the current policy of releasing abuse survivors from confidentiality provisions in prior settlement agreements, and of forbidding such provisions in any future settlement agreements.

With respect to the claims of lay pensioners, the Plan provides for the estimation of the net present value of vested benefits for each pensioner, and a *pro rata* distribution from the Plan Trust to the Lay Pension Trust on behalf of each pensioner. The Reorganized Debtor will agree to reaffirm the Debtor's remaining obligations under the Lay Pension Plan, as may be modified by the reaffirmation agreement to be filed with the Bankruptcy Court at a later date, following further consultation with the Official Committee of Lay Employees.

With respect to the claims of clergy pensioners, which are currently being paid from a fund consisting of restricted gifts for the care of retired and elderly clergy (the "Clergy Pension Fund"), the Plan proposes to continue the *status quo* unless the Clergy Pension Fund is determined to be an Unrestricted Asset of the Debtor's Estate. Were that to happen, the Clergy Pension Fund would become a Plan Trust Asset, and clergy pensioners would receive a *pro rata* distribution from the Plan Trust on their Claims.

This Disclosure Statement was prepared by the Debtor's professionals in conjunction with, and based on information provided by, the Debtor's officers and employees throughout the Chapter 11 Case. The Debtor is solely responsible for the information contained in this Disclosure Statement. This Disclosure Statement does not constitute financial or legal advice. Creditors of the Debtor should consult their own advisors if they have questions about the Plan or this Disclosure Statement. Capitalized terms used in this Disclosure Statement and not expressly defined herein have the meaning ascribed to them in the Plan. A reference in this Disclosure Statement to a "Section" refers to a section of this Disclosure Statement.

WHILE THIS DISCLOSURE STATEMENT DESCRIBES CERTAIN BACKGROUND MATTERS AND THE MATERIAL TERMS OF THE PLAN, IT IS INTENDED AS A SUMMARY DOCUMENT ONLY AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PLAN AND THE EXHIBITS ATTACHED TO THE PLAN AND THIS DISCLOSURE STATEMENT. SIMILARLY, DESCRIPTIONS IN THIS DISCLOSURE STATEMENT OF PLEADINGS, ORDERS, AND PROCEEDINGS IN THE CHAPTER 11 CASE ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE RELEVANT DOCKET ITEMS. YOU SHOULD READ THE PLAN AND THE EXHIBITS TO OBTAIN A FULL UNDERSTANDING OF THEIR PROVISIONS. ADDITIONAL COPIES OF THIS DISCLOSURE STATEMENT AND THE EXHIBITS ATTACHED TO THIS DISCLOSURE STATEMENT, AS WELL AS ANY DOCKET ITEMS FROM THE CHAPTER 11 CASE, ARE AVAILABLE FOR INSPECTION DURING REGULAR BUSINESS HOURS AT THE OFFICE OF THE CLERK OF THE BANKRUPTCY COURT, UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE, 3RD FLOOR, 824 MARKET STREET, WILMINGTON, DELAWARE 19801. IN ADDITION, COPIES MAY BE OBTAINED FOR A CHARGE THROUGH DELAWARE DOCUMENT RETRIEVAL, 230 NORTH MARKET STREET, P.O. BOX 27, WILMINGTON, DELAWARE 19801, (302) 658-9971, OR VIEWED ON THE INTERNET AT THE BANKRUPTCY COURT'S WEBSITE ([HTTP://WWW.DEB.USCOURTS.GOV/](http://www.deb.uscourts.gov/)) BY FOLLOWING THE DIRECTIONS FOR ACCESSING THE ECF SYSTEM ON SUCH WEBSITE. COPIES ARE ALSO AVAILABLE FREE OF CHARGE ON THE GARDEN CITY GROUP, INC.'S DEDICATED WEB PAGE RELATED TO THE CHAPTER 11 CASE ([HTTP://WWW.CDOWREORGANIZATION.COM](http://www.cdowreorganization.com)).

THE STATEMENTS AND INFORMATION CONCERNING THE DEBTOR AND THE PLAN SET FORTH IN THIS DISCLOSURE STATEMENT CONSTITUTE THE ONLY STATEMENTS OR INFORMATION CONCERNING SUCH MATTERS THAT HAVE BEEN APPROVED BY THE BANKRUPTCY COURT FOR THE PURPOSE OF SOLICITING ACCEPTANCES OR REJECTIONS OF THE PLAN. **APPROVAL OF THIS DISCLOSURE STATEMENT BY THE BANKRUPTCY COURT DOES NOT MEAN THAT THE BANKRUPTCY COURT AGREES WITH THE FACTUAL OR LEGAL ASSERTIONS MADE BY THE DEBTOR HEREIN, NOR DOES IT MEAN THAT THE BANKRUPTCY COURT RECOMMENDS ACCEPTANCE OR REJECTION OF THE PLAN.**

THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS OF THE DATE HEREOF UNLESS ANOTHER TIME IS SPECIFIED HEREIN. NEITHER DELIVERY OF THIS DISCLOSURE STATEMENT NOR ANY EXCHANGE OF RIGHTS MADE IN CONNECTION WITH THE PLAN WILL UNDER ANY CIRCUMSTANCES CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE INFORMATION SET FORTH HEREIN SINCE THE DATE THIS DISCLOSURE STATEMENT AND THE MATERIALS RELIED UPON IN PREPARATION OF THIS DISCLOSURE STATEMENT WERE COMPILED. THE DEBTOR ASSUMES NO DUTY TO UPDATE OR SUPPLEMENT THE DISCLOSURES CONTAINED HEREIN AND DOES NOT INTEND TO UPDATE OR SUPPLEMENT THE DISCLOSURES, EXCEPT AS PROVIDED HEREIN AND TO THE EXTENT NECESSARY AT THE HEARING ON CONFIRMATION OF THE PLAN.

THIS DISCLOSURE STATEMENT MAY NOT BE RELIED ON FOR ANY PURPOSE OTHER THAN TO DETERMINE WHETHER TO VOTE IN FAVOR OF OR AGAINST THE PLAN. CERTAIN OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS BY ITS NATURE FORWARD-LOOKING AND CONTAINS ESTIMATES, ASSUMPTIONS AND PROJECTIONS THAT MAY BE MATERIALLY DIFFERENT FROM ACTUAL FUTURE RESULTS, INCLUDING THOSE ESTIMATES OF THE CASH THAT WILL BE AVAILABLE FOR DISTRIBUTION TO THE HOLDERS OF CLAIMS, ESTIMATES OF THE PERCENTAGE RECOVERY OF THE VARIOUS TYPES OF CLAIMS, ESTIMATES OF THE AGGREGATE FINAL ALLOWED AMOUNTS OF THE VARIOUS TYPES OF CLAIMS, ESTIMATES OF THE PROCEEDS FROM THE SALE, LIQUIDATION, OR OTHER DISPOSITION OF THE DEBTOR'S ASSETS AND ESTIMATES OF THE EXPENSES THAT WILL BE INCURRED BY THE PLAN TRUST DURING THE ADMINISTRATION OF THE PLAN. THERE CAN BE NO ASSURANCE THAT ANY FORECASTED OR PROJECTED RESULTS CONTAINED HEREIN WILL BE REALIZED, AND ACTUAL RESULTS MAY VARY FROM THOSE SHOWN HEREIN, POSSIBLY BY MATERIAL AMOUNTS.

A. Disclosure Statement Enclosures

Accompanying this Disclosure Statement are:

- A copy of the Plan (Exhibit A)
- A copy of the Order approving the Disclosure Statement entered _____, 2010 [Docket No. ____] (Exhibit B);
- An analysis of a hypothetical liquidation of the Debtor under chapter 7 of the Bankruptcy Code (Exhibit C);
- Summary financial projections for the three years following confirmation of the Plan (Exhibit D)
- Lists of insurance policies covering the Debtor and the Non-Debtor Catholic Entities (Exhibits E-G)
- A ballot for acceptance or rejection of the Plan for Holders of Impaired Claims entitled to vote to accept or reject the Plan (the "Ballot"); and
- A notice setting forth: (i) the deadline for casting ballots either accepting or rejecting the Plan; (ii) the deadline for filing objections to confirmation of the Plan; and (iii) the date, time and location of the Confirmation Hearing (the "Notice").

B. Summary of Plan Treatment of Claims²

The Plan designates a series of Classes of Claims against the Debtor. These Classes take into account the differing nature of the various Claims, the assets from which they may be satisfied, and their relative priorities under the Bankruptcy Code.

The following table (the “Plan Summary Table”) summarizes the classification and treatment of Claims under the Plan (including certain unclassified Claims), as well as the Debtor’s estimate of the percentage recovery for holders of Claims in each Class. **THE PLAN SUMMARY TABLE IS INTENDED FOR ILLUSTRATIVE PURPOSES ONLY AND DOES NOT ADDRESS ALL ISSUES REGARDING CLASSIFICATION, TREATMENT, AND ULTIMATE RECOVERIES. THE PLAN SUMMARY TABLE IS NOT A SUBSTITUTE FOR A FULL REVIEW OF THIS DISCLOSURE STATEMENT AND THE PLAN IN THEIR ENTIRETY.**

The percentage recovery for each Class set forth in the Plan Summary Table is based on the Debtor’s good-faith estimate, based on all information currently known, of (i) the amount of Claims against the Debtor that will ultimately be Allowed³ and (ii) the amount of Cash that will be available for distribution to holders of Allowed Claims after liquidation of all Plan Trust Assets by the Plan Trustee.⁴ The actual amounts of Allowed Claims and Cash available for distribution to Creditors could vary materially from the Debtor’s estimates, and the actual percentage recoveries for Creditors will necessarily depend upon the actual amounts of Allowed Claims, Cash realized from the liquidation of Plan Trust Assets, Cash realized from prosecuting Causes of Action, and the ultimate amount of expenses payable by the Plan Trust.

For the foregoing reasons, no representation can be, or is being, made with respect to whether the percentage recoveries set forth in the Plan Summary Table will be realized by the Holders of Allowed Claims. **THERE IS NO GUARANTEED RECOVERY AND THERE ARE NO GUARANTEED AMOUNTS OF RECOVERY FOR ANY HOLDER OF A CLAIM.**

In addition, the Plan provides for the establishment of Disputed Claims Reserves for the benefit of Holders of Disputed Claims. Interim distributions of Cash on Allowed Claims of a given Class may be made from time to time, with sufficient Cash held in reserve to cover the Disputed Claims of such Class pending allowance or disallowance of such Disputed Claims. As a result, the process of distributing all Cash to be distributed to Holders of Allowed Claims under the Plan will be completed over time.

² The following is a brief overview of the Plan, which is qualified in its entirety by reference to the Plan.

³ Estimated amounts of Allowed Claims do not constitute an admission by the Debtor or any other party as to the validity or amount of any particular Claim. The Debtor, on behalf of itself, the Plan Trust, and the Reorganized Debtor, reserves the right to dispute the validity or amount of any Claim that has not already been Allowed by Order of the Bankruptcy Court or by agreement of the parties.

⁴ For purposes of the Plan Summary Table, estimated Cash excludes any recoveries that may be realized by the Plan Trust from prosecuting Causes of Action.

Summary of Classification and Treatment of Claims under the Plan			
CLASS	DESCRIPTION	TREATMENT OF ALLOWED CLAIMS WITHIN CLASS⁵	% RECOVERY FROM PLAN TRUST ASSETS⁶
n/a	Administrative Claims	Paid in Cash equal to the Allowed amount of such Claim, which shall not include any interest, penalty, or premium.	100%
n/a	Priority Tax Claims (if any) ⁷	Paid in Cash equal to the Allowed Amount of such Claim, which shall not include any penalty or premium.	100%
1	Secured Claims	Legal, equitable, and contractual rights to which such Claim entitles its holder shall be reinstated in full on the Effective Date.	N/A
2	Priority Claims	Paid in Cash equal to the Allowed amount of such Claim, which shall not include any interest, penalty, or premium.	100%
3A	Personal Injury Tort Claims	Receive a Pro Rata distribution from the Personal Injury Tort Claims Payment Account. Minimum recovery for claimants electing Convenience Personal Injury Tort Claim treatment is 50%.	54.1% - 88.4%
3B	Lay Pension Claims	Receive a Pro Rata distribution from the General Claims Payment Account.	44.5% - 62.3%
3C	Allied Irish Bank Claim	Receive a promissory note from the Reorganized Debtor in the Allowed Amount of such Claim, payable on terms no less favorable to the Reorganized Debtor than the DEDA Loan Agreement.	N/A ⁸

⁵ The treatment of any Allowed Claim within a Class is subject to any agreement between the Holder of such Allowed Claim and the Debtor (if before the Effective Date) or the Plan Trust (on and after the Effective Date) which provides treatment of such Allowed Claim on terms no less favorable to the Debtor than the treatment provided in the Plan.

⁶ Percentage recoveries are estimates. Ranges assume low and high estimates of the aggregate Allowed Claims in Class 3A, and assume further that the Disputed Non-Debtor PIA Funds are determined by a Final Order to be Unrestricted Assets of the Estate.

⁷ As the Debtor is a tax-exempt entity, it does not anticipate any Priority Tax Claims.

⁸ The Class 3C Claim does not receive any distribution from Plan Trust Assets unless the Capital Campaign Fund is determined to be an Unrestricted Asset of the Estate, in which case the Class 3C Claim will receive a Pro Rata distribution from the General Claims Payment Account.

Summary of Classification and Treatment of Claims under the Plan			
CLASS	DESCRIPTION	TREATMENT OF ALLOWED CLAIMS WITHIN CLASS⁹	% RECOVERY FROM PLAN TRUST ASSETS⁶
3D	Clergy Pension Claims	Legal, equitable, and contractual rights to which such Claim entitles its holder shall be reinstated in full on the Effective Date.	N/A ⁹
3E	Gift Annuity Claims	Legal, equitable, and contractual rights to which such Claim entitles its holder shall be reinstated in full on the Effective Date.	N/A ¹⁰
3F	Other Unsecured Claims	Receive a Pro Rata distribution from the General Claims Payment Account.	44.5% – 62.3%
4	Penalty Claims	Will neither <u>Not expected to retain nor</u> receive any property on account of such Claims.	0%

THE TREATMENT AND DISTRIBUTIONS, IF ANY, PROVIDED TO HOLDERS OF ALLOWED CLAIMS PURSUANT TO THE PLAN WILL BE IN FULL AND COMPLETE SATISFACTION OF ALL LEGAL, EQUITABLE, OR CONTRACTUAL RIGHTS REPRESENTED BY SUCH CLAIMS.

C. Recommendation

THE DEBTOR RECOMMENDS THAT ALL CREDITORS ENTITLED TO VOTE ON THE PLAN CAST THEIR BALLOTS TO ACCEPT THE PLAN. THE DEBTOR BELIEVES THAT CONFIRMATION OF THE PLAN WILL PROVIDE THE GREATEST AND EARLIEST POSSIBLE RECOVERIES TO CREDITORS.

II. ELIGIBILITY TO VOTE

Pursuant to the provisions of the Bankruptcy Code, only classes of claims that are “impaired” under a plan may vote to accept or reject such plan. Generally, a claim is impaired under a plan if the holder’s legal, equitable or contractual rights are changed under such plan. In addition, if the holders of claims in an impaired class do not receive or retain any property under a plan on account of such claims or interests, such impaired class is deemed to have rejected the Plan under § 1126(g) of the Bankruptcy Code and therefore, such holders do not need to vote on the Plan.

Under the Plan, the Claims in Classes 1 (Secured Claims) and 2 (Priority Claims) are unimpaired and conclusively presumed to have accepted the Plan. Holders of Claims in Classes 3A (Personal Injury Tort Claims), 3B (Lay Pension Claims), 3C (Allied Irish Bank Claim), and 3F (Other Unsecured Claims) are impaired and are entitled to vote to accept or reject the Plan.

⁹ Class 3D Claims do not receive any distribution from Plan Trust Assets unless the Clergy Pension Fund is determined to be an Unrestricted Asset of the Estate, in which case Class 3D Claims will receive a Pro Rata distribution from the General Claims Payment Account.

¹⁰ Class 3E Claims do not receive any distribution from Plan Trust Assets unless the Gift Annuity Funds are determined to be Unrestricted Assets of the Estate, in which case Class 3E Claims will receive a Pro Rata distribution from the General Claims Payment Account.

Holders of Claims in Classes 3D (Clergy Pension Claims) and 3E (Gift Annuity Claims) are potentially impaired and are entitled to vote to accept or reject the Plan. Holders of Claims in Class 4 (Penalty Claims) are impaired, but are not will not expected to retain or receive any property under the Plan and, accordingly, are conclusively presumed to have rejected the Plan.

The record date for determining any Creditor's eligibility to vote on the Plan is [____], 2010. Only those Creditors entitled to vote on the Plan will receive a Ballot with this Disclosure Statement. Only Creditors may vote unless a properly executed, written power of attorney is submitted with the Ballot evidencing such Creditor's intention to have such other person complete the Ballot on the Creditor's behalf.

CREDITORS WHOSE CLAIMS ARE SUBJECT TO A PENDING OBJECTION ARE NOT ELIGIBLE TO VOTE UNLESS SUCH OBJECTIONS ARE RESOLVED IN THEIR FAVOR OR, AFTER NOTICE AND A HEARING PURSUANT TO BANKRUPTCY RULE 3018(a), THE BANKRUPTCY COURT ALLOWS THE CLAIM TEMPORARILY OR ESTIMATES THE AMOUNT OF THE CLAIM FOR THE PURPOSE OF VOTING TO ACCEPT OR REJECT THE PLAN. ANY CREDITOR THAT WANTS ITS CLAIM TO BE ALLOWED TEMPORARILY OR ESTIMATED FOR THE PURPOSE OF VOTING MUST TAKE THE STEPS NECESSARY TO ARRANGE AN APPROPRIATE HEARING WITH THE BANKRUPTCY COURT UNDER BANKRUPTCY RULE 3018(a).

III. BACKGROUND OF THE DEBTOR AND THE CHAPTER 11 CASE

A. General Background¹¹

As noted above, the Debtor is the secular legal embodiment of the Diocese,¹² the latter of which is an entity having an ecclesiastical legal existence under the Code of Canon Law ("Canon Law") governing the Roman Catholic Church (the "Church").¹³ The Ordinary of the Diocese, currently the Most Reverend W. Francis Malooly (the "Bishop") is the sole member and president of the Debtor.

I. Structure and Organization of the Church

The supreme authority of the Church is vested in the Pope (currently, Pope Benedict XVI), in whom continues the ecclesial office held by Peter, the first of the Apostles of Jesus Christ. By virtue of his office, the Pope possesses supreme, full, immediate and universal

¹¹ In the interest of brevity, discussion of Canon Law and Church doctrine and belief is by way of general summary only, does not capture many nuances or complexities, and eschews terms of art in favor of more common terminology. Statements concerning Canon Law are qualified in their entirety by the actual Code of Canon Law as interpreted and applied by the Church. Matters of faith asserted as facts herein reflect the established belief and doctrine of the Church. Qualifying phrases such as "the Church teaches that" or "the Debtor believes that" have been omitted for the sake of brevity, but should be implied wherever the context so requires.

¹² For the avoidance of doubt, the term "Diocese" is used herein exclusively to refer to the juridic person of the Diocese under Canon Law, and the terms "CDOW" or the "Debtor" are used herein exclusively to refer to the secular legal embodiment of the Diocese.

¹³ For the avoidance of doubt, the capitalized term "Church" is used herein exclusively to refer to the universal church (i.e., the "one, holy, catholic, and apostolic church" of Catholic belief, seated in the Vatican and headed by Pope Benedict XVI). Particular places of worship are referred to as "churches" without capitalization.

ordinary power¹⁴ in the Church. He exercises such power in concert with the College of Bishops, as successors of the other Apostles, of which he is the head.

The Catholic community is composed of the ordained clergy (bishops, priests, and deacons) and the laity. Bishops are the primary clergy, administering all sacraments and providing leadership and governance within the Church. Priests administer most sacraments and lead local congregations, but cannot ordain other clergy nor consecrate buildings. Deacons play a limited sacramental role in the liturgy.

a. *Juridic Persons and Property Ownership*

In addition to moral persons (namely, the Church itself and the Pope) and physical persons (i.e., individuals), Canon Law recognizes “juridic persons,” which are the subjects in Canon Law of obligations and rights which correspond to their nature.

Juridic persons are constituted either by prescript of Canon Law or by special grant of competent authority given through a decree, and they have perpetual existence unless extinguished in accordance with Canon Law. Juridic persons in the Church are either aggregates of persons or aggregates of things, ordered for a purpose which is in keeping with the mission of the Church and which transcends the purpose of the individuals. “Public” juridic persons fulfill their purposes in the name of the Church.

A particular public juridic person “owns” all property it has acquired by valid means. However, property owned by public juridic persons has the character of Church property (*de bonis ecclesiae temporalibus* – “temporal goods of the Church”) and must be applied always to the purposes for which the Church is allowed to own property, namely: the organization of divine worship, the care and support of the clergy, and the works of the apostolate and of charity, especially for the needy. Property is thus held in trust by public juridic persons, who are represented by physical persons, the administrators of such property. Canonical administrators are stewards who are required to manage property “with the diligence of a good householder.” This requires administrators, among other things, to:

- (i) exercise vigilance so that the goods entrusted to their care are not lost or damaged;
- (ii) take care that the ownership of ecclesiastical goods is protected by civilly valid methods;
- (iii) observe the prescripts of both Canon Law and civil law or those imposed by a founder, a donor, or legitimate authority, and especially be on guard so that no damage comes to the Church from the non-observance of civil laws; and
- (iv) invest the money which is left over after expenses and can be usefully set aside for the purposes of the public juridic person.

¹⁴ “Ordinary” power is governing power which inheres in an office by grant of divine law, as opposed to being delegated from some other governing power.

Apart from requiring the ownership of property of a public juridic person to be protected by civilly valid means, Canon Law does not prescribe or limit the forms of secular legal entity that may be used to hold property or conduct the business of such public juridic person.

b. *Dioceses and Parishes*

A “diocese” is a portion of the Christian faithful which is entrusted to a bishop for him to shepherd with the cooperation of the ordained clergy, so that, adhering to the bishop and gathered by him in the Holy Spirit through the gospel and the sacraments, it constitutes a particular church in which the Church is truly present and operative. As a general rule, a diocese is territorial and encompasses all the Christian faithful within its geographical bounds.

A diocese is divided into distinct parts, or “parishes.” A parish is a certain community of the Christian faithful stably constituted in a particular church, whose pastoral care is entrusted to a priest as its proper pastor under the authority of the diocesan bishop. As a general rule, each parish is territorial and encompasses all the Christian faithful within its geographical bounds. Temporal goods of a parish include the church itself and a rectory which serves as both the pastor’s residence and the parish’s administrative offices, and may also include social halls, schools, cemeteries, convents, and missions.

Under Canon Law, dioceses and parishes are public juridic persons having separate and distinct canonical legal existence from each other and from the Church.

c. *Religious Orders*

Canon Law provides for the creation of “institutes of consecrated life” which enable men and women who profess the evangelical counsels of chastity, poverty (or perfect charity), and obedience by religious vows or other sacred bonds, to be joined to the Church in a special way without becoming members of the Church hierarchy. The most well-known form of consecrated life is that of “religious institutes” (hereinafter, the “Religious Orders”), which are characterized by the public profession of vows, life in common as brothers and sisters, and a separation from the world proper to the character and purpose of each institute.

Canon Law establishes certain norms common to all Religious Orders. However, each and every Religious Order has its own unique aim (“charism”), follows one of the religious “rules,” and has its own regulations for living out its chosen rule in a manner that most fully serves its particular charism. Members of Religious Orders belong to the laity unless they have been ordained as priests or deacons.

Under Canon Law, Religious Orders are public juridic persons having separate and distinct canonical legal existence from dioceses, parishes, and the Church itself. Religious Orders are autonomous, and therefore exempt from the direct authority and governance of the local dioceses where they operate. Religious Order priests do not report to, or take direction from, diocesan bishops, who have no authority to supervise, punish or reassign Religious Order priests.

2. The Diocese and the Debtor

The Diocese was established in March of 1868 by Pope Pius IX under the leadership of its first bishop, the Right Reverend Thomas Andrew Becker. Now under the leadership of Bishop Malooly, the Diocese serves approximately 233,000 Catholic faithful and 57 parishes (the “Parishes”) within a territory comprising the City of Wilmington and the Counties of New Castle, Kent, and Sussex in Delaware, and the nine eastern-shore counties of Caroline, Cecil, Dorchester, Kent, Queen Anne, Somerset, Talbot, Wicomico, and Worcester in Maryland. Within the Diocese there are 2 diocesan and 3 parish high schools, and 4 inter-parochial and 18 parish elementary schools, with a total enrollment of approximately 12,000 students.

The Parishes are the epicenters of pastoral activity within the Diocese. The pastors and other clergy of the Parishes are primarily responsible for proclaiming the word of God to those living within the Parish, celebrating the sacraments and directing the sacred liturgy, instructing the laity in the truths of the faith, fostering works through which the spirit of the gospel is promoted, and caring for the Catholic education of the children and youth. The role of the Diocese is primarily to provide resources, spiritual leadership, direction and support to the Parishes.

One of the vehicles available to assist the Bishop in his administration of the Diocese is the “curia,” otherwise known as the Diocesan Central Offices and Ministries (the “Diocesan Curia”). The Diocesan Curia are organized into six functional departments, namely: Pastoral Services, Development, Finance, Communications, Catholic Education, and Catholic Charities. Each of these departments itself comprises a number of related ministries¹⁵ or administrative offices. An organizational chart illustrating the ministries and offices within the Diocesan Curia is attached to the *Declaration of the Reverend Monsignor J. Thomas Cini in Support of Chapter 11 Petition and First-Day Relief* filed October 19, 2009 [Docket No. 9] (the “Cini Declaration”).

From its creation until 1972, the Diocese existed civilly as an unincorporated association under Delaware state law. In December 1972, CDOW was formed pursuant to the Delaware General Corporation Law by the Most Reverend Thomas J. Mardaga, the Diocese’s sixth bishop. Among CDOW’s stated purposes are to promote the teachings of Jesus Christ, as taught and set forth by the Church, throughout the territory of the Diocese, and to serve as the legal entity by which the Bishop shall conduct the temporal affairs of the Diocese. In addition, CDOW is charged with acting as trustee where real, personal, or mixed property is received by grant, gift, devise or bequest, in trust, to be used for religious, educational or charitable purposes in accordance with the terms and conditions of said trusts.

CDOW is a not-for-profit, non-stock member corporation having tax-exempt status under 26 U.S.C. § 501(c)(3). It has (and may only have) as its sole member the Bishop, who is also the corporation’s president. CDOW does not have a board of directors or any comparable governing body. However, the Diocesan Administrative Council, whose members are appointed by the Bishop, is entitled to make recommendations to the Bishop. Consistent with the general purposes of the Diocese, CDOW provides financial and certain “back-office” support

¹⁵ A “ministry” is that which provides spiritual, pastoral, formational, educational or charitable services to others.

for the Parishes and certain other Catholic charitable entities operating within the Diocese's territorial jurisdiction. CDOW also holds and manages certain restricted funds (including, but not limited to, funds held in trust) received by CDOW via grant, gift, devise, or bequest to be used for Catholic religious, educational or other charitable purposes.

3. The Parishes and the Non-Debtor Parish Corporations

As noted above, the Parishes exist as public juridic persons under Canon Law, separate and distinct from the Diocese and the Church.

The secular legal embodiments of the Parishes are non-stock member corporations (the "Parish Corporations") formed under Delaware's Religious Societies and Corporations Statute, 27 Del. C. § 101 *et seq.*, or Maryland's Religious Corporations Law, Md. Code Corporations & Associations Art. 5-301 through 313, as applicable. As required by these statutes,¹⁶ the Bishop is a member of each Parish Corporation. Other members include the Chancellor of the Diocese, the pastor of the Parish, and two lay members of the Parish elected annually by their fellow parishioners. The pastor of each Parish is the president and treasurer of its Parish Corporation. In terms of secular legal structure, Parish Corporations have no corporate relationship with the Debtor and are not "affiliates" or "insiders" of the Debtor within the meaning of § 101(2) and (31) of the Bankruptcy Code.

Real property of each Parish is owned by, and titled in the name of, the Parish Corporation.¹⁷ Each Parish Corporation owns a church and a rectory, and twenty also own and operate schools. Several Parish Corporations also own missions, social halls, convents, and/or cemeteries. In addition, Parish Corporations maintain their own bank accounts and investment accounts.¹⁸

The Parish Corporations have not sought bankruptcy relief and are not debtors in the above-captioned proceeding. However, as discussed below, in exchange for the Parish Corporations' contribution of insurance assets and other property to the Plan Trust for the benefit of holders of Personal Injury Tort Claims, the Plan provides for an injunction prohibiting prosecution of Personal Injury Tort Claims against Parish Corporations and channeling such Claims to the Plan Trust for liquidation, allowance and payment in accordance with the procedures set forth in the Plan.

The Creditors Committee contends that the Bishop controls the Parish Corporations and can unilaterally cause them to contribute their assets to the Plan Trust for distribution to the Debtor's creditors. The Debtor disputes this contention, among other reasons.

¹⁶ See 27 Del. C. § 115; Md. Corporations & Associations Code § 5-315.

¹⁷ This fact distinguishes CDOW's chapter 11 case significantly from the widely publicized diocesan bankruptcy cases in Spokane, Washington, Portland, Oregon, San Diego, California, and Fairbanks, Alaska. In each of those cases, the parishes existed civilly as unincorporated associations, and the diocese existed civilly as a "corporation sole" through the office of the diocesan bishop, which held legal title to all parish real property. A central issue in those cases was whether the real property of the parishes was included within property of the diocesan corporation sole's bankruptcy estate.

¹⁸ As discussed below, certain Parish Corporations participate in a pooled investment program administered by CDOW.

because the Non-Debtor Catholic Entities are governed by boards of trustees owing independent fiduciary duties to the Parish Corporation under Delaware and Maryland law, as applicable.

4. Other Non-Debtor Catholic Entities

A number of Catholic not-for-profit corporations assist the Diocese and the Parishes in their pastoral ministry. Unlike the Debtor and the Parish Corporations, these entities have no canonical legal existence, existing solely as secular legal entities.

a. Catholic Diocese Foundation

Catholic Diocese Foundation (“Foundation”) f/k/a the Catholic Foundation of the Diocese of Wilmington, Inc., was formed in 1928 by the Most Reverend Edward John FitzMaurice, the Diocese’s fourth bishop, for the purposes of promoting the Catholic religion, Catholic education and Catholic charity within the Diocese, and of acting as trustee in cases where real, personal or mixed property is accepted by Foundation by grant, gift, devise or bequest to be used for religious, educational or charitable purposes, in accordance with the terms and conditions of said trust. Foundation was capitalized initially with donations from the faithful and a sizeable donation from John J. Raskob, a prominent businessman and philanthropist.

Foundation is a Delaware non-stock corporation having eleven members, who also constitute its board of directors. The Bishop is one member; the remaining members are elected by the board of directors, with the requirement that five members shall always be Diocesan priests and five members shall always be lay parishioners within the Diocese. Each member has one vote as a director. Foundation’s operations consist primarily of the investment and management of its assets and the making of charitable grants. Although Foundation’s purposes are closely aligned with the Debtor’s purposes, Foundation is a separate corporation and is neither a part of the Diocese nor an “affiliate” or “insider” of the Debtor within the meaning of § 101(2) and (31) of the Bankruptcy Code.

The Creditors Committee contends that the Bishop controls Foundation and can unilaterally cause it to contribute its assets to the Plan Trust for distribution to the Debtor’s creditors. The Debtor disputes this contention, among other reasons, because Foundation is governed by a board of trustees owing independent fiduciary duties to Foundation under Delaware law.

b. Entities Managed by the Bishop

The following Non-Debtor Catholic Entities are managed either directly or indirectly by the Bishop:

(1) Catholic Charities, Inc. (“Charities”) – Incorporated in 1943, Charities coordinates Catholic charitable and social service programs within the Diocese, delivering critical, direct-care human services to individuals and families residing in Delaware and the eastern shore of Maryland, regardless of their religion, race, or ability to pay.

(2) Diocese of Wilmington Schools, Inc. ("DOW Schools") – DOW Schools was incorporated in 1969 to manage and maintain real estate (both land and buildings) for educational purposes. DOW Schools owns St. Mark's High School in Wilmington, Delaware, St. Thomas More Preparatory School in Magnolia, Delaware, Christ the Teacher Catholic School in Newark, Delaware, and Most Blessed Sacrament Catholic School in Ocean Pines, Maryland.

(3) Catholic Cemeteries, Inc. ("Cemeteries") – Formed in 1881 by special act of the Delaware legislature, Cemeteries owns and operates three cemeteries in Delaware, and also assists Parishes with their own cemeteries, providing assistance with the practical details of arranging for burial, pre-need planning, and memorializing.

(4) Catholic Ministry of the Elderly, Inc. ("Ministry to the Elderly") – Ministry to the Elderly was incorporated in 1978 to own and operate Marydale Retirement Community, a 108-unit housing facility for low-income senior citizens and handicapped adults subsidized by the U.S. Department of Housing and Urban Development.

(5) Catholic Press of Wilmington, Inc. ("Catholic Press") – Catholic Press was incorporated in 1965 to own and publish an annual Catholic Directory and The Dialog, a weekly Catholic information newspaper circulated to approximately 55,000 households within the Diocese.

(6) Catholic Youth Organization, Inc. ("Catholic Youth") – Incorporated in 1946 and currently d/b/a Catholic Youth Ministry, Inc., Catholic Youth's objective is to promote and encourage, through moral, social, athletic and religious influences, wholesome supervised recreational and formational activities for young people.

(7) Seton Villa, Inc. ("Seton Villa") – Formed in 1904 as Sisters of Charity of St. Peters School, Inc., Seton Villa's purpose is to deliver social services to dependent, neglected and abused children. Until July 2010, Seton Villa operated a home for 6-10 children who formerly resided in Delaware state hospitals. Seton Villa currently has no operations.

(8) Siena Hall, Inc. ("Siena Hall") – Siena Hall was incorporated in 1905 as the Roman Catholic Male Protectory, Inc. and formerly owned and operated a boys' home. At the present time, Siena Hall's only asset is cash that is used to fund Charities' services for the care and welfare of children.

(9) Children's Home, Inc. ("Children's Home") – Formed in 1863 under different ownership, CHI owns a vacant home in north Wilmington, Delaware in which it previously operated an orphanage. CHI also holds cash, which is also used to fund Charities' services for the care and welfare of children.

In terms of the ecclesial organizational structure of the Diocese, the foregoing entities generally correspond to departments, ministries, and administrative offices within the Diocesan Curia. Specifically, the Catholic Charities Department corresponds generally to

Charities, with Seton Villa, Siena Hall, and Children's Home constituting ministries within the department. Catholic Youth is a ministry within the Catholic Education Department, and Cemeteries is a ministry within the Pastoral Services Department. Ministry to the Elderly and Catholic Press are ministries that report directly to the Moderator of the Curia, currently Rev. Msgr. J. Thomas Cini, who is also the Vicar General of Administration of the Diocese.

In terms of secular legal structure, the foregoing entities have no corporate relationship with the Debtor, and are not "affiliates" or "insiders" of the Debtor within the meaning of § 101(2) and (31) of the Bankruptcy Code.

The Creditors Committee contends that the Bishop controls these Non-Debtor Catholic Entities and can unilaterally cause them to contribute their assets to the Plan Trust for distribution to the Debtor's creditors. The Debtor disputes this contention, among other reasons, because the Non-Debtor Catholic Entities are governed by boards of trustees owing independent fiduciary duties to the Non-Debtor Catholic Entities under Delaware law.

B. CDOW's Operations and Assets

1. CDOW's Sources of Income

There are three primary sources of funds used by CDOW to support its operations: (i) an annual tax on Parish income (the "Parish Assessments"); (ii) an annual appeal to all parishioners within the Diocese (the "Annual Appeal"); and (iii) earnings on assets held for investment. In addition, CDOW may from time to time take up special appeals or "capital campaigns" for specified purposes such as the construction of new facilities or repairs to existing facilities.

a. Parish Assessments

The Parish Assessments are a percentage of the first collections taken by the Parishes at their masses, and are payable to the Diocese by the Parishes pursuant to Canon Law and Church custom. There is no secular legal basis for the Parish Assessments or any secular law that obligates any Parish Corporation to remit the Parish Assessments, or any portion thereof, to CDOW. The Parish Assessments are billed on a quarterly basis and used to support CDOW's general operations, including expenses associated with the Lay Employee Pension Plan (as defined below), which indirectly benefit of all Parish Corporations. For the fiscal year ended June 30, 2010, amounts billed for Parish Assessments totaled \$3,863,750.

b. Annual Appeal

The Annual Appeal is a Diocese-wide unified effort, occurring in the spring of each year, in which all parishioners within the Diocese are asked to provide critical financial support to more than two dozen specific services, programs, and Catholic ministries, which is used to underwrite operating budgets.¹⁹ Solicitation for the Annual Appeal typically begins with

¹⁹ The Annual Appeal is not an endowment-building campaign. Funds raised via the Annual Appeal in a given year are spent on budgeted items, and new funds are solicited the following year, and so on.

“Circle of Honor” dinners early in the year,²⁰ followed by a mailing to all parishioners,²¹ and ending with in-pew solicitations at masses on “Commitment Weekend,” typically in March or April.

The programs supported by the Annual Appeal are concentrated in the following five areas:

(1) Catholic Education – Includes Campus Ministry, Catholic Youth Ministry, Boy & Girl Scouts, Catholic Schools, Deaf & Special Needs Ministry, and Religious Education.

(2) High Schools – Includes Padua Academy, St. Elizabeth, and St. Mark’s in Wilmington, Delaware; St. Thomas More Preparatory School in Magnolia, Delaware; and Ss. Peter & Paul in Easton, Maryland.

(3) Pastoral Services – Includes Institutional Chaplains, Hispanic Ministry, Ministry for Black Catholics, Office of Worship, Office for Religious Archives, the Tribunal, and Ordained Permanent Deacons.

(4) Catholic Charities – Includes AIDS Ministry, Adoption Services and Pregnancy Counseling, Bayard House (a fully-licensed residential program serving homeless or transitional pregnant minors and young women in Delaware), Casa San Francisco (an emergency shelter and food pantry in Milton, Delaware), Clinical and Children’s Services, Catholic Charities Thrift Store, Crisis Alleviation, Energy Assistance Program, Family Life Bureau, Immigration and Refugee Resettlement Program, Parish Social Ministry, and Seton Center (a multi-purpose neighborhood community center located in a low-income area of Princess Anne, Maryland).

(5) Communications – Includes the Diocesan Office of Communications and The Dialog.

The solicitation brochure for the Annual Appeal provides a revenue target and identifies the percentage of the contributions that will go to each of the five program areas. The brochure provides specifically that Annual Appeal gifts are used solely to fund the ministries, programs, and services outlined therein and that no Annual Appeal gift has ever been or will be used to satisfy legal fees or settlement costs associated with matters of sexual abuse (discussed further below). CDOW believes this limitation on the use of the Annual Appeal gifts is necessary to ensure the Catholic faithful will continue giving at levels necessary to support the ministries, programs, and services benefited by the Annual Appeal.

²⁰ These dinners honor a relatively small number of parishioners who give at “Circle of Honor” gift levels of \$500, \$1,000, \$2,500, or \$5,000. The success of the Annual Appeal depends heavily on these donations. For instance, nearly \$2.24 million (51%) of the 2008 Annual Appeal revenue came from 2,156 parishioners who gave gifts at “Circle of Honor” levels.

²¹ A copy of the mailed solicitation brochure for the 2009 Annual Appeal is attached to the Cini Declaration as Exhibit C.

2. Operations

Through the Diocesan Curia, CDOW provides centralized pastoral and educational support, communications, fundraising, and administrative services for the Non-Debtor Catholic Entities. Services provided by CDOW include, but are not limited to, the following.

a. *Payroll Services*

Through ADP, CDOW provides payroll processing services to certain Non-Debtor Catholic Entities. For a given pay period, CDOW calculates amounts owing to the employees of the Non-Debtor Catholic Entities, which forward the appropriate amount to a payroll account maintained by CDOW (the "Payroll Account"). ADP prepares payroll checks, which are drawn upon the Payroll Account. By centralizing the payroll processing services at CDOW and maintaining a single relationship with ADP, CDOW is able to provide administrative cost savings to the Non-Debtor Catholic Entities with only a minimal marginal cost increase to CDOW.

b. *Health Insurance*

Through Blue Cross/Blue Shield of Delaware ("BC/BS"), CDOW manages a self-insured health-insurance program (the "Group Health Insurance Plan") for the benefit of employees of CDOW and the Non-Debtor Catholic Entities. The Non-Debtor Catholic Entities pay a monthly premium for their participation in the Group Health Insurance Plan. Monthly premiums are established based upon experience rating. Historically, premiums collected from the Non-Debtor Catholic Entities have covered the cost of claims made by their employees.

By covering their employees under a single plan, CDOW and the Non-Debtor Catholic Entities benefit from significant cost savings as a result of the pooled risk and the allocation of plan overhead. Indeed, a health insurance plan for any one of these entities alone would be prohibitively expensive, due to the small number of employees that would be covered.

c. *Lay Employee Pension Plan*

CDOW sponsors the Lay Employees of the Diocese of Wilmington Pension Plan (the "Lay Pension Plan"), a defined-benefit pension plan covering employees of CDOW and the Non-Debtor Catholic Entities. Amounts necessary to fund obligations under the Lay Employee Pension Plan consist of (i) amounts held in an irrevocable trust (the "Lay Pension Plan Trust") under that certain Trust Agreement dated August 1, 1999, between CDOW and Mellon Bank, N.A., as Trustee, and (ii) certain investments on deposit in the Pooled Investment Program (as defined below, such investments constituting the "Lay Pension Fund"). The Lay Pension Plan is a "church plan" as defined in Section 3(33) of the Employee Retirement Income Security Act of 1974 ("ERISA") and as such is exempt from the provisions of ERISA pursuant to Section 4 of ERISA. The Pension Plan is also a "church plan" as defined in Section 414(e) of the Internal Revenue Code of 1986 (the "IRC") and is, therefore, exempt from most of the provisions of the IRC that are applicable to qualified retirement plans.

CDOW historically made all contributions to the Lay Pension Plan and, with few exceptions, did not collect any amounts from the Non-Debtor Catholic Entities that were specifically earmarked as employer contributions to the Lay Employee Pension Plan. However, as noted above, Parish Corporations' employer contributions to the Lay Pension Plan were effectively subsumed within the Parish Assessments.

As of August 31, 2010, the value of the assets in the Lay Pension Plan Trust was approximately \$4.5 million, and the value of the assets in the Lay Pension Fund was approximately \$3.9 million. Based on the most recent actuarial estimates, the Debtor believes that, as of January 1, 2010, the net present value of accrued benefits under the Lay Pension Plan was approximately \$53.3 million, of which approximately \$52.1 million are vested.

d. *Clergy Pension Plan*

Consistent with Canon Law and Church custom, CDOW provides a pension plan for retired Diocesan priests (the "Clergy Pension Plan"). At present, 28 of the 29 eligible clergy pensioners²² each receive pension benefits of approximately \$21,500 per year, which benefits are paid from a restricted sub-fund within the Pooled Investment Account (the "Clergy Pension Fund") that was funded originally from a \$1 million restricted gift from Foundation in 1978.

As of August 31, 2010, the value of the assets in the Clergy Pension Fund was approximately \$3.2 million. Based on actuarial estimates, the Debtor believes that, as of January 1, 2010, the net present value of vested benefits under the Clergy Pension Plan was approximately \$13.1 million.

e. *Pooled Investment Program*

The Debtor and certain of the Non-Debtor Catholic Entities (collectively, the "Pooled Investment Participants") participate in an investment program (the "Pooled Investment Program") managed by the Debtor, as trustee, in which funds are pooled for investment purposes in a custodial account (the "Pooled Investment Account" or "PIA") maintained by the Debtor at Bank of New York Mellon (f/k/a Mellon Bank) ("Mellon" or the "Custodian"). Money in the PIA is invested in twelve sub-accounts – one "cash management" account (i.e., a Mellon money-market fund) and eleven diversified "custody" accounts managed by individual investment managers or mutual funds. The Debtor accounts for the Pooled Investment Participants' beneficial interests in the PIA as "sub-funds" within each PIA, each sub-fund representing a fractional interest in one or more of the cash management and/or custody accounts depending on the particular Pooled Investment Participant's preferred investment mix. There are more than 170 such sub-funds, approximately 75 of which represent non-debtor Pooled Investment Participants' interests in the PIA. The Debtor keeps meticulous, extensive and accurate accounting records as to each of the sub-fund's share of the assets in each of the investment accounts and the cash management account.

²² In accordance with the *Stipulated Order Dismissing Debtor's Motion for Order Authorizing Debtor (I) to Continue Providing Pensions, Sustenance and/or Medical Coverage in the Ordinary Course to Certain Retired or Removed Priests Accused of Sexual Abuse, and (II) to Use Certain Restricted Assets to Pay Prepetition Priest Pension Obligations* [Docket No. 342], the Debtor does not currently provide pension benefits to one of the eligible clergy pensioners.

The Pooled Investment Participants participate in the Pooled Investment Program because pooling their investment capital with a single custodian enables them to access investment opportunities that may otherwise be unavailable to them individually, and to benefit from reduced transaction costs and the allocation of overhead. As of August 31, 2010, the PIA had a gross balance of approximately \$117.1 million, and the assets in the non-debtor Pooled Investment Participants' sub-funds were valued at approximately \$76.2 million in the aggregate. As discussed below, on June 28, 2010, the Bankruptcy Court ruled that the non-debtor Pooled Investment Participants' sub-funds, save for those of St. Ann's Roman Catholic Church,²³ were property of the Debtor's bankruptcy estate. This ruling is presently on appeal.

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3. CDOW's Assets

CDOW owns certain real estate as set forth below, with appraised values as of September 2010:

Address	Description	Estimated Value ²⁴
1307 North Bancroft Parkway Wilmington, Delaware	Bishop's Residence	\$515,000
1626 North Union Street Wilmington, Delaware	Education Office	\$950,000
1925 Delaware Avenue Wilmington, Delaware	Chancery Office	\$1,350,000
45 and 51 Lovett Avenue Newark, Delaware	Neumann Center at the University of Delaware	\$1,150,000
1700 Bancroft Parkway Wilmington, Delaware	Braun Residence (bequested to CDOW)	\$390,000
	TOTAL	\$4,355,000

Under the Plan, subject to the Reorganized Debtor's right to retain up to \$3 million in the aggregate of Reorganization Assets, these Assets, or money's worth, will be contributed to the Plan Trust for the benefit of Creditors of the Debtor.

²³ As of the date of the Court's ruling, St. Ann's investments were valued at approximately \$1.5 million.

²⁴ The Braun residence is estimated at the current listing price. Remaining property values are based on appraisals conducted by Delaware Appraisal Group on behalf of Catholic Diocese Foundation in or about July 2010.

CDOW also holds the following unrestricted personal property, with estimated values as of September 30, 2010:

Unrestricted Asset	Estimated Value
Insurance Assets (CDOW interest only) ²⁵	\$ 15,000,000
Cash and Equivalents	\$ 131,391
PIA Investments (Includes Lay Pension Fund: \$4,236,383)	\$ 12,025,579
Disputed Non-Debtor PIA Funds ²⁶	\$ 80,490,421
Notes Receivable	\$ 1,457,730
Miscellaneous Assets	\$ 1,047,695
TOTAL	\$ 110,152,816

Under the Plan, subject fully to the PIA Dispute Escrow and Lay Pension Dispute Escrow provisions of the Plan discussed below and the Reorganized Debtor's right to retain up to \$3 million in the aggregate of Reorganization Assets, these Assets will be contributed to the Plan Trust for the benefit of Creditors of the Debtor.

Finally, CDOW holds the following personal property which is subject to donor-imposed restrictions on use and/or disposition because (i) they were solicited for specific or limited purposes (e.g., the Annual Appeal, capital campaign funds, and special collections), (ii) they are held in trust, or (iii) the donor imposed such restrictions in making the gift, devise, or bequest of such funds to CDOW.

Restricted Asset	Estimated Value
Cash and Equivalents (Includes Bishop's Discretionary Fund: \$82,639)	\$ 1,116,469
Restricted PIA Funds	\$

²⁵ CDOW is a co-insured with non-debtor Parish Corporations under a number of policies. As discussed further below, the non-debtors' economic interest in these policies will be contributed to the Plan Trust for the benefit of holders of Allowed Personal Injury Tort Claims.

²⁶ Identification of the Disputed Non-Debtor PIA Funds as Unrestricted Assets is without prejudice to the rights of any Non-Debtor Pooled Investor to assert such assets are subject to legally enforceable restrictions on use and/or disposition.

(Includes <u>Capital Campaign Fund: 8,198,767</u> (Also includes <u>Clergy Pension Fund: \$3,404,602</u> (Also includes <u>Gift Annuity Funds totaling: \$97,659</u>)	30,524,597	
Miscellaneous Assets	52,342	\$
TOTAL	31,693,408	\$

Consistent with CDOW's obligations under Canon Law, its corporate purposes, applicable state law governing trusts and charitable gifts, and §§§ 363(d) and 1129(a)(16) of the Bankruptcy Code,²⁷ the Plan proposes to respect any and all legally enforceable restrictions on the use or disposition of funds in its possession. Accordingly, subject fully to the Restricted Fund Dispute Escrow provisions of the Plan discussed below, these Restricted Assets will re-vest in the Reorganized Debtor.

4. Insurance

CDOW owns certain insurance policies that provide coverage for Personal Injury Tort Claims and for a breach of fiduciary duty claim that has been asserted by the Lay Employees Committee.

Prior to 1977, CDOW and Non-Debtor Catholic Entities, including Parish Corporations, purchased individual policies providing property and liability insurance coverage. So far as is known, during the period 1960-77, all of the CDOW policies, and most of the Parish Corporation policies, were placed through Waldorf & Associates, a domestic broker, and Wright Deen & Co., a London broker, and were issued by certain Underwriters at Lloyd's, London. Most of the placing slips and related documentation of these pre-1977 London policies are lost or were destroyed, but an inventory of these policies, including the available limits of coverage, is attached hereto as Exhibit E. A search for additional documentation of pre-1977 London policies is ongoing.

Prior to 1977, certain Parish Corporations purchased insurance domestically through a broker or brokers other than Waldorf & Associates. None of these policies yet has been located, but a search for them is ongoing.

Beginning in 1977, CDOW initiated through Waldorf & Associates a single, comprehensive insurance program which, from 1977-present, continuously has provided property, liability and certain other coverages for CDOW and Non-Debtor Catholic Entities, including all Parish Corporations. The primary insurers under this program are certain Underwriters at Lloyd's, London. The excess insurers include both domestic and London Market companies.

Between 1977-94 all of the policies issued to CDOW and Non-Debtor Catholic Entities were "occurrence"-based policies, i.e., the policies provide coverage for occurrences within the specified policy periods. With the exception of certain excess policies, all of the

²⁷ SectionSections 363(d) requiresand 1129(a)(16) require a not-for-profit debtor to abide by applicable nonbankruptcy law governing the transfer of property by not-for-profit entities with respect to any transfers of property during the bankruptcy case or under the chapter 11 plan.

occurrence-based policies covering CDOW and Non-Debtor Catholic Entities have been located. A listing of these policies, including the available limits of coverage, is attached hereto as Exhibit F. A search for the missing excess policies is ongoing.

Beginning in 1994, the policies issued to CDOW and Non-Debtor Catholic Entities primarily were "claims-made" policies, i.e., the policies provide coverage for claims made during the specified policy period, regardless of the date of the occurrence, subject to a 1994 Continuity Date (occurrences prior to the Continuity Date are not covered under the current claims-made policies). Only three Personal Injury Tort Claims, and the breach of fiduciary duty claim asserted by the Lay Employees Committee, fall within the post-1994 claims-made coverage. A listing of these policies, including the limits of coverage available for these four claims, is attached as Exhibit G.

In connection with Personal Injury Tort Claims involving clerical sex abuse prior to 1977, and on behalf of certain Underwriters at Lloyd's, London, Resolute Management Services ("Resolute") has declined to acknowledge coverage under any of the pre-1977 policies, except certain policies issued to one of the Parish Corporations (St. Elizabeth's Roman Catholic Church). The primary reason for this declination is the nature of the available documentation of these policies. Resolute also disputes that policies listed in Exhibit E that identify the Assured as "Bishop of Wilmington" provide separate coverage for CDOW, apart from its liability related to a specific parish. Nevertheless, the Debtor and Resolute are in negotiations regarding these pre-1977 policies. If the parties are unable to reach agreement, then it may be necessary to institute a declaratory judgment action to secure coverage under these policies for Personal Injury Tort Claims involving clerical sex abuse prior to 1977.

In connection with Personal Injury Tort Claims involving clerical sex abuse from 1977-94, Resolute Management Services has acknowledged the pertinent primary policies, and is providing a defense to CDOW and the defendant Parish Corporations under a reservation of rights to decline or limit coverage, based on further investigation and discovery concerning the claims. With the exception of Mission Insurance Company, the excess insurers during this period also have preliminarily acknowledged coverage under the policies they issued, subject to a reservation of rights. Mission Insurance Company was the umbrella liability insurer of CDOW and Non-Debtor Catholic Entities from 1980-85, but is insolvent.

In connection with the three Personal Injury Tort Claims involving clerical sex abuse after 1994, and in connection with the breach of fiduciary duty claim asserted by the Lay Employees Committee, the Underwriters at Lloyd's, London, preliminarily have acknowledged coverage under the applicable claims-made policies, subject to a reservation of rights.

C. The Clergy Sex Abuse Crisis

Over the last fifty years a tragedy that runs contrary to every teaching and tradition of the Church has unfolded in the Church as a whole and in the Diocese in particular: a small number of clergy and others took advantage of their positions of trust and respect in the community to sexually abuse children. Specifically, certain clergy working within the Diocese's territorial jurisdiction – including both Diocesan priests and Religious Order priests – sexually abused children. Because these children typically were unable to tell anyone about their abuse

however, in many instances the abuse was not reported until decades after it occurred. This usually was long after the accused priests had died, making it difficult to investigate the accusations, and impossible to prosecute the abusers. Nevertheless, CDOW has responded to this crisis pastorally, routinely offering counseling and other support to survivors, and, in many cases, providing compensation.

In response to the clergy sex abuse crisis, the United States Conference of Catholic Bishops (the "USCCB") formed an Ad Hoc Committee on Sexual Abuse (the "AHCSA") to investigate and make recommendations to deal with sexual abuse of minors by clergy. The result of the AHCSA's efforts was a comprehensive *Charter for the Protection of Children and Young People* (the "Charter"), which was adopted by the USCCB at its June 2002 meeting. CDOW implemented the *Charter* immediately. In accordance with the *Charter*, and applicable law, CDOW reports all instances of abuse of a person who is currently a minor to the Attorney General's Office in Delaware or the local State's Attorney in Maryland, as applicable.

When a credible allegation is received regarding a priest currently in ministry or living in retirement, he is removed from ministry and not permitted to function or present himself as a priest, pending an investigation. If the allegation is established, then the case is reported to the Vatican, and a request is made to "laicize" the priest.²⁸

In accordance with Article 1 of the *Charter*, CDOW reaches out to survivors and their families, in recognition that its first obligation to survivors of sexual abuse is healing and reconciliation. A representative of CDOW speaks with the survivor (and/or family), apologizes for the offense, listens to the survivor's experience, offers counseling and spiritual help, and provides for therapy, by paying the expenses incurred by the survivor, and assisting the survivor in obtaining treatment, if the survivor requests such assistance.

Again in compliance with the *Charter*, CDOW has appointed a Victim Assistance Coordinator, a licensed therapist/counselor with many years of experience in handling sexual abuse, to coordinate assistance with survivors. The services offered by CDOW are in place for each survivor for as long as necessary. In many cases, the assistance is given for years. In several cases CDOW has settled with survivors, paying in lump sum both out-of-pocket expenses incurred by the survivor for treatment for the abuse, and expected medical expenses into the future based upon expert advice.

Indeed, as a matter of policy, CDOW has attempted to settle through mediation or other suitable alternative dispute resolution any and all claims arising from credible allegations of clergy sex abuse, whether or not such claims are asserted in a formal lawsuit, including claims that are time-barred under the applicable statute of limitations.

In 2003, CDOW implemented a safe environment program entitled "For the Sake of God's Children." Among other things, this program establishes a process to assess suitability for ministry through criminal background checks of each employee or volunteer who works with youth and young people on a regular, recurring basis. The program, which was written by and

²⁸ Laicization is the process under Canon Law whereby the Church permanently revokes a priest's ordination into the priesthood and returns him to the lay state. Laicization is the harshest punishment that the Church can impose upon a priest, short of excommunication.

for lay people within the Diocese, now serves as the model in at least three other dioceses around the country. Since its implementation, some 16,000 persons have participated in background checks, committed to the ethical standards or volunteer covenant, and received education about the nature and prevention of child abuse in all its various forms.

In the fall of 2006, CDOW began full implementation of “Keeping Our Promises,” a safe-environment curriculum for pre-kindergarten through grade 12 that is used in both the Catholic schools within the Diocese and in the Parish religious education programs. The Diocese ensures compliance through an annual audit process conducted by The Gavin Group at the direction of the Office of Child and Youth Protection of the USCCB.

D. Events Leading to the Chapter 11 Filing

1. The Child Victim Act and the Pending Litigation

In 2006, the Delaware legislature considered, but did not pass, legislation to modify the statute of limitations for civil actions arising from sexual abuse of a child. In October 2006, Francis G. DeLuca, a former Diocesan priest,²⁹ was arrested in Syracuse, New York on charges of child sexual abuse, to which he later pleaded guilty.

Shortly after DeLuca’s arrest, Bishop Saltarelli released the names of 18 Diocesan priests regarding whom there were admitted, corroborated or otherwise substantiated allegations of sexual abuse of minors. It was one of the most detailed voluntary disclosures of its kind in the United States. In all of those cases, the Diocese shared information about abuse allegations with law-enforcement authorities. All eight of the priests who were living at the time of Bishop Saltarelli’s announcement previously had been removed from any ministerial duties, and for all eight priests, the Diocese has initiated or completed the process of laicization.

On July 10, 2007, the CVA was enacted into law. The CVA abolished any statute of limitations applicable to causes of action for damages based on the sexual abuse of a minor, and established a two-year “window” during which any survivor of child sex abuse whose claims were barred by the prior statute of limitations could bring a civil action in the Delaware Superior Court.

In the 20 years prior to enactment of the Child Victim’s Act, CDOW had settled 13 claims relating to child sexual abuse. Within the two-year statutory window that expired July 9, 2009, CDOW was named as a defendant in 131 sexual abuse actions under the CVA involving 142 plaintiffs. These actions assert various theories of primary and vicarious tort liability against CDOW (and in some instances, its personnel, including the Bishop and the Vicar General) on account of alleged sexual abuse occurring as long ago as 1952. Five of these cases were settled or dismissed prepetition. Post-petition, CDOW settled one case and was dismissed from another case. Of the 124 remaining cases against CDOW, 77 involve alleged abuse by Diocesan priests, and 40 involve alleged abuse by Religious Order priests or other clerics. One case involves both Religious Order priests and a Diocesan priest. Six cases involve alleged abusers who are not

²⁹ DeLuca was ordained in 1958 and served in the Diocese for 35 years until his dismissal from the public ministry in Delaware in 1993 after being accused of sexually abusing a minor in the 1960s. The day after DeLuca’s arrest in Syracuse, the Diocese filed a request with the Vatican to laicize DeLuca. DeLuca was laicized by Pope Benedict XVI in August 2008.

priests. Parish Corporations are named as co-defendants in 73 of the CVA cases, as well as in five CVA cases in which CDOW is not named as a defendant.

CDOW has insurance coverage available (subject to certain coverage disputes) for some, but not all, of the CVA cases pending against it. CDOW is defending each of the cases civilly, but, per its standard policy, CDOW has also attempted to resolve the cases through mediation. Prior to the Petition Date, CDOW had succeeded in settling four cases, and one claim outside of litigation.³⁰

Prior to the commencement of its chapter 11 case, CDOW paid the uninsured legal fees and expenses of the Parish Corporations in the ordinary course.

Managing the Superior Court litigation was difficult and extremely costly for CDOW. CVA cases against the Debtor are currently pending in New Castle, Sussex, and Kent Counties before ten different Superior Court judges.³¹ There is also one CVA case against the Debtor pending in the United States District Court for the District of Delaware.

On February 25, 2009, the Superior Court entered a case management order referring all pretrial motions in the CVA Cases to the Honorable Calvin R. Scott, Jr. As of the Petition Date, trial dates had been set for 17 of the CVA cases (the "Scheduled Cases"), though in many instances the Superior Court had not yet entered a scheduling order. Eight of the Scheduled Cases, all involving alleged abuse by DeLuca, were subject to a single scheduling order. The first of these cases, captioned *John Michael Vai v. Catholic Diocese of Wilmington, Inc.*, et al., C.A. No. 08C-06-044 JTV, was scheduled to commence on October 19, 2009, as a 10-day jury trial. The Superior Court had intended to conduct consecutively-scheduled 10-day jury trials until each of the eight scheduled DeLuca cases was completed. The remaining Scheduled Cases were set for trials beginning in November 2009 and continuing at regular intervals through December 2011.

In order to efficiently administer this overwhelming caseload, and facilitate their disposition, all defendants in the CVA cases, joined by 34 plaintiffs, proposed to the Superior Court a comprehensive alternative dispute resolution ("ADR") process, to be pursued prior to responsive pleadings, motion practice, and formal discovery. The goal of the ADR proposal was to promote the most efficient, most economical, and earliest possible settlement of the CVA cases which were not scheduled for trial when the two-year window closed on July 9, 2009.

On October 5, 2009, Judge Scott entered an ADR Order that provides for (i) the prompt, informal exchange by all parties of relevant documents in all cases; (ii) claim statements by all plaintiffs; (iii) the appointment of a mediator; (iv) a preliminary mediation between the defendants and their insurers; and (v) a structured mediation between the plaintiffs and the defendants, all to be accomplished within 4½ months. The ADR Order did not apply to the 17 CVA cases that were scheduled for trial prior to entry of the Order, including the eight DeLuca cases described above.

³⁰ None of these settlements was made or paid within 90 days prior to the Petition Date.

³¹ All told, approximately 175 cases involving at least 190 plaintiffs have been filed in the Superior Court within the CVA's statutory window. As noted above, CDOW was named as a defendant in 131 of these, approximately 75% of the total.

There were vigorous efforts to settle the DeLuca cases prior to the Petition Date, including two all-day mediation sessions, conducted in Philadelphia by former Pennsylvania Court of Common Pleas Judge Thomas Rutter, on June 16 and August 24, 2009. Representatives of CDOW's insurers participated in both mediations. Both mediations were unsuccessful. One week after the second mediation, the individual DeLuca plaintiffs unequivocally rejected the best settlement offer of CDOW, made at the end of that mediation. Despite this rejection, CDOW left its settlement offer open for one month.

On September 18, 2009, the DeLuca plaintiffs served and filed individual statutory settlement demands far in excess of CDOW's best settlement offer. CDOW then withdrew its offer. In light of the statutory settlement demands, CDOW reconsidered its approach to settlement and, on October 2, 2009, made a new settlement proposal. This proposal also was rejected. CDOW persisted and, on October 9, through Judge Rutter, made another settlement offer. This offer was rejected by the plaintiffs on October 15, 2009. Finally, on October 16, three days before the scheduled start of the Vai trial, CDOW conveyed to the DeLuca plaintiffs a final settlement proposal. This proposal was rejected the next day, but with the assistance of Judge Rutter, the parties negotiated further for the remainder of the weekend. However, the negotiations reached an impasse late on Sunday, October 18, 2009, as the parties were unable to reconcile their positions. Throughout the process, the Debtor was concerned that too large a settlement of a select group of CVA cases would leave the Debtors with insufficient assets to fairly compensate the CVA plaintiffs whose cases were subject to the global ADR process. As a result of this impasse in settlement, the Debtor had no choice but to seek bankruptcy protection.

2. The Allied Irish Bank Letter of Credit

a. The DEDA Bond Transaction

In November 2002, CDOW obtained a loan of \$12.5 million from the Delaware Economic Development Authority ("DEDA") to finance (i) the construction of Christ the Teacher in Newark, Delaware, on land owned by Foundation and (ii) certain improvements to St. Thomas More Preparatory School. To raise the funds to make the loan, DEDA issued variable rate revenue bonds due 2032 (the "DEDA Bonds") pursuant to a Trust Indenture (the "Indenture") between DEDA and Wilmington Trust Company, as Indenture Trustee (the "Bond Trustee"). DEDA loaned the proceeds from issuance of the bonds to CDOW pursuant to a loan agreement (the "Loan Agreement"), then assigned its rights under the Loan Agreement to the Bond Trustee.

In connection with the transaction, Allied Irish Bank ("AIB") issued an irrevocable letter of credit in the amount of \$12,689,072 (the "Allied Irish LC") in favor of the Bond Trustee. Pursuant to a reimbursement agreement with AIB (the "Reimbursement Agreement"), CDOW is obligated to reimburse AIB for the amount of any draw on the Allied Irish LC. The Allied Irish LC is unsecured.

Following completion of the construction funded by the proceeds of the DEDA Bonds, in 2004, Foundation and CDOW transferred the real property and improvements to DOW Schools. Thereafter, CDOW made payments to the Bond Trustee as and when required under the

Loan Agreement. As of the Petition Date, approximately \$11 million of principal remained outstanding under the Loan Agreement and the DEDA Bonds.

The Creditors Committee contends CDOW's transfer of property to DOW Schools is potentially avoidable.

b. *The Covenant Default; Negotiations with Allied Irish Bank*

The Allied Irish LC was scheduled to expire by its terms on November 15, 2009. CDOW's inability or failure to obtain a renewal commitment within a time certain prior to such expiration would have constituted an event of default under the Indenture and the Loan Agreement. In the event of a default under the Indenture, the Bond Trustee was entitled to draw the entire amount of the Allied Irish LC, up to the outstanding amount of principal and interest due under the DEDA Bonds. Thereafter, pursuant to the Reimbursement Agreement, AIB would be entitled to pursue all available remedies against CDOW to obtain reimbursement of the amounts drawn under the Allied Irish LC.

In addition, the Reimbursement Agreement required CDOW to maintain an unrestricted fund balance of at least \$35 million. Failure to meet this covenant constituted an event of default entitling AIB, among other things, (i) to demand that CDOW provide cash collateral to secure the Allied Irish LC, or (ii) to issue a notice of default to the Bond Trustee, which would constitute an event of default under the Indenture and trigger a draw under the Allied Irish LC.

In the weeks prior to the Petition Date, representatives of Allied Irish Bank and the Debtor met to discuss the impending trials in the 8 scheduled DeLuca cases, the global ADR process for the non-scheduled CVA cases, and, more generally, the Debtor's financial condition and inability to comply with the net unrestricted funds covenant. As a result of this meeting, the Debtor was uncertain whether the Allied Irish LC would be renewed, raising the specter of an acceleration of the loan indebtedness and/or a draw on the Allied Irish LC, followed by the exercise of remedies by the Bond Trustee or Allied Irish Bank, as applicable.

Following the Petition Date, on October 29, 2009, the Bond Trustee drew on the Letter of Credit in the amount of \$11,006,275, resulting in liability to the Debtor under the Reimbursement Agreement.

E. Purpose of the Chapter 11 Filing

The Debtor did not seek chapter 11 relief to dodge responsibility for past criminal misconduct by clergy – or for mistakes made by past Bishops. Nor did the Debtor seek bankruptcy relief to hide the truth or to deny survivors their day in court. Indeed, the Debtor is committed to pursuing the truth. For example, the Debtor has never sought to seal depositions of priests accused of sexual abuse, and it has consistently supported the unsealing of such records. The Debtor also has never sought to seal the priest files it has produced in discovery in the CVA lawsuits. The Debtor itself has publicly corroborated many of the incidents of abuse, and has provided more details about what actions were taken – or sometimes, tragically, not taken – by its past Bishops. All such information is in the Superior Court records of the cases that were

scheduled for trial on October 19, 2009, and the Debtor does not believe that significant new facts would have emerged at trial.

Trial or no trial, the fact remained that the Debtor is a not-for-profit religious organization with limited resources, including limited insurance coverage for the 131 lawsuits pending against it. In addition to this litigation, the Debtor faced an impending default on approximately \$11 million of unsecured bond indebtedness, and it had substantial unfunded pension liabilities. The Debtor acknowledges it has a moral obligation to try to compensate all survivors of clergy sexual abuse fairly. As a result, it could not allow any single plaintiff to recover a disproportionate share of the limited funds available from the Debtor simply because such plaintiff's case got to trial first. Similarly, the Debtor could not ignore the legally valid claims of its other creditors who, like the CVA plaintiffs, are entitled to a ratable share of the Debtor's limited assets.

Beyond the Debtor's moral obligations to creditors, the Debtor has a fundamental moral obligation to the Catholic faithful it serves – and to the donors and benefactors who have entrusted the Debtor with the material fruits of their life's labor – to continue the ministries of the Church in fulfillment of the Debtor's canonical and secular legal purposes. In order to do this, the Debtor must survive.

The Debtor's purposes in seeking chapter 11 relief, therefore, were twofold: first, to protect and preserve the assets that are properly available for distribution to the Debtor's general creditors and ensure that, whatever assets can be marshaled, they will be distributed equitably to all creditors, not just a select few; second, to continue the work of the Church within the Diocese to the fullest extent possible using the resources dedicated to those purposes.

F. The Chapter 11 Case

1. Debtor in Possession Status

Since filing for bankruptcy protection, the Debtor has continued to operate as a debtor in possession subject to the supervision of the Bankruptcy Court and in accordance with the Bankruptcy Code. The Debtor is authorized to operate in the ordinary course. Transactions outside of the ordinary course, as well as certain transactions within the ordinary course, must be approved by the Bankruptcy Court.

2. Entry of the Debtor's First-Day Orders

Shortly after filing its bankruptcy petition, the Debtor filed several motions (the "First Day Motions") with the Bankruptcy Court that were intended to stabilize the Debtor and enable it to continue its operations. Pursuant to the First Day Motions, the Debtor sought and obtained from the Bankruptcy Court, among other relief, the following: (i) approval of the appointment of The Garden City Group, Inc. (the "Balloting Agent") as claims, notice and balloting agent in the Chapter 11 Case [Docket Nos. 10 and 32]; (ii) authorization to use the Debtor's existing cash management system, bank accounts, and business forms, and for a waiver of the deposit requirements of § 345 of the Bankruptcy Code [Docket Nos. 11, 42, 142, and 242]; and (iii) authority to honor prepetition employees wages and benefits [Docket Nos. 12, 41 and

243]. Shortly thereafter, the Debtor sought and obtained approval of interim compensation procedures for professionals employed in the Chapter 11 Case [Docket Nos. 47 and 107].

3. Appointment of Official Committees

By notice dated November 5, 2009 [Docket No. 82], the United States Trustee for the District of Delaware (the “U.S. Trustee”) appointed an official committee of unsecured creditors (the “Creditors Committee”) comprising seven individuals with pending sexual abuse tort lawsuits against the Debtor and others.

On April 30, 2010, the U.S. Trustee appointed a second official committee, the Official Committee of Lay Employees (the “Lay Employees Committee”), pursuant to § 1102 of the Bankruptcy Code [Docket No. 461]. On May 7, 2010, the Creditors Committee filed a motion asking the Bankruptcy Court to rescind the appointment and disband the Lay Employees Committee (the “Motion to Disband”) [Docket No. 469]. The Motion to Disband was stayed by the Mediation Order (as hereinafter defined) and remains pending. Since its formation, the Lay Employees Committee has been an active participant in the Chapter 11 Case.

4. Retention of Professionals

The Debtor has retained professionals to assist it in managing the chapter 11 bankruptcy process, including Young Conaway Stargatt & Taylor, LLP as the Debtor’s bankruptcy counsel [Docket Nos. 94 and 171], The Ramaekers Group, LLC as the Debtor’s financial advisor [Docket Nos. 62 and 172], Sitrick and Company Inc. as the Debtor’s Corporate Communications Consultant [Docket Nos. 114 and 160], and R.M. Fields, LP as insurance archeologist [Docket Nos. 626 and 707].

The Creditors Committee has retained several professionals in this Chapter 11 Case, including: Pachulski Stang Ziehl & Jones LLP as counsel [Docket Nos. 150 and 233]; Morgan, Lewis & Bockius LLP as special insurance counsel [Docket Nos. 371 and 499]; LECG, LLC as financial advisor [Docket Nos. 173 and 232]; and Business Management International, Inc. as consultant [Docket Nos. 299 and 359].

The Lay Employees Committee has applied to the Bankruptcy Court for permission to retain Greenberg Traurig LLP as its counsel [Docket No. 419]. As of the date hereof, the application is currently pending.

5. Extensions of Exclusivity

By orders dated March 1, 2010 [Docket No. 360] and August 9, 2010 [Docket No. 632], the Bankruptcy Court extended (i) through and including October 1, 2010, the period within which the Debtor has the exclusive right to file a chapter 11 plan, and (ii) through and including December 3, 2010, the period during which the Debtor has the exclusive right to solicit acceptances of a chapter 11 plan, without prejudice to the Debtor’s right to seek further extension(s) of such periods. The Debtor intends to seek further extensions of the exclusive periods in order to prosecute its Plan or an alternate plan to the extent there is a global settlement.

6. Schedules and Statement of Financial Affairs; Claims Bar Date and Aggregate Claims Asserted

The Debtor filed its Schedules on November 24, 2009 [Docket No. 146]. On February 17, 2010, the Debtor amended certain of its Schedules [Docket No. 200].

On February 1, 2010, the Bankruptcy Court entered the *Order Pursuant to Bankruptcy Rule 3003(c)(3) and Local Rule 2002-1(e) Establishing Deadlines for Filing Proofs of Claim and Approving Form and Manner of Notice Thereof* [Docket No. 308] (the “Bar Date Order”). Pursuant to the Bar Date Order, the deadline for submitting Proofs of Claim in the Chapter 11 Case was April 15, 2010 (the “Bar Date”). Subject to certain limited exceptions contained in the Bankruptcy Code, in the General Bar Date Order (including with respect to Claims arising from the rejection of executory contracts after the General Bar Date), all Proofs of Claim filed against the Debtor (including Proofs of Claim filed by governmental units) were required to be submitted by the Bar Date.

As of August 31, 2010, 1,298 Proofs of Claim had been filed asserting Claims against the Debtor in liquidated amounts totaling approximately \$331.4 million, and Claims not identified as contingent, unliquidated, or disputed totaling approximately \$300,000 had been listed on the Debtor’s Schedules and not superseded by filed Proofs of Claim. Accordingly, approximately \$332 million of liquidated Claims have been asserted against the Debtor. In addition, 157 Proofs of Claim asserting unliquidated Personal Injury Tort Claims have been filed against the Debtor.

As of the date hereof, no Administrative Claims other than Professional Claims have been asserted against the Debtor’s Estate. No Order has been entered establishing an Administrative Claim Bar Date. The Debtor has generally been paying undisputed Administrative Claims in the ordinary course post-petition. However, upon establishment of the Administrative Claim Bar Date, it is possible that additional Administrative Claims may be filed.

In sum, filed Claims as of August 31, 2010 (exclusive of Professional Claims), were as follows:

Secured		Administrative		Priority		General Unsecured	
17	\$15,232,689	\$0	\$0	1,125	\$109,718,602	1,173	\$206,447,469

A number of these claims, particularly pension claims, are duplicative and assert as liquidated amounts what are in fact contingent, unliquidated claims that will need to be estimated for allowance purposes as provided in the Plan. In addition, the Debtor believes that all, or substantially all, of the Claims filed as secured or priority status are in fact general unsecured Claims. The foregoing table is by way of summary only. The Debtor’s estimates as to the ultimate Allowed amount and priority of filed Claims are set forth below and in the hypothetical liquidation analysis attached hereto as Exhibit C.

7. Litigation

During the Chapter 11 Case, the Debtor has been involved in two adversary proceedings and several contested matters.

a. *Extension of Automatic Stay to Non-Debtor Parish Corporations*

On October 19, 2009, the Debtor commenced adversary proceeding no. 09-52275 (the “TRO Adversary Proceeding”) against certain CVA plaintiffs (the “TRO Defendants”) by filing a complaint [Adv. Docket No. 1] pursuant to which the Debtor sought certain declaratory and injunctive relief against the Defendants. On the same day, the Debtor also filed in the TRO Adversary Proceeding a motion for a temporary restraining order [Adv. Docket No. 3] (the “TRO Motion”). Pursuant to the TRO Motion, the Debtor sought to obtain a temporary restraining order against the TRO Defendants to enjoin the prosecution of their respective personal injury actions against certain Parish Corporations.

On November 2, 2009, the Bankruptcy Court commenced an evidentiary hearing on the TRO Motion and related papers. The hearing was continued to November 6, 2009. Prior to November 6, 2009, the Creditors Committee, the Debtor, and the TRO Defendants, through their respective counsel, engaged in settlement negotiations over the relief sought in the TRO Motion and matters related thereto in the Chapter 11 Case and the pending state court litigation between the TRO Defendants and certain non-debtor parties to such litigation. At the start of the hearing on November 6, 2009, counsel for the Debtor, the TRO Defendants, the Creditors Committee, and State Court Counsel³² (i) advised the Bankruptcy Court that a proposed settlement (the “Settlement”) had been reached among the Debtor, the Creditors Committee, the Defendants, State Court Counsel, and the Parish Corporations, (ii) set forth the material terms of the Settlement on the record, and (iii) advised the Bankruptcy Court that the parties would be submitting a written stipulation and proposed form of order memorializing the Settlement by way of certification of counsel. The Bankruptcy Court “So Ordered” the record to immediately effectuate the Settlement subject to receiving the proposed form of order.

On December 7, 2009, as directed by the Bankruptcy Court, the Debtor submitted a fully executed stipulation [Adv. Docket No. 27] (the “Stipulation”) which provided, among other things, that the Debtor could file, and the Creditors Committee and State Court Counsel would not oppose, a motion to extend the automatic stay to the Parish Co-Defendant Cases. On November 13, 2009, in accordance with the terms of the Settlement and the Stipulation, the Debtor filed a motion [Docket No. 116] to extend the automatic stay to all pending actions arising under the CVA in which the Debtor and a Parish Corporation are co-defendants (collectively, the “Parish Co-Defendant Cases”) until sixty (60) days after the deadline for creditors to file prepetition claims in the Bankruptcy Case. On February 4, 2010, the Court entered an order [Docket No. 321] (the “Parish Stay Order”) extending the automatic stay to the Parish Co-Defendant Cases until sixty (60) days after the deadline for creditors to file prepetition claims in the Bankruptcy Case – the “Bar Date” – which was subsequently fixed as April 15,

³² “State Court Counsel” consists of Manly & Stewart, the Law Office of Bart Dalton and counsel for the TRO Defendants, *i.e.*, The Neuberger Firm, P.A. and Jacobs & Crumplar, P.A.

2010. Thus, in accordance with the Parish Stay Order, the consensual extension of the automatic stay with respect to the Parish Co-Defendant Cases was originally set to expire on June 14, 2010.

On April 19, 2010, the Bankruptcy Court ordered the Debtor, Creditors Committee and other interested parties (the "Mediation Parties") to meet and confer with respect to appointing a mediator and establishing mediation procedures. The Mediation Parties conferred on April 28, 2010 but were unable to reach a consensus on an appropriate mediator and how to proceed with mediation of the Bankruptcy Case (the "Mediation"). On June 1, 2010, the Bankruptcy Court entered an order [Docket No. 514] which, among other things: (i) appointed the Honorable Kevin Gross and former Judge Thomas Rutter as the co-mediators of the Mediation; and (ii) renewed the existing extension of the stay applicable to the Parish Co-Defendant Cases through and including July 30, 2010.

At the direction of the Mediators, the Mediation Parties participated in mediation sessions on June 25-27 and July 2-3, 2010, with the goal of negotiating a consensual chapter 11 plan. While these initial mediation sessions did not result in a negotiated plan, progress was made on several fronts, and the Mediators reconvened the Mediation on August 31, 2010 and September 1, 2010. On July 28, 2010, in the hope that the August 31 and September 1, 2010 sessions would result in a consensual resolution of the pending abuse cases, the Debtor filed a motion [Docket No. 604] (the "Renewed Stay Extension Motion") for an order renewing the existing extension of the automatic stay to the Parish Corporations to stay the Parish Co-Defendant Cases and the Non-Debtor Insurance Case (as such term is defined therein) in their entirety until ninety (90) days after the conclusion of the Mediation.

On August 12, 2010, the Bankruptcy Court commenced an evidentiary hearing on the Renewed Stay Extension Motion. At the conclusion of the hearing, the Bankruptcy Court granted in part and denied in part the Renewed Stay Extension Motion. As set forth on the record, the Bankruptcy Court ordered that the stay previously imposed was further extended with respect to most of the Parish Co-Defendant Cases through and including September 3, 2010. The Bankruptcy Court also held, among other things, that the stay no longer applied to certain Parish Co-Defendants Cases, which had already been scheduled for trial. Thereafter, on September 3, 2010, the Bankruptcy Court held a hearing at which time it, among other things, renewed the existing extension of the automatic stay to the Parish Co-Defendant Cases through and including September 24, 2010 [Docket No. 731].

On September 22, 2010, the Debtor filed its Plan and a motion [Docket No. 766] for an order (i) renewing the existing extension of the automatic stay to the Parish Corporations and (ii) imposing a stay of litigation against certain Parish Corporations in cases in which the Debtor was not named a defendant, but was expected to be named a third-party defendant by the Parish Corporation (the "Parish-Only Cases"). On September 24, 2010, the Bankruptcy Court held a hearing at which time it, among other things renewed the existing extension of the automatic stay to the Parish Co-Defendant Cases through and including the earlier of (i) the conclusion of the Confirmation Hearing and (ii) December 31, 2010 [Docket No. 778].

b. *The Pooled Investment Account*

(1) The PIA Motion

On November 11, 2009, the Debtor filed its *Motion for (I) Interim and Final Orders (A) Authorizing the Debtor to Use its Pooled Investment Account and Process Withdrawal Requests from Non-Debtor Pooled Investors in the Ordinary Course, (B) Waiving Section 345 Deposit Guidelines, (C) Scheduling a Final Hearing, and (D) Granting Related Relief; and (II) a Final Order Authorizing the Debtor to Take All Actions Necessary or Appropriate to Transfer Possession of Pooled Investment Funds to One or More Non-Debtor Fiduciaries* [Docket No. 96] (the “PIA Motion”). In the PIA Motion, the Debtor sought (i) interim and final waiver of the deposit guidelines of § 345 of the Bankruptcy Code, (ii) interim authority to honor limited requests for withdrawals of Pooled Investment Funds by Non-Debtor Pooled Investors in the ordinary course pursuant to §§ 363 and 105 of the Bankruptcy Code, and (iii) final authority pursuant to §§ 541(b)(1) and (d) to process all withdrawal requests and, ultimately, to transition non-debtor Pooled Investment Funds to one or more non-debtor fiduciaries. The basis for the relief requested in the PIA Motion was twofold: first, that the honor of withdrawal requests by Non-Debtor Pooled Investors was within the ordinary course for the Debtor, and thus was permissible under § 363(c) of the Bankruptcy Code; second, that the Non-Debtor Pooled Investors’ interests in the PIA were not property of the Debtor’s Estate because the Debtor held such interests as trustee for the benefit of the Non-Debtor Pooled Investors. The PIA Motion was joined by certain of the Non-Debtor Pooled Investors [Docket No. 115], who briefly explained their need for access to their Pooled Investment Funds to sustain their operations in the near term.

The Creditors Committee objected to the PIA Motion [Docket No. 127], and on November 11, 2009, the Bankruptcy Court held a telephonic hearing to discuss matters related to the PIA Motion. To resolve the ultimate “property of the estate” issue, the Court suggested the Committee commence an adversary proceeding seeking a declaratory judgment. In the meantime, on November 20, 2009, the Bankruptcy Court entered a consensual order granting, in part, the relief requested in the PIA Motion on an interim basis [Docket No. 141], and authorizing distribution of \$530,000 in the aggregate of Pooled Investment Funds to certain Non-Debtor Pooled Investors. Since that time, the Court has entered ten further, consensual orders granting, in part, the relief requested in the PIA Motion on an interim basis [Docket Nos. 285, 347, 362, 387, 394, 423, 455, 526, 562, and 568], and authorizing distribution of an additional \$1,582,846 in the aggregate of Pooled Investment Funds to certain Non-Debtor Pooled Investors. Most recently, the Bankruptcy Court entered a further order, over the objection of the Creditors Committee, authorizing distribution of an additional \$25,000 to the Cathedral of St. Peter Roman Catholic Church [Docket No. 753].

(2) The PIA Adversary

On December 18, 2009, the Creditors Committee commenced an adversary proceeding against the Debtor and certain Non-Debtor Pooled Investors (Adv. Proc. No. 09-52866) (the “PIA Adversary”) seeking (i) declaratory relief with respect to ownership of the Pooled Investment Funds and (ii) substantive consolidation of the non-debtor defendants with the Debtor. The Court bifurcated the PIA Adversary into two phases, the first (“Phase I”) addressing

solely the Second and Fourth Claims for Relief in the complaint, concerning, respectively, (i) the existence of a trust relationship between the Debtor and defendant Non-Debtor Pooled Investors and (ii) the ability to identify and trace the investments of the defendant Non-Debtor Pooled Investors in the PIA. The Court held a trial on Phase I of the PIA Adversary on June 2-8, 2010, and issued a written opinion on June 28, 2010 (the “Phase I Opinion”), confirming that a trust relationship existed between the Debtor and the Non-Debtor Defendants, but finding that, with the exception of St. Ann’s Roman Catholic Church, the Non-Debtor Pooled Investors’ investments were not identifiable or traceable under federal law. Accordingly, with the exception of St. Ann’s fractional interest in the PIA, the entire PIA constituted property of the Debtor’s bankruptcy estate. The Bankruptcy Court went on to find that the Non-Debtor Defendants had claims against the Debtor for their lost investments (the “PIA Investment Claims”).

The defendant Non-Debtor Pooled Investors, joined by the Debtor, moved for reconsideration of the Phase I Opinion, which was denied by opinion and order dated July 21, 2010. The defendant Non-Debtor Pooled Investors and the Debtor (collectively, the “Appellants”) timely filed Notices of Appeal from the Phase I Opinion, the opinion on reconsideration, and the related orders and judgment on August 2, 2010.

On August 19, 2010, over the objection of the Creditors Committee, the Bankruptcy Court certified the appeals directly to the Third Circuit Court of Appeals pursuant to 28 U.S.C. § 158(d)(2)(A)(ii) and (iii) and Bankruptcy Rule 8001(f). The Appellants timely filed petitions with the Third Circuit for permission to seek direct appeal, which petitions are currently pending before the Third Circuit.

On September 22, 2010, the defendant Non-Debtor Pooled Investors filed a motion for judgment on the pleadings with respect to the second phase of the PIA Adversary.

c. *Other Contested Matters*

Other contested matters have arisen in this Chapter 11 Case, a number of which were resolved, and some of which remain pending as of the date hereof. Information about these contested matters is available on the docket. What follows is a summary table of certain litigation items, with docket numbers for ease of reference:

Pleading	Related Dkt. Nos.	Status
<i>Motion for Relief from Stay</i> filed by James E. Sheehan [Docket No. 3]	4, 59, 65, 77	Settled
<i>Motion for Order Designating Bishop W. Francis Malooly as Debtor for Examination Pursuant to Bankruptcy Code Section 343 and for Executing Schedules of Assets and Liabilities and Statment of Financial Affairs Pursuant to Bankruptcy Code Section 521</i> filed by Unofficial Committee for Abuse Survivors [Docket No. 19]	58, 68, 76	Denied
<i>Motion For Limited Relief From the Automatic Stay to Permit Taking of De Bene Esse Depositions Pursuant to Mediation Order</i> filed by Unofficial Committee for Abuse Survivors [Docket No. 27]	6, 63, 281, 282	Settled

Pleading	Related Dkt. Nos.	Status
<i>Motion to Authorize the Debtor (I) to Continue Providing Pensions, Sustenance and/or Medical Coverage in the Ordinary Course to Certain Retired or Removed Priests Accused of Sexual Abuse; and (II) to Use Certain Restricted Funds to Pay Prepetition Priest Pension Obligations</i> filed by the Debtor [Docket No. 137]	185, 188, 202, 209, 210, 221, 290, 291, 301, 302, 310, 312, 315, 340, 342	Settled
<i>Motion of St. Ann's Roman Catholic Church for Relief from or Annulment of the Automatic Stay to Continue State Court Litigation</i> [Docket No. 287]	317, 318, 330	Denied
<i>Motion for Order Pursuant to Rule 2004 of the Federal Rules of Bankruptcy Procedure for Production of Documents and Examination of Witnesses Re Debtor (Capuchin Franciscan Friars, Province of The Sacred Stigmata (Corp.))</i> filed by Creditors Committee [Docket No. 439]	450, 472, 484	Granted in part
<i>Motion of The Official Committee of Unsecured Creditors to Disband Lay Employee Committee</i> [Docket No. 469]	471, 502, 514, 734	Pending
<i>Motion for Relief from Stay to Pursue Litigation up to the Limits of Insurance Proceeds to Enforce Rights of Indemnification and Contribution</i> filed by W.S. Cumby & Sons, Inc. [Docket No. 474]	N/A	Pending
<i>Motion to Strike the Joinder of the Unofficial Committee of 91 State Court Abuse Survivors in the Motion of the Official Committee of Unsecured Creditors to Disband the Lay Employee Committee</i> filed by Catholic Charities, Inc. [Docket No. 476]	488, 497, 502, 514, 734	Pending
<i>Emergency Motion of the Official Committee of Unsecured Creditors to Hold Catholic Diocese of Wilmington, Inc. and Other Parties in Civil Contempt for Violation of the Automatic Stay and Mediation Order and Request for Expedited Consideration Thereon</i> [Docket No. 534]	544, 555, 556, 557	Denied
<i>Motion to Hold The Catholic Diocese of Wilmington, Inc., [et al.] in Contempt in Violation of the Court's November 12, 2009 Order and Request for Expedited Consideration Thereon</i> filed by James E. Sheehan [Docket No. 546]	554, 565	Moot
<i>Debtor's Motion to Extend the Period Within Which the Debtor May Remove Actions</i> [Docket No. 582]	601, 602	Granted
<i>Joinder and Motion of The Cathedral of St. Peter Roman Catholic Church, Pursuant to Sections 105(a), 362 and 363 of the Bankruptcy Code, for an Order Granting Relief from the Automatic Stay and Authorizing the Debtor to Make a Limited Distribution from the Pooled Investment Account</i> [Docket No. 627]	710, 718, 751, 753	Granted
<i>Emergency Motion (With Respect to the DeLuca 7 and Curry Cases) To Fix Deadline to Remove State Court Actions</i> filed by Creditors Committee [Docket No. 689]	697, 762, 767, 770, 772, 777	Denied
<i>Motion for Relief from Stay for an Order Modifying the Automatic Stay to Permit Liquidation/Valuation of the Claims of the DeLuca 7 and Curry Against The Diocese at the Upcoming State Court Trials</i> filed by Unofficial Committee for Abuse Survivors [Docket No. 738]	745, 747	Denied

8. Global Mediation

On February 24, 2010, while discussions with the Debtor were still ongoing as to the possibility of selecting a global case mediator for the Chapter 11 Case, the Creditors Committee filed a motion to appoint former Judge Thomas Rutter as mediator [Docket No. 54]. On March 12, 2010, the Debtor objected to this motion and cross-moved to appoint Judge Gross to mediate property-of-the-estate issues [Docket No. 383]. A number of Insurers objected to the proposed global mediation [Docket Nos. 396, 397, 398, 399, and 407], as did the then *ad hoc* committee of lay employees [Docket No. 401]. As noted above, the Bankruptcy Court ordered the Mediation Parties to meet and confer regarding the Mediation, but those discussions reached an impasse. On May 3, 2010, by letter to all parties, the Bankruptcy Court appointed Judge Gross to mediate discussions regarding the selection of a mediator and a procedure for mediation of the substantive issues in the Chapter 11 Case. On May 13, 2010, Judge Gross reported to the Bankruptcy Court and recommended that he and former Judge Rutter be appointed co-mediators of the Chapter 11 Case, that all Mediation Parties be required to participate in the mediation, that issues involving the Mediation Parties be held in abeyance pending the Mediation, including particularly the PIA Adversary, the motion to disband the Lay Employees Committee, and the extension of the stay of litigation involving the Parish Corporations.

As noted above, on June 1, 2010, the Bankruptcy Court entered an order (as subsequently amended, the "Mediation Order") adopting some, but not all, of Judge Gross's recommendations. In particular, the Mediation Order generally stayed the Chapter 11 Case, save for routine and consensual matters, and matters necessary to avoid immediate and irreparable harm to a party, but permitted the PIA Adversary to proceed to trial on Phase I. As noted above, mediation sessions were held on June 25-27, July 2-3, and August 31-September 1, 2010, with the goal of negotiating a consensual chapter 11 plan. While these mediation sessions did not result in a negotiated plan, the Debtor believes that progress was made on several fronts. On September 3, 2010, the Bankruptcy Court entered an order [Docket No. 734] lifting the general stay of the Chapter 11 Case but leaving open the Mediation to permit the Mediators to call additional sessions, if necessary.

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9. Cash Position; Estimated Claims and Distributions

As of August 31, 2010, the Debtor had unrestricted cash on hand of approximately \$267,412, unrestricted investments of approximately \$12,363,217, and restricted investments of approximately \$28,456,644. The Debtor's cash usage for operations and the expenses of administering this Chapter 11 Case – which have been substantial – and anticipated cash usage through the end of January 2011, is reflected on the following table:

Projected Change in Assets From 9/30/2010 to 1/31/2011

	<u>TOTAL</u>
CDOW Operations	
CDOW Revenue	
Assessments	1,022,000
Operational Income	623,980
Designated Income (Education)	185,500
Total CDOW Revenue	<u>1,831,480</u>
CDOW Expenses	
Payroll & Taxes	872,000
Medical Payments	-
Other Compensation	205,500
Other Operational	936,750
Capital Expenditures	-
Total CDOW Expenses	<u>2,014,250</u>
CDOW NET OPERATING CASH	<u>(182,770)</u>
Benefits & Insurance Program Administration	
Medical Program	
Premiums Received	4,130,000
Expenses	4,130,000
Net Medical	-
Workers Compensation	
Premiums Received	-
Expenses	50,000
Net Workers Comp	(50,000)
Property & Liability Insurance	
Premiums Received	65,000
Expenses	41,000
Net P&L Insurance	24,000
Pensions	
Priests	222,600
	-
Total Pensions	<u>(222,600)</u>
NET CHANGE IN LIQUIDITY	<u>(431,370)</u>

The following table summarizes (i) the estimated Allowed Claims in each Class, (ii) the estimated Plan Trust Assets to be distributed to each Class after payment of estimated S/A/P Claims and Plan Administration Expenses, and (iii) the estimated percentage distributions to each Class from the Plan Trust. Estimates for the Allowed Amount of Personal Injury Tort Claims are based upon actual payments made in other diocesan bankruptcies with confirmed plans. Estimates of distributed assets make certain assumptions as to the amount of S/A/P Claims, Plan Administration Expenses, and ultimate recovery from Insurers on the Debtor's Insurance Assets, the Shared Insurance Policies, and the Parish-Only Insurance Policies, as set forth more fully in the Chapter 7 Liquidation Analysis attached hereto as Exhibit C.

CLASS	DESCRIPTION	ALLOWED AMOUNT (THOUSANDS)		TOTAL DISTRIBUTION FROM PLAN TRUST (THOUSANDS)		% RECOVERY FROM PLAN TRUST
		LOW	HIGH	W/ LOW CLASS 3A	W/ HIGH CLASS 3A	
3A	Personal Injury Tort Claims	\$37,209	\$101,422	\$32,877	\$54,854	54.1% - 88.4%
3B	Lay Pension Claims	\$47,621		\$29,662	\$21,201	44.5% - 62.3%
3C	Allied Irish Bank Claim	\$11,308		N/A	N/A	N/A ³³
3D	Clergy Pension Claims	\$13,107		N/A	N/A	N/A ³⁴
3E	Gift Annuity Claims	\$98		N/A	N/A	N/A ³⁵
3F	Other Unsecured Claims	\$74,719		\$47,384	\$33,868	44.5% - 62.3%
4	Penalty Claims	Unknown		\$0	\$0	0%

The "low" and "high" estimates for Allowed Personal Injury Tort Claims in the table above were determined by multiplying the 157 Personal Injury Tort Claims filed in this Chapter 11 Case by, respectively, (i) the average payout per abuse claim in the chapter 11 case of the Diocese of Davenport, Iowa (approximately \$237,000), and (ii) twice the average payout per abuse claim in the chapter 11 cases of the Davenport diocese, the Archdiocese of Portland, Oregon, the Diocese of Spokane, Washington, and the Diocese of Tucson, Arizona (\$323,000 x 2 = \$646,000).³⁶ The Debtor believes that nationwide bankruptcy settlements are likely to be better predictors of the ultimate amount of Allowed Personal Injury Tort Claims in this case than prepetition settlements by the Debtor and nationwide non-bankruptcy settlements, in particular because settlements outside of bankruptcy are made against a backdrop of potential punitive

³³ See note 8, *supra*.

³⁴ See note 9, *supra*.

³⁵ See note 10, *supra*.

³⁶ The Debtor excluded from this calculation the average payout per abuse claim in the Diocese of Fairbanks, Alaska case, which was approximately \$33,000 per claim, plus an as-yet undetermined amount of insurance proceeds.

damages and the possible avoidance of bankruptcy,³⁷ both of which command a premium not specifically related to the amount of compensatory damages that would be awarded on account of the abuse at issue. As a result of the separate classification and subordination of Penalty Claims under the Plan, as required by § 726(a)(4) of the Bankruptcy Code, the amount of Allowed Personal Injury Tort Claims will be determined solely by reference to compensatory damages.

The Debtor expects that the Allowed amount of Personal Injury Tort Claims premised upon abuse by a Diocesan priest or employee (91 Claims) will be substantially higher than the Allowed amount of Personal Injury Tort Claims arising from abuse by a Religious Order priest (66 Claims). Assuming the ratio of the Allowed amount of each Diocesan- versus Religious Order-based Claim is 10:1, the “low” and “high” estimates for Allowed Personal Injury Tort Claims in the table above reflect an effective range of \$381,000 - \$1,040,000 on average for each Diocesan Claim and \$38,000 - \$104,000 on average for each Religious Order Claim. Based upon the assumed aggregate distribution from the Plan Trust set forth in the above table, and again assuming a 10:1 ratio of the Allowed amount of Diocesan- versus Religious Order-based Claims, this would translate to an actual recovery of between \$340,000 - \$560,000 on average for each Diocesan Claim and \$34,000 - \$56,000 on average for each Religious Order Claim. The actual Allowed amount and recovery upon any given Claim, of course, may be less than, or greater than, the average.

The Creditors Committee believes the Debtor’s methodology for estimating the Allowed amount of Personal Injury Tort Claims is flawed because, among other reasons, the Creditors Committee: (i) questions whether the selected diocesan bankruptcy cases are similar to the Debtor’s chapter 11 case. (ii) disputes the Debtor’s characterization of the San Diego settlement as a “non-bankruptcy” settlement; and (iii) questions the Debtor’s assertion that bankruptcy cost-avoidance increases the settlement value of tort claims, and therefore disputes the Debtor’s exclusion of pre-bankruptcy settlements from its estimation methodology. The Debtor stands by its estimates for the reasons set forth above, particularly in the absence of any alternative estimation methodology proposed by the Creditors Committee.

THE FOREGOING ESTIMATES OF THE DEBTOR ARE BY WAY OF ILLUSTRATION ONLY, BASED UPON (I) THE REPORTED RESULTS OF OTHER DIOCESAN BANKRUPTCY CASES, FOR PURPOSES OF DETERMINING THE ALLOWED AMOUNT OF PERSONAL INJURY TORT CLAIMS, AND (II) THE FINANCIAL ASSUMPTIONS UNDERLYING THIS DISCLOSURE STATEMENT, AS SET FORTH MORE FULLY HEREIN, FOR PURPOSES OF DETERMINING THE ESTIMATED CREDITOR RECOVERIES. NOTHING HEREIN IS INTENDED, NOR SHOULD IT BE CONSTRUED, AS AN ADMISSION BY THE DEBTOR AS TO THE ESTIMATED OR ALLOWED AMOUNT OF ANY PERSONAL INJURY TORT CLAIM OR GROUP THEREOF, OR AS A GUARANTEE OR ASSURANCE OF A PARTICULAR RECOVERY, OR RANGE OF RECOVERIES, ON ANY ALLOWED PERSONAL INJURY TORT CLAIM OR GROUP THEREOF. THE DEBTOR RESERVES ALL RIGHTS WITH RESPECT TO THE ESTIMATION AND ALLOWANCE OF PERSONAL INJURY TORT CLAIMS.

³⁷ The Diocese of San Diego, California reached a settlement during its chapter 11 case which was effectuated outside of bankruptcy following the voluntary dismissal of the case. The Debtor considers this to be a non-bankruptcy settlement, however, because that chapter 11 case was at peril of involuntary dismissal had a settlement not been reached.

IV. STREAMLINED PROCEDURE FOR THE LIQUIDATION AND ALLOWANCE OF PERSONAL INJURY TORT CLAIMS UNDER THE PLAN

From the outset of this Chapter 11 Case the Debtor has pursued a mediated resolution with the CVA plaintiffs, as it had in the Superior Court prior to the Petition Date. Recognizing some time would be necessary first to allow for the filing of the Schedules, passage of the Bar Date, and discovery on certain key issues, the Debtor envisioned an ADR process to be implemented through a chapter 11 plan, which would provide for the full, fair, and expeditious liquidation of the CVA plaintiffs' claims. The Debtor expected this ADR process would expedite distributions to CVA plaintiffs and, more importantly, reduce litigation expenses that would otherwise erode recoveries for all creditors. Establishing an ADR process in the context of a bankruptcy case is a delicate process, because Personal Injury Tort Claims enjoy certain rights that cannot be overridden in the bankruptcy process, such as the right to a jury trial in federal district court. However, given the Debtor's insolvency, the plaintiffs themselves (as well as other creditors) would be financially harmed by the exercise of jury trial rights in excess. Thus, the Debtor determined that an effective ADR process would have to balance each plaintiff's ultimate right to obtain a jury trial against the interests of other plaintiffs and creditors in minimizing litigation costs that would erode their recoveries.

In evaluating potential ADR options, the Debtor looked to other large-scale diocesan abuse settlements, both in bankruptcy (i.e., in Spokane, Washington; Portland, Oregon; Tucson, Arizona; Davenport, Iowa; and Davenport, and Fairbanks, Alaska), and out of bankruptcy (i.e., in Boston, Massachusetts, and Los Angeles and San Diego, California), and considered a variety of mechanisms, including: (i) a "matrix" of claim allowance based on the nature and severity of the abuse, (ii) claim-by-claim mediation, (iii) "mini-trials" before a specialized arbitrator or arbitrators, (iv) "test trials" of selected cases to establish the higher and lower boundaries of likely jury awards, followed by mediation guided by those results, (v) litigation in state court, (vi) litigation before a single federal court, (vii) "convenience" treatment whereby claims are allowed in a fixed amount upon a *prima facie* showing by the claimant, and (viii) various combinations of the foregoing, with the claimants' electing their preferred treatment. Ultimately, the Debtor settled on a hybrid approach similar to that used in the Davenport chapter 11 plan, which was a consensual plan proposed jointly by the debtor and the committee of survivor-claimants, and permitted survivors to *elect* between (i) "convenience" treatment, (ii) arbitration, and (iii) litigation.³⁸

In developing its own tri-directional ADR process, the Debtor was mindful that the primary stated goal of many, if not most, survivor-claimants is to share their story publicly, both to obtain recognition and affirmation of the grievous wrong they had suffered to promote their own healing, and to increase the public's awareness of the problem of sexual abuse, to prevent it from happening again to others. Thus, to the extent possible, the Debtor attempted to introduce into its ADR procedures (and elsewhere in its Plan)³⁹ lower-cost alternatives to trial

³⁸ The Plan *does not* propose limit survivor claims to \$75,000 or \$25,000 each as was erroneously reported to (and by) the media in the week following the initial filing of the Plan on September 22, 2010. This was a mischaracterization of the convenience treatment discussed below.

³⁹ As discussed below, the Plan provides for (i) public access to non-privileged, abuse-related documents, and (ii) upon Allowance of a Personal Injury Tort Claim involving a Diocesan priest or employee, a written apology by the Bishop to the survivor taking full responsibility for the abuse the survivor suffered.

which would permit the survivors to tell their stories and increase public awareness, while at the same time protecting other creditors of the Debtor from diluted recoveries as a result of significant litigation expenses.

Under the Plan, each holder of a Personal Injury Tort Claim may elect between “convenience” treatment, arbitration, or litigation.

A. Convenience Treatment

Claimants *electing* “convenience” treatment are eligible to receive allowed claims of \$75,000 (for survivor-claimants of abuse by Diocesan priests or employees) or \$25,000 (for survivor-claimants of abuse by Religious Order priests). Similar to the Davenport plan, “convenience” claimants must execute a sworn statement testifying to the abuse they suffered. If the statement, combined with the Proof of Claim filed by the claimant is sufficient to establish a *prima facie* case for liability under applicable law, then the Personal Injury Tort Claim will be allowed at the applicable amount. Convenience claimants also receive prompt payment equal to 50% of their allowed claim, subject to supplemental distribution of the payout to all Personal Injury Tort Claimants ultimately exceeds 50%.

B. Arbitration

Claimants electing “ADR” treatment commit to binding arbitration before a Special Mediator and pursuant to Arbitration Procedures to be proposed by the Debtor, in consultation with the Creditors Committee, and approved by the Bankruptcy Court prior to the Effective Date of the Plan. As a prerequisite to commencement of arbitration, the survivor-claimant is required to make a demand as to the allowed amount of his or her Personal Injury Tort Claim, which must be accepted or countered. If the demand/counter process does not produce an agreed result, the arbitration will proceed either privately or publicly, in the sole discretion of the survivor-claimant. Decisions of the Special Arbitrator will be final and non-appealable by any party, and may be made public or kept under seal, in the sole discretion of the survivor-claimant. Survivor-claimants electing ADR treatment will have an Allowed Class 3A Claim in the amount of the compensatory damages awarded by the Special Arbitrator.

C. Litigation

Claimants electing “litigation” treatment are required to first submit to mediation before a Special Mediator to be proposed by the Debtor, in consultation with the Creditors Committee, and approved by the Bankruptcy Court. At any time prior to the commencement of trial or the filing of a case-dispositive defense motion, a survivor-claimant may change his or her election to ADR treatment and proceed before the Special Arbitrator. Trials for litigation claimants will take place in the District Court, to which all pending state-court actions (apart from the actions the Bankruptcy Court specifically permitted to go forward in the state court) will be removed. Survivor-claimants electing litigation treatment will have an Allowed Class 3A Claim in the amount of compensatory damages awarded by a Final Order of the District Court.

D. Allocation of Costs Between Estate and Survivor-Claimants

The Personal Injury Tort Claims are unliquidated, disputed, and/or contingent, and will need to be liquidated and allowed in some fashion to administer the Plan. Because liquidation and allowance of the Personal Injury Tort Claims is necessary for the general administration of the Plan, the Debtor believes it appropriate for the Estate to bear the cost of providing a mechanism for their liquidation and allowance. Accordingly, under the Plan, the fees and expenses of the Special Arbitrator and Special Mediator are deemed Plan Administration Expenses that are paid out of general Plan Trust Assets. However, where survivor-claimants choose trial over the lower-cost alternatives made available under the Plan, the Debtor believes it fairer to other creditors for the survivor-claimants to bear the increased costs, as opposed to passing them on to other creditors in the form of higher Plan Administration Expenses that erode all creditor recoveries. Accordingly, the Plan provides that the costs of expenses of the Plan Trust and the Reorganized Debtor in litigating a Personal Injury Tort Claim are chargeable to the Personal Injury Tort Claims Account rather than the Plan Administration Expense Reserve.

E. Global Estimation for Distribution Purposes

Although the ADR processes implemented through the Plan are designed to, and likely will, streamline the Personal Injury Tort Claim liquidation process, it is possible that the process will take several years to conclude. During this time, other creditors, including creditors having undisputed, liquidated and non-contingent claims, might receive no distributions from the Plan Trust in light of the uncertainty as to the ultimate Allowed amount of the Personal Injury Tort Claims. The Debtor does not believe it would be fair to these creditors to delay distributions until the conclusion of the ADR process for the Personal Injury Tort Claims. In addition, the delayed distribution in the case of the Non-Debtor Pooled Investors would likely result in additional, *ad hoc* requests and applications to the Bankruptcy Court for interim withdrawals/advancement of funds to meet operational needs. Accordingly, as an integral part of the agreement with the Non-Debtor Catholic Entities discussed below, the Plan requires the Debtor to seek estimation of the Personal Injury Tort Claims (as well as Lay Pension Claims) for distribution purposes soon after confirmation of the Plan, which will facilitate an interim distribution upon the PIA Investment Claims.

V. PROPOSED RESOLUTION OF PERSONAL INJURY TORT CLAIMS AGAINST NON-DEBTOR CATHOLIC ENTITIES UNDER THE PLAN

Sexual abuse claims against the Debtor are inextricably intertwined with sexual abuse claims against other Non-Debtor Catholic Entities, because while the Debtor was responsible for training, placement, and supervision of Diocesan priests, abuser-priests most often committed their heinous acts while on assignment at parishes and other locations.⁴⁰ Because the Debtor concedes that it ultimately bears responsibility for the conduct of Diocesan priests and employees, any Non-Debtor Catholic Entity having legal exposure for sexual abuse claims likely has a valid indemnification claim against the Debtor for the amount of such exposure, plus defense costs. Thus, were the Plan to treat only the Debtor's liability on Personal Injury Tort Claims, the Plan could not be fully administered until each and every sexual abuse

⁴⁰ Nothing herein is intended, nor should it be construed, as a concession or admission as to the validity or amount of any Personal Injury Tort Claim, or group thereof, against any Non-Debtor Catholic Entity.

claim against Non-Debtor Catholic Entities had been finally adjudicated, at which time the Debtor's total exposure to indemnity claims would be known. In addition to the delays in Plan administration, this result would require the expenditure of significant judicial resources on essentially duplicative tasks – that is, multiple separate proceedings to address much of the same evidence, witnesses, and theories of liability. The inefficiencies of such a process are manifest, and they would harm the Debtor, the non-debtor defendant(s), and the plaintiff(s) alike by increasing costs and delaying resolution of the abuse claims against all defendants, as well as the resolution of this Chapter 11 Case. To avoid these inefficiencies, the Debtor believes that resolution of abuse claims against the Debtor and the Non-Debtor Catholic Entities (primarily, Parish Corporations) would best proceed in a single forum.

The Debtor's conclusion is buttressed by the problem of shared insurance. In many instances, the Debtor and a defendant Parish Corporation are covered under the same insurance policy(ies). Were the Debtor and the Parish Corporation required to have their liability determined in separate proceedings, the Insurer may not be willing to participate in settlement discussions in either proceeding, because it would not want to commit funding in any one case without obtaining a global release from both insureds. If an insured case were to proceed against the Parish Corporation, and were a judgment to be entered and satisfied from insurance proceeds, then the Debtor's Estate would suffer the dissipation of an Insurance Asset, to the detriment of all other creditors. This, too, militates in favor of resolving Debtor and non-debtor liability in a single proceeding.

Sexual abuse cases are also inextricably intertwined with each other. For instance, under the CVA there are many unresolved questions of law, which have been the subject of extensive briefing in the Superior Court prepetition. With multiple judges in the Superior Court considering multiple novel issues of law, there are likely to be differences of opinion resulting in the non-uniform application of the law and material disparities between survivor-claimant outcomes. In a bankruptcy proceeding where treating similarly situated creditors similarly is of paramount importance, it makes abundant sense – both as a practical matter and as a bankruptcy policy matter – to consolidate all litigation in a single forum, which will ensure the uniform application of the law and consistent outcomes for litigants. Consolidation of litigation in a single forum will also permit the trial court to benefit from economies of scale and implement case-management techniques that are difficult to coordinate among multiple judges sitting in multiple counties.

Given the benefits of resolving the Debtor's and the Non-Debtor Catholic Entities' liability in a single proceeding, and of resolving all abuse litigation in a single forum, the Plan proposes for the Non-Debtor Catholic Entities, collectively, to contribute assets to the Plan Trust for the benefit of holder of Personal Injury Tort Claims, in exchange for, and conditioned upon, treatment as Third-Party Releasees under the Plan whose liability for Personal Injury Tort Claims is assumed by – and channeled to, via a channeling injunction under § 105(a) of the Bankruptcy Code – the Plan Trust. This plan structure is utilized frequently in the context of other mass-tort cases, e.g., asbestos cases, and has been used in a diocesan bankruptcy, and generally facilitates efficient and expeditious liquidation and payment of claims.

The Plan proposes the contribution of \$4.7 million to the Plan Trust by, or on behalf of, the Non-Debtor Catholic Entities, as well as non-cash consideration consisting of: (i)

consent to compromise or liquidation of the non-debtors' interests in Shared Insurance Policies by the Debtor, (ii) all right, title and interest in and to the Parish-Only Policies, and (iii) waiver of cross-claims for indemnity against the Debtor. The cash consideration (\$4.7 million) and proceeds of the non-debtors' interests in Insurance Assets and Parish-Only Policies (which the Debtor estimates will total approximately \$5 million) will be contributed by the Plan Trustee to the Personal Injury Tort Claims Payment Account for the sole benefit of holders of Personal Injury Tort Claims. The waiver of cross-claims for indemnity, in turn, will benefit all creditors by reducing the total claims asserted against the Plan Trust, which would otherwise dilute recoveries to other creditors. In sum, the Debtor believes that, taken together, the consideration to be provided by or on behalf of the Non-Debtor Catholic Entities provides reasonably equivalent value to holders of Personal Injury Tort Claims in exchange for protection by the Plan's Third-Party Release and Channeling Injunctions, and is essential to the success of the Plan.

VI. PROPOSED SETTLEMENT BETWEEN ESTATE AND NON-DEBTOR CATHOLIC ENTITIES EMBODIED IN THE PLAN

As a result of the Phase I ruling in the PIA Adversary, to the extent upheld on appeal, the Non-Debtor Pooled Investors will have PIA Investment Claims against the Estate on account of their lost investments and, possibly, PIA Breach Claims on account of any consequential damages, losses, or expenses incurred as a result of the Debtor's alleged breach of its fiduciary duty of care with respect to the handling of the Disputed Non-Debtor PIA Funds. The Non-Debtor Pooled Investors timely filed Proofs of Claim asserting (i) PIA Investment Claims in the aggregate amount of more than \$78 million, representing the balance of the Disputed Non-Debtor PIA Funds as of the last full month prior to the Bar Date for which there were PIA balances available from the Custodian, and (ii) unliquidated PIA Breach Claims. Pursuant to § 502(b) of the Bankruptcy Code, the Debtor believes the appropriate date of determination of the value of the Disputed Non-Debtor PIA Funds for purposes of Allowance of the PIA Investment Claims is the Petition Date. Thus, upon review of its books and records, the Debtor has determined that the PIA Investment Claims should be allowed in the aggregate amount of \$74,419,013.46, which represents the value of the Disputed Non-Debtor PIA Funds as of the last full month prior to the Petition Date. Because the Non-Debtor Pooled Investors continue to incur expenses and, possibly, to suffer damages and losses that might be compensable as PIA Breach Claims, the Debtor cannot at this time determine an appropriate amount for Allowance of PIA Breach Claims.

Chapter 5 of the Bankruptcy Code empowers the Debtor, on behalf of the Estate, to recover certain transfers of property, to avoid certain debts incurred, and to collect debts owed to the Estate. Upon review of its books and records, the Debtor has determined that \$1.461 million of notes receivable due and owing from various Non-Debtor Catholic Entities to the Debtor could potentially become subject to valid turnover actions under § 542 of the Bankruptcy Code. Apart from these turnover actions, the Debtor does not believe there are any other Chapter 5 Actions that would be assertable against any Non-Debtor Catholic Entities, because any transfers of property that might conceivably give rise to a Chapter 5 Action were (i) not transfers of property of the Debtor, but rather transfers of property held in trust by the Debtor for the benefit of the Non-Debtor Catholic Entities, or another, (ii) made in the ordinary course of the Debtor's operations, (iii) made in exchange for reasonably equivalent value, whether economic

or moral (as in the case, e.g., of charitable giving), (iv) made while the Debtor was solvent, and/or (v) religiously motivated payments immune from avoidance under the Religious Freedom Restoration Act, 42 U.S.C. §§ 2000bb.

In light of the importance of the Non-Debtor Catholic Entities' continued vitality to the corporate purposes and religious mission of the Debtor, the Debtor believes it essential to (i) resolve any dispute regarding the Allowed amount of the PIA Investment Claims, (ii) provide for an interim distribution from the Plan Trust on account of those Claims, and (iii) resolve any Chapter 5 Actions against the Non-Debtor Catholic Entities as expeditiously as possible, to minimize both the expenses to the Estate and disruption of the Non-Debtor Catholic Entities' operations as a result of piecemeal litigation over Claim allowance or Chapter 5 Actions which might delay distributions to the Non-Debtor Catholic Entities on their PIA Investment Claims and necessitate further *ad hoc* applications to the Bankruptcy Court for access to Disputed Non-Debtor PIA Funds. Accordingly, the Plan proposes to settle the PIA Investment Claims against the Estate and the Chapter 5 Actions against the Non-Debtor Catholic Entities as follows: (i) the PIA Investment Claims shall be Allowed in the aggregate amount of \$74,419,013.46, as set forth more fully in Exhibit B to the Plan, with all rights reserved with respect to the PIA Breach Claims; (ii) as a condition precedent to the effectiveness of the Plan, the Debtor shall file a motion to estimate for distribution purposes the aggregate Allowed amount of Personal Injury Tort Claims and Lay Pension Claims, so as to permit an interim distribution to be made on the Allowed PIA Investment Claims;⁴¹ and (iii) property valued at not less than ~~\$1.461~~1.458 million shall be contributed by, or on behalf of, the Non-Debtor Catholic Entities, upon receipt of which property all Chapter 5 Actions against the Non-Debtor Catholic Entities shall be released.

The Creditors Committee contends that this proposed settlement provides no consideration to the Debtor's Estate, because the \$1.458 million of consideration is equal to the face amount of notes receivable owed to the Debtor by certain Non-Debtor Catholic Entities. The Debtor disagrees, and notes that the immediate and full payment upon the notes receivable will relieve the Estate of any risk of non-payment in the future. Additionally, in connection with this settlement, the PIA Investment Claims are being allowed at an amount lower than the amount asserted by the Non-Debtor Pooled Investors.

The Plan also provides for the compromise of other Estate Causes of Action against the Non-Debtor Catholic Entities, and resolution of other Claims of the Non-Debtor Catholic Entities against the Estate, provided that notice of any such compromise and the terms thereof shall be filed as a Supplemental Plan Document, and approval of such compromise shall be considered by the Bankruptcy Court at the hearing to consider confirmation of the Plan, or as soon thereafter as possible.

VII. THE PLAN

The following summary of certain principal provisions of the Plan is qualified in its entirety by reference to the Plan, which is attached as Exhibit A to this Disclosure Statement. The statements contained in this Disclosure Statement do not purport to be precise or complete

⁴¹ The Creditors Committee contends no distribution can be made on PIA Investment Claims until the second phase of the PIA Adversary, and/or objections to the PIA Investment Claims to be filed by the Creditors Committee, have been adjudicated. The Debtor disagrees.

statements of all the terms and provisions of the Plan or documents referred to therein, and reference is made to the Plan and to such documents for the full and complete statements of such terms and provisions. In the event of any discrepancy between this Disclosure Statement, including the following summary description, and any provision of the Plan, the Plan or order confirming the Plan will control.

A. Classification of Claims

The categories of Claims listed below classify Claims (except for Administrative Claims, and Priority Tax Claims) for all purposes, including voting, confirmation and distribution pursuant to the Plan. As provided in § 1123(a)(1) of the Bankruptcy Code, Administrative Claims and Priority Tax Claims shall not be classified for the purposes of voting or receiving distributions under the Plan. Rather, all such Claims shall be treated separately as unclassified Claims on the terms set forth in Article II of the Plan.

CLASS	DESCRIPTION	STATUS
Class 1	Secured Claims	Unimpaired - not entitled to vote
Class 2	Priority Claims	Unimpaired - not entitled to vote
Class 3A	Personal Injury Tort Claims	Impaired - entitled to vote
Class 3B	Lay Pension Claims	Impaired - entitled to vote ⁴²
Class 3C	Allied Irish Bank Claim	Impaired - entitled to vote
Class 3D	Clergy Pension Claims	Potentially Impaired - entitled to vote
Class 3E	Gift Annuity Claims	Potentially Impaired - entitled to vote
Class 3F	Other Unsecured Claims	Impaired - entitled to vote
Class 4	Penalty Claims.	Impaired - not entitled to vote

Consistent with § 1122 of the Bankruptcy Code, a Claim is classified by the Plan in a particular Class only to the extent the Claim is within the description of the Class, and a Claim is classified in a different Class to the extent it is within the description of that different Class.

B. Treatment of Claims

The treatment of Claims in the Plan is in full and complete satisfaction of the legal, contractual, and equitable rights that each Person holding an Allowed Claim may have in or against the Debtor or its property. This treatment supersedes and replaces any agreements or rights those Persons have in or against the Debtor or its property. All Distributions under the Plan will be tendered to the Person holding the Allowed Claim or Allowed Interest in accordance with the terms of the Plan. **EXCEPT AS SPECIFICALLY SET FORTH IN THE PLAN, NO DISTRIBUTIONS WILL BE MADE AND NO RIGHTS WILL BE RETAINED ON ACCOUNT OF ANY CLAIM THAT IS NOT AN ALLOWED CLAIM.**

⁴² The Creditors Committee contends the Lay Pension Claims are not impaired under the Plan and should not be entitled to vote. The Debtor and the Lay Employees Committee disagree.

1. Secured Claims

With respect to each Allowed Secured Claim, the legal, equitable, and contractual rights to which such Allowed Secured Claim entitles its holder shall be reinstated in full on the Effective Date.

2. Priority Claims

Unless the holder of an Allowed Priority Claim and the Debtor (if prior to the Effective Date) or the Plan Trustee (on and after the Effective Date) agree to a different treatment, on the later of the Effective Date (or as soon thereafter as practicable) and the date a Priority Claim becomes an Allowed Claim (or as soon thereafter as is practicable), the Plan Trust shall pay each such Allowed Priority Claim in full, in Cash, without interest.

3. Personal Injury Tort Claims

Personal Injury Tort Claims will be (i) estimated for distribution purposes in accordance with Section 5.3 of the Plan, and (ii) liquidated and Allowed, or Disallowed, in accordance with Section 4.3(a) of the Plan (for Convenience Personal Injury Tort Claims), Section 5.4 of the Plan (for ADR Personal Injury Tort Claims) or Section 5.5 of the Plan (for Litigation Personal Injury Tort Claims), as applicable.

a. *Convenience Treatment.* Each holder of a Personal Injury Tort Claim may elect on his or her Ballot to be treated as a holder of a Convenience Personal Injury Tort Claim, which election shall be irrevocable. Each holder of a Convenience Personal Injury Tort Claim shall tender to the Special Arbitrator a sworn statement in the form to be Filed as a Supplemental Plan Document. Each Convenience Personal Injury Tort Claim shall be Allowed in the amount of \$75,000 (for Claims against Diocesan priests or employees) or \$25,000 (for Claims against Religious Order priests), as applicable, if the Special Arbitrator determines that the sworn statement, along with the Proof of Claim filed by the holder of such Claim, establish a *prima facie* case that the holder suffered sexual abuse for which the Debtor and/or a Non-Debtor Catholic Entity could be held civilly liable under applicable nonbankruptcy law. Within ten (10) days after Allowance of a Convenience Personal Injury Tort Claim as provided in the previous sentence, the holder of such Claim shall receive a distribution from the Personal Injury Tort Claims Payment Account equal to 50% of the Allowed amount of his or her Personal Injury Tort Claim. For the avoidance of doubt, any distribution made pursuant to Section 4.3(a) of the Plan shall be final and indefeasible, and shall not be subject to reduction or disgorgement in the event the percentage distribution on other Allowed Personal Injury Tort Claims under Section 4.3(b) of the Plan is less than 50%.

b. *General Treatment.* After (i) every Personal Injury Tort Claim has been Allowed or Disallowed, as applicable, and such Allowance or Disallowance shall have become final and non-appealable, and (ii) all fees and expenses payable from the Personal Injury Tort Claims Payment Account pursuant to Section 5.8 of the Plan have been paid, each holder of an Allowed Personal Injury Tort Claim shall receive a Pro Rata Distribution on such Claim from the Personal Injury Tort Claims Payment Account in full satisfaction, settlement, and release of, and in exchange for, his or her Personal Injury Tort Claim, provided that the amount of Distribution to any holder of a Convenience Personal Injury Tort Claim shall be reduced by the amount of the Distribution made pursuant to Section 4.3(a) of the Plan.

4. Lay Pension Claims

Each holder of an Allowed Lay Pension Claim shall be entitled to a Pro Rata Distribution from the General Claims Payment Account in full satisfaction, settlement, and release of, and in exchange for, his or her Allowed Lay Pension Claim, which distribution shall be made to the Lay Pension Plan Trust on behalf of such holder. As soon as practicable after the Confirmation Date, the Debtor shall File a motion in the Bankruptcy Court pursuant to § 502(c)(1) of the Bankruptcy Code to estimate for purposes of allowance and distribution the aggregate Allowed amount of all Lay Pension Claims.

5. Allied Irish Bank Claim

In full satisfaction, settlement, and release of, and in exchange for, the Allied Irish Bank Claim, on the Effective Date, the holder of such Claim shall receive a promissory note substantially in the form to be filed with the Supplemental Plan Documents, which note shall (i) be executed by the Reorganized Debtor in a principal amount equal to the Allowed amount of the Allied Irish Bank Claim, and (ii) be payable on economic terms no less favorable to the Reorganized Debtor than the economic terms of the DEDA Loan Agreement, provided, however, that if the Capital Campaign Fund is determined by a Final Order to have been an Unrestricted

Asset of the Debtor, then as soon as practicable thereafter, (i) the Reorganized Debtor shall direct the Custodian to liquidate the Capital Campaign Fund and contribute the proceeds thereof to the Plan Trust on behalf of the Debtor, and (ii) the holder of the Allied Irish Bank Claim shall receive a Pro Rata distribution on such Claim from the General Claims Payment Account in full satisfaction, settlement, and release of, and in exchange for, such Claim.

6. Clergy Pension Claims

With respect to each Clergy Pension Claim, the legal, equitable, and contractual rights to which such Claim entitles its holder shall be reinstated in full on the Effective Date; provided, however, that if the Clergy Pension Fund is determined by a Final Order to have been an Unrestricted Asset of the Debtor, then as soon as practicable thereafter, (i) the Reorganized Debtor shall direct the Custodian to liquidate the Clergy Pension Fund and contribute the proceeds thereof to the Plan Trust on behalf of the Debtor, (ii) the Plan Trustee shall file a motion in the Bankruptcy Court pursuant to Bankruptcy Code § 502(c)(1) to estimate for distribution purposes the Allowed amount of each Clergy Pension Claim, and (iii) each holder of an Allowed Clergy Pension Claim shall receive a Pro Rata distribution on such Claim from the General Claims Payment Account in full satisfaction, settlement, and release of, and in exchange for, his Clergy Pension Claim.

7. Gift Annuity Claims

With respect to each Gift Annuity Claim, the legal, equitable, and contractual rights to which such Claim entitles its holder shall be reinstated in full on the Effective Date; provided, however, that to the extent any Gift Annuity Fund is determined by a Final Order to have been an Unrestricted Asset of the Debtor, then as soon as practicable thereafter, (i) the Reorganized Debtor shall direct the Custodian to liquidate such Gift Annuity Fund and contribute the proceeds thereof to the Plan Trust on behalf of the Debtor, (ii) the Plan Trustee shall File a motion in the Bankruptcy Court pursuant to Bankruptcy Code § 502(c)(1) to estimate for distribution purposes the Allowed amount of the Gift Annuity Claim corresponding to the Gift Annuity Fund, and (iii) the holder of such Allowed Gift Annuity Claim shall receive a Pro Rata distribution on such Claim from the General Claims Payment Account in full satisfaction, settlement, and release of, and in exchange for, his or her Gift Annuity Claim.

8. Other Unsecured Claims

“Other Unsecured Claims” consist of Unsecured Claims other than the Personal Injury Tort Claims, Lay Pension Claims, Allied Irish Bank Claim, Clergy Pension Claims, and Gift Annuity Claims. Other Unsecured Claims includes specifically the PIA Investment Claims of Non-Debtor Catholic Entities and the claims of vendors and providers of services to the Debtor. Each holder of an Other Unsecured Claim shall receive a Pro Rata distribution from the General Claims Payment Account in full satisfaction, settlement, and release of, and in exchange for, its Other Unsecured Claim.

9. Penalty Claims

~~Holders~~Because senior classes of unsecured creditors are not expected to be paid in full, holders of Penalty Claims shall not be expected to receive or retain any property under this Plan on account of such Claims.

C. Procedures for Liquidation and Allowance of Personal Injury Tort Claims

1. Personal Injury Tort Claimant Election of ADR, Litigation, or Convenience Treatment

Each holder of a Personal Injury Tort Claim may elect on his or her Ballot to be treated as a holder of (a) an ADR Personal Injury Tort Claim, allowance and liquidation of which shall be governed by the Personal Injury Tort ADR Process, (b) a Litigation Personal Injury Tort Claim, allowance and liquidation of which shall be governed by the Personal Injury Tort Litigation Process, or (c) a Convenience Personal Injury Tort Claim, allowance and liquidation of which shall be governed by the terms of Section 4.3(a) of the Plan.

2. Assumption of Liabilities by Plan Trust

The Plan Trust shall assume all liabilities, and succeed to all rights and defenses, of the Debtor and the Third-Party Releasees with respect to Personal Injury Tort Claims (including Unknown Claims) arising from or relating to any sexual abuse that occurred prior to the Confirmation Date.

3. Global Removal of Pending State-Court Litigation; Estimation

To the extent not previously removed pursuant to Bankruptcy Rule 9001 and 28 U.S.C. § 1452, all cases pending in the Superior Court in which Personal Injury Tort Claims and/or Third-Party Indemnity Claims are asserted shall be removed to the District Court for estimation and liquidation of Personal Injury Tort Claims under the Personal Injury Tort ADR Process or the Personal Injury Tort Litigation Process, as applicable. As soon as practicable after the Confirmation Date, the Debtor shall File a motion in the District Court pursuant to § 502(c)(1) of the Bankruptcy Code to estimate for distribution purposes the aggregate Allowed amount of all Personal Injury Tort Claims.

The UCC contends this estimation motion (i) will not be granted because (a) it would impermissibly cap tort claims and deny claimants their constitutional and statutory rights to a jury trial, and (b) delay associated with liquidating tort claims is not "undue" under § 502(c) of the Bankruptcy Code, and (ii) even if it is granted, will add duplicative costs, increase administrative expenses, and reduce recoveries to unsecured creditors. The Debtor disagrees.

4. Personal Injury Tort ADR Process

After consultation with the Creditors Committee, but in no event later than 21 days prior to the Voting Deadline, the Debtor shall identify a disinterested Person to serve as special arbitrator (the "Special Arbitrator"), and propose binding arbitration procedures, subject to approval by the Bankruptcy Court at the Confirmation Hearing, by which the Special

Arbitrator shall determine the Allowed amount of any ADR Personal Injury Tort Claims (which, for the avoidance of doubt, shall be limited only to compensatory damages and shall not include any punitive or exemplary damages). The identity of the Special Arbitrator and the Arbitration Procedures shall be set forth in a Supplemental Plan Document. At a minimum, the Arbitration Procedures will require, as a prerequisite to commencement of the arbitration, that the claimant shall have tendered to the Plan Trust a sworn statement substantially in the form to be Filed as a Supplemental Plan Document, along with demand as to the Allowed amount of the claimant's Personal Injury Tort Claim. The Plan Trust may either accept the demand or make a counter-demand. In the event the matter proceeds to arbitration, the Arbitration Procedures will require the claimant to establish, by a preponderance of the evidence, (i) the occurrence of sexual abuse for which the Debtor and/or a Non-Debtor Catholic Entity may be held civilly liable for damages under applicable nonbankruptcy law, and (ii) the amount of compensatory damages to which the claimant is entitled under applicable nonbankruptcy law, provided, however, that nothing in the Arbitration Procedures shall preclude the Plan Trust from stipulating to liability and proceeding with arbitration solely as to the amount of compensatory damages, if deemed appropriate by the Plan Trustee in his or her sole discretion. The Arbitration Procedures shall also permit the claimant to determine whether (i) the arbitration proceedings will be held in a public or a private forum, and (ii) any record of the arbitration proceedings (including, without limitation, the arbitrator's findings and decision) will be made publicly available or placed under seal, which determination shall be in the claimant's sole discretion and may not be challenged. Holders of Personal Injury Tort Claims electing ADR Personal Injury Tort Claim treatment may change their election within 14 days after entry of the Confirmation Order; thereafter, such election becomes irrevocable.

5. Personal Injury Tort Litigation Process

Pursuant to Del. Bankr. L.R. 9019-3, the Court shall refer all Litigation Personal Injury Tort Claims to mediation before a disinterested Person (the "Special Mediator") identified by the Debtor in consultation with the Creditors Committee not later than 21 days prior to the Voting Deadline and subject to approval by the Bankruptcy Court at the Confirmation Hearing. The identity of the Special Mediator shall be set forth in a Supplemental Plan Document. Should the Plan Trust and the holder of a Litigation Personal Injury Tort Claim be unable to reach agreement as to the Allowed amount of the Litigation Personal Injury Tort Claim (which, for the avoidance of doubt, shall be limited to compensatory damages and shall not include any punitive or exemplary damages) via mediation, the claimant may elect (i) to submit to binding arbitration before the Special Arbitrator, which election shall be irrevocable, or (ii) to proceed with litigation against the Plan Trust in the District Court, which election shall be revocable at any time prior to the earliest of the date on which the Plan Trust has Filed a dispositive motion with respect to, or a trial has commenced on, the Claim.

6. Effect of No Election

Each holder of a Personal Injury Tort Claim who does not elect on his or her Ballot to be treated as a holder of (i) an ADR Personal Injury Tort Claim, (ii) a Litigation Personal Injury Tort Claim, or (iii) a Convenience Personal Injury Tort Claim by making such election on such holder's Ballot and executing and delivering the Ballot to the Debtor on or

before the Voting Deadline shall be deemed to have elected treatment as a holder of a Convenience Personal Injury Tort Claim, which election shall be irrevocable.

7. Civil Complaint by Personal Injury Litigation Tort Claimant

If holder of a Personal Injury Litigation Tort Claim has not Filed a civil complaint alleging such Claim in the Superior Court or District Court before making an election to be treated as a holder of a Personal Injury Litigation Tort Claim, such holder must File in the District Court and serve on the Plan Trustee such a petition within sixty (60) days after the Effective Date. If a holder of a Personal Injury Litigation Tort Claim does not File and serve such complaint, such holder shall be deemed to have elected treatment as a holder of a Convenience Personal Injury Tort Claim, which election shall be irrevocable.

8. Fees and Expenses

a. *Arbitration and Mediation.* Fees and expenses of the Special Arbitrator, the Special Mediator, and counsel to the Plan Trust in connection with any arbitration or mediation, shall constitute Plan Administration Expenses payable from the Plan Administration Expense Reserve. The Reorganized Debtor shall reasonably cooperate with the Plan Trust, the Special Arbitrator, and the Special Mediator in connection with any arbitration or mediation, and the reasonable expenses of the Reorganized Debtor, including professional fees, in so doing shall constitute Plan Administration Expenses payable from the Plan Administration Expense Reserve.

b. *Litigation.* Fees and expenses of counsel to the Plan Trust in connection with any litigation shall be chargeable to the Personal Injury Tort Claims Payment Account. The Reorganized Debtor shall cooperate with the Plan Trust and the litigation claimant with respect to discovery and shall make witnesses available for deposition and trial, and the reasonable expenses of the Reorganized Debtor, including professional fees, in so doing shall be chargeable to the Personal Injury Tort Claims Payment Account.

9. Agreements Outside the ADR and Litigation Procedures

For the avoidance of doubt, nothing in the Plan shall preclude the holder of a Personal Injury Tort Claim and the Debtor (if before the Effective Date) or the Plan Trust (on and after the Effective Date) from stipulating to the Allowed amount of a Personal Injury Tort Claim as otherwise permitted by the Bankruptcy Code and Bankruptcy Rules.

D. Settlement with Non-Debtor Catholic Entities

1. Debtor-Release Consideration

Within thirty (30) days after the Effective Date, the Non-Debtor Catholic Entities shall contribute to the Plan Trust Cash or other property having a value not less than \$1.458 million in the aggregate (the value of any non-Cash property being determined by Order of the Bankruptcy Court, after notice and a hearing, which hearing may be the Confirmation Hearing),

in consideration for, and conditioned upon, the treatment set forth in Sections 6.2 and 6.3 of the Plan.

2. Resolution of PIA Investment Claims

The Confirmation Order shall provide that the PIA Investment Claims of the Non-Debtor Pooled Investors shall be Allowed in the amounts with respect to each of the Disputed Non-Debtor PIA Funds set forth in Exhibit B to the Plan, provided, however, that to the extent any Disputed Non-Debtor PIA Funds are determined by a Final Order not to be Assets of the Estate, the PIA Investment Claims with respect to such Disputed Non-Debtor PIA Funds shall be Disallowed.

3. Release of Chapter 5 Actions Against Non-Debtor Catholic Entities

Effective upon receipt of the Debtor-Release Consideration by the Plan Trust, the Debtor, on behalf of the Estate, its representatives (including, without limitation, the Creditors Committee, to the extent authorized to act on behalf of the Estate), and its successors (including, without limitation the Plan Trust and the Reorganized Debtor) (collectively, the “Debtor Releasers”), irrevocably and unconditionally, without limitation, shall be deemed to have released, acquitted, and forever discharged each of the Debtor Releasees from any and all Chapter 5 Actions which any Debtor Releaser has ever had, or now has, or may claim to have, against any Debtor Releasee or the property of any Debtor Releasee.

4. Third-Party Release Consideration

Within thirty (30) days after the Effective Date, the Non-Debtor Catholic Entities shall contribute to the Plan Trust Cash or other property having a value not less than \$4.7 million in the aggregate (the value of any non-Cash property being determined by Order of the Bankruptcy Court, after notice and a hearing, which hearing may be the Confirmation Hearing), in consideration for, and conditioned upon, treatment as Third-Party Releasees under Section 14.3 of the Plan. As additional consideration for such treatment, the Non-Debtor Catholic Entities (i) will waive any and all Third-Party Indemnity Claims, (ii) consent to the compromise by the Plan Trust or the Reorganized Debtor, as applicable, of the Shared Insurance Policies; and (iii) contribute to the Plan Trust the rights under, or right to proceeds of, the Parish-Only Policies,⁴³ all as shall be set forth in the Confirmation Order.

5. Reservation of Rights

The Debtor reserves the right to compromise other Causes of Action on behalf of itself and the Debtor Releasers against Non-Debtor Catholic Entities at any time prior to the Effective Date. Notice of any such compromise sought as part of the Plan shall be Filed as a Supplemental Plan Document, and approval of such settlement shall be considered at the Confirmation Hearing or as soon thereafter as is practicable.

⁴³ The Parish-Only Policies are those listed in Exhibit E hereto where the Assured is a parish. The Parish-Only Policies do not include those where the listed Assured is the “Bishop of Wilmington.”

E. Means of Implementing the Plan

1. Vesting of Assets in the Plan Trust

On the Effective Date, all Plan Trust Assets shall vest in the Plan Trust, and the Debtor shall be deemed for all purposes to have transferred legal and equitable title of all Plan Trust Assets to the Plan Trust for the benefit of the holders of Claims against its Estate, whether or not such Claims are Allowed Claims as of the Effective Date. On the Effective Date or as soon as practicable thereafter, the Reorganized Debtor shall take all actions reasonably necessary to transfer control of the Plan Trust Assets to the Plan Trust, provided, however, that the Reorganized Debtor shall administer the IBNR Reserves, the Disputed Non-Debtor PIA Funds, the Lay Pension Fund, and the Disputed Restricted Funds, if any, as set forth in Article XV of the Plan. Upon the transfer of control of Plan Trust Assets in accordance with this Section 7.2 of the Plan, the Reorganized Debtor shall have no further interest in or with respect to the Plan Trust Assets or the Plan Trust.

2. Assumption of Plan Obligations and Personal Injury Tort Liability

On the Effective Date, all of the Debtor's rights and obligations with respect to each and every Secured Claim, Administrative Claim, Priority Tax Claim, and Priority Claim, and all other rights and obligations of the Debtor under the Plan, shall be assigned to and assumed by the Plan Trust, provided that the Reorganized Debtor shall have standing, and shall retain the right, to object to any such Claims. In addition, on the Effective Date the Plan Trust shall assume liability for all Personal Injury Tort Claims against the Debtor and the Third-Party Releasees in accordance with Sections 5.2 and 14.3 of the Plan.

3. Treatment of the Transfer of Plan Trust Assets

For federal income tax purposes, all parties (including the Debtor, the Plan Trust, and the holders of Claims) shall treat the transfer of the Plan Trust Assets to the Plan Trust in accordance with the terms of the Plan as a transfer to the holders of the Claims that have a beneficial interest in the Plan Trust, with the holders of Claims receiving an undivided interest in the Plan Trust Assets attributable to the Debtor with respect to which their Claim relates, followed by a transfer of the Plan Trust Assets by such holders to the Plan Trust, and the beneficiaries of the Plan Trust shall be treated as the grantors and owners of such beneficiaries' respective portion of the Plan Trust.

E. The Plan Trust

On or prior to the Effective Date, the Plan Trust shall be formed. The holders of Claims shall be the sole beneficiaries of the Plan Trust. The Debtor will File the proposed Plan Trust Agreement with the Bankruptcy Court as a Supplemental Plan Document. The Plan Trust Agreement shall contain provisions customary to trust agreements utilized in comparable circumstances, including, but not limited to, any and all provisions necessary to govern the rights, powers, obligations and appointment and removal of the Plan Trustee and to ensure the treatment

of the Plan Trust as a “liquidating trust” for federal income tax purposes within the meaning of Treasury Regulation 301.7701-4(d).

1. Appointment of the Plan Trustee

After consultation with the Official Committees, the Debtor shall nominate a Plan Trustee, who shall be identified in the Plan Trust Agreement Filed in accordance with Section 8.2 of the Plan. The Plan Trustee shall be appointed by the Bankruptcy Court in the Confirmation Order and shall commence serving as the Plan Trustee on the Effective Date; provided, however, that the Person appointed as Plan Trustee shall be permitted to act in accordance with the terms of the Plan Trust Agreement from such earlier date as authorized by the Debtor, in consultation with the Official Committees, through the Effective Date and shall be entitled to seek compensation in accordance with the terms of the Plan Trust Agreement and the Plan.

2. Term and Compensation of the Plan Trustee

The Plan Trustee shall initially be compensated as set forth in the Plan Trust Agreement and shall not be required to File a Fee Application to receive compensation. The term of the Plan Trustee, and procedures and causes for removal or replacement of the Plan Trustee, and the appointment of a successor trustee, shall be as set forth in the Plan Trust Agreement.

3. Rights and Responsibilities of the Plan Trustee

As soon as practicable after the Effective Date, the Plan Trustee shall establish (i) the Plan Administration Expense Reserve, (ii) the General Claims Payment Account, and (iii) the Personal Injury Tort Claims Payment Account.

The Plan Trustee shall be deemed the Estate’s representative in accordance with § 1123 of the Bankruptcy Code and shall have all powers, authority and responsibilities specified in the Plan and the Plan Trust Agreement, including, without limitation, the powers of a trustee under §§ 704, 108 and 1106 of the Bankruptcy Code and Rule 2004 of the Bankruptcy Rules (including commencing, prosecuting or settling Causes of Action, enforcing contracts, and asserting Claims, defenses, offsets and privileges), to the extent not inconsistent with the status of the Plan Trust as a “liquidating trust” for federal income tax purposes within the meaning of Treasury Regulation 301.7701-4(d).

The Plan Trustee shall be vested with the rights, powers and benefits set forth in the Plan Trust Agreement. Acts by the Plan Trustee will require consultation with the Plan Oversight Committee in accordance with, and only to the extent set forth in, the Plan Trust Agreement. If there is any inconsistency or ambiguity between the Plan and Confirmation Order or the Plan Trust Agreement in respect of the Plan Oversight Committee’s role in the Plan Trustee’s authority to act, the provisions of the Plan Trust Agreement shall control.

The Confirmation Order shall state that without the permission of the Bankruptcy Court, no judicial, administrative, arbitral, or other action or proceeding shall be commenced in

any forum other than the Bankruptcy Court against the Plan Trustee in its official capacity, with respect to its status, duties, powers, acts, or omissions as Plan Trustee.

The Plan Trustee, in its reasonable business judgment and in an expeditious but orderly manner, shall liquidate and convert to Cash the Plan Trust Assets, make timely distributions and not unduly prolong the duration of the Plan Trust. The liquidation of the Plan Trust Assets may be accomplished either through the sale of Plan Trust Assets (in whole or in combination), including the sale of Causes of Action, or through prosecution or settlement of any Causes of Action, or otherwise.

The Plan Trustee shall be expressly authorized to take the actions set forth in Section 8.5(e)(1)-(17) of the Plan.

The Plan Trustee may request an expedited determination of taxes of the Plan Trust under § 505(b) of the Bankruptcy Code for all returns filed for, or on behalf of, the Plan Trust for all taxable periods through the dissolution of the Plan Trust.

4. Investment Powers; Permitted Cash Expenditures

All funds held by the Plan Trustee shall be invested in Cash or short-term highly liquid investments that are readily convertible to known amounts of Cash as more particularly described in the Plan Trust Agreement; provided, however, that the right and power of the Plan Trustee to invest Plan Trust Assets, the proceeds thereof, or any income earned by the Plan Trust, shall be limited to the right and power that a liquidating trust is permitted to exercise pursuant to the treasury Regulations, any amended Treasury Regulations, or as set forth in IRS rulings, notices, or other IRS pronouncements. The Plan Trustee may expend the Cash of the Plan Trust (i) as reasonably necessary to meet current liabilities and to maintain the value of the respective Assets of the Plan Trust during liquidation, (ii) to pay reasonable administrative expenses (including, but not limited to, any taxes imposed on the Plan Trust and any professionals' fees) and (iii) to satisfy other liabilities incurred by the Plan Trust in accordance with the Plan or the Plan Trust Agreement.

5. Reporting Duties

Subject to definitive guidance from the IRS or a court of competent jurisdiction to the contrary (including the receipt by the Plan Trustee of a private letter ruling if the Plan Trustee so requests one, or the receipt of an adverse determination by the IRS upon audit if not contested by the Plan Trustee), the Plan Trustee shall file returns for the Plan Trust as a grantor trust pursuant to Treasury Regulations § 1.671-4(a). The Plan Trustee shall also send to each holder of a beneficial interest in the Plan Trust an annual statement setting forth the holder's share of items of income, gain, loss, deduction or credit and provide to all such holders information for reporting such items on their federal income tax returns, as appropriate. The Plan Trustee shall file (or cause to be filed) any other statements, returns or disclosures relating to the Plan Trust that are required by any governmental unit.

Allocations of Plan Trust taxable income shall be determined by reference to the manner in which an amount of Cash equal to such taxable income would be distributed (without regard to any restrictions on distributions described herein) if, immediately prior to such deemed

distribution, the Plan Trust had distributed all of its other Assets (valued for this purpose at their tax book value) to the holders of the beneficial interests in the Plan Trust (treating any holder of a Disputed Claim, for this purpose, as a current holder of a beneficial interest in the Plan Trust entitled to distributions), taking into account all prior and concurrent distributions from the Plan Trust (including all distributions held in reserve pending the resolution of Disputed Claims). Similarly, taxable loss of the Plan Trust shall be allocated by reference to the manner in which an economic loss would be borne immediately after a liquidating distribution of the remaining Plan Trust Assets. For this purpose, the tax book value of the Plan Trust Assets shall equal their fair market value on the Effective Date or, if later, the date such Assets were acquired by the Plan Trust, adjusted in either case in accordance with tax accounting principles prescribed by the IRC, the regulations and other applicable administrative and judicial authorities and pronouncements.

6. Beneficial Interests

To evidence the beneficial interest in the Plan Trust of each holder of such an interest, the Plan Trustee shall maintain a registry of such holders. Upon issuance thereof, interests in the Plan Trust shall be non-transferable, except with respect to a transfer by will or under the laws of descent and distribution. Any such transfer, however, shall not be effective until and unless the Plan Trustee receives written notice of such transfer.

7. Termination

The Plan Trust shall terminate after its liquidation, administration and distribution of the Plan Trust Assets in accordance with the Plan and its full performance of all other duties and functions set forth herein or in the Plan Trust Agreement. The Plan Trust shall terminate no later than the fifth (5th) anniversary of the Effective Date; provided, however, that, within a period of six (6) months prior to such termination date or any extended termination date, the Plan Trustee, with the consent of the Plan Oversight Committee or by Order of the Bankruptcy Court, may extend the term of the Plan Trust if it is necessary to facilitate or complete the liquidation of the Plan Trust Assets administered by the Plan Trust; provided further, however, that the aggregate of all such extensions shall not exceed three (3) years, unless the Plan Trustee receives a favorable ruling from the IRS that any further extension would not adversely affect the status of the Plan Trust as a "liquidating trust" for federal income tax purposes within the meaning of Treasury Regulations § 301.7701-4(d).

8. Purpose of the Plan Trust

The Plan Trust shall be established for the sole purpose of liquidating and distributing the Plan Trust Assets in accordance with Treasury Regulations § 301.7701-4(d), with no objective to continue or engage in the conduct of a trade or business. Subject to definitive guidance from the IRS, all parties shall treat the Plan Trust as a liquidating trust for all federal income tax purposes. The Plan Trust shall not be deemed to be the same legal entity as the Debtor, but only the assignee of certain assets and liabilities of the Debtor and a representative of the Estate for delineated purposes within the meaning of § 1123(b)(3) of the Bankruptcy Code. Neither the Plan Trust nor any portion thereof, nor any reserve, account or fund established by

the Plan shall be treated as a “disputed ownership fund” within the meaning of Treasury Regulation § 1.468B-9(b)(1).

9. Plan Oversight Committee

The Plan Oversight Committee shall be deemed appointed on the Effective Date and as soon as practicable thereafter shall adopt bylaws to govern the actions of the Plan Oversight Committee.

The Plan Oversight Committee shall consist of two (2) members of the Creditors Committee, two (2) members of the Lay Employees Committee, and one (1) Non-Debtor Pooled Investor, all to be chosen by the Bankruptcy Court at the Confirmation Hearing from those Persons who File a notice of willingness to serve on the Plan Oversight Committee within fifteen (15) days prior to the Confirmation Hearing (the “Committee Application Deadline”). In the event that fewer than two (2) members of the Creditors Committee File a notice of willingness to serve on the Plan Oversight Committee by the Committee Application Deadline, then the Creditors Committee will choose from among the holders of Personal Injury Tort Claims to fill any vacancy until two (2) members have been designated. In the event that fewer than two (2) members of the Lay Employees Committee File a notice of willingness to serve on the Plan Oversight Committee by the Committee Application Deadline, then the Lay Employees Committee will choose from among the individual holders of Lay Pension Claims to fill any vacancy until two (2) members have been designated. Unless and until such vacancy is filled, the Plan Oversight Committee shall function with such reduced membership. In the event of the resignation, removal, death, or incapacity of a holder of a Personal Injury Tort Claim from the Plan Oversight Committee, the remaining holder of a Personal Injury Tort Claim may, but need not, designate a successor from among the Holders of Personal Injury Tort Claims. In the event of the resignation, removal, death, or incapacity of a holder of a Lay Pension Claim from the Plan Oversight Committee, the remaining holder of a Lay Pension Claim may, but need not, designate a successor from among the individual Holders of Lay Pension Claims. Unless and until such vacancy is filled, the Plan Oversight Committee shall function with such reduced membership.

The fiduciary duties that applied to the Official Committees prior to the Effective Date shall apply to the Plan Oversight Committee. The duties and powers of the Plan Oversight Committee shall terminate upon the termination of the Plan Trust.

The Plan Oversight Committee’s role shall be to advise and consult with the Plan Trustee as more particularly set forth in the Plan Trust Agreement. The Plan Oversight Committee shall have the rights and duties set forth in the Plan Trust Agreement.

Except for the reimbursement of reasonable actual costs and expenses incurred in connection with their duties as members of the Plan Oversight Committee, the members of the Plan Oversight Committee shall serve without compensation. Reasonable expenses incurred by members of the Plan Oversight Committee may be paid by the Plan Trust without need for approval of the Bankruptcy Court.

10. Liability, Indemnification

Neither the Plan Trustee, the Plan Oversight Committee, their respective members, designees or professionals, or any duly designated agent or representative of the Plan Trustee or the Plan Oversight Committee, nor their respective employees, shall be liable for the act or omission of any other member, designee, agent or representative of such Plan Trustee or Plan Oversight Committee, nor shall such Plan Trustee, or any member of the Plan Oversight Committee, be liable for any act or omission taken or omitted to be taken in its capacity as Plan Trustee, or as a member of the Plan Oversight Committee, respectively, other than for specific acts or omissions resulting from such Plan Trustee's or such member's willful misconduct, gross negligence, fraud, or breach of the fiduciary duty of loyalty. The Plan Trustee or the Plan Oversight Committee may, in connection with the performance of its functions and in its sole and absolute discretion, consult with its attorneys, accountants, financial advisors and agents, and shall not be liable for any act taken, omitted to be taken, or suffered to be done in accordance with advice or opinions rendered by such Persons, regardless of whether such advice or opinions are provided in writing. Notwithstanding such authority, neither the Plan Trustee or the Plan Oversight Committee shall be under any obligation to consult with its attorneys, accountants, financial advisors or agents, and their determination not to do so shall not result in the imposition of liability on the Plan Trustee or Plan Oversight Committee or their respective members and/or designees, unless such determination is based on willful misconduct, gross negligence, or fraud. The Plan Trust shall indemnify and hold harmless the Plan Trustee and Plan Oversight Committee and its members, designees and professionals, and all duly designated agents and representatives thereof (in their capacity as such), from and against and in respect of all liabilities, losses, damages, claims, costs and expenses (including, without limitation, reasonable attorneys' fees, disbursements, and related expenses) which such parties may incur or to which such parties may become subject in connection with any action, suit, proceeding or investigation brought by or threatened against such parties arising out of or due to their acts or omissions, or consequences of such acts or omissions, with respect to the implementation or administration of the Plan Trust or the Plan or the discharge of their duties under the Plan; provided, however, that no such indemnification will be made to such Persons for actions or omissions as a result of willful misconduct, gross negligence, fraud, or breach of the fiduciary duty of loyalty.

11. Retention of Professionals

The Plan Trust may retain professionals, including but not limited to, counsel, accountants, financial advisors, auditors and other agents on behalf of the Plan Trust as necessary or desirable to carry out the obligations of the Plan Trustee hereunder and under the Plan Trust Agreement. More specifically, provided such representation is permitted by applicable law, the Plan Trust may retain counsel or financial advisors in any matter related to administration of the Plan, including counsel that has acted as counsel for the Debtor, the Creditors Committee, or the Lay Employees Committee in the Chapter 11 Case. The Plan Oversight Committee shall have the right to retain counsel of its choice in the event of a dispute or conflict with the Plan Trustee

or for other purposes set forth in the Plan Trust Agreement and the reasonable fees and expenses of such counsel shall constitute Plan Administration Expenses payable by the Plan Trust.

12. Preservation of All Causes of Action

Except as otherwise provided in the Plan or in any contract, instrument, release or agreement entered into in connection with the Plan, in accordance with § 1123(b) of the Bankruptcy Code, the Plan Trust shall be vested with, retain, and may exclusively enforce and prosecute any Claims or Causes of Action that the Debtor, the Estate, the Creditors Committee or the Plan Trust may have against any Person. The Plan Trustee may pursue such retained Claims or Causes of Action in accordance with the best interests of the Creditors, the Estate, and/or the Plan Trust.

13. Succession to Litigation

On the Effective Date, the Plan Trust shall succeed (i) to the interests of the Creditors Committee in any contested matter or adversary proceeding commenced by the Creditors Committee, including any appeal therefrom, which is pending as of the Effective Date, and (ii) to the interests of the Debtor in any contested matter, adversary proceeding, or nonbankruptcy litigation against the Debtor, including any appeal therefrom, which is pending as of the Effective Date, other than the PIA Litigation and the Estimation Motions.

G. Insurance Policies

1. Policies Subject to § 365 of the Bankruptcy Code

To the extent that any or all of the insurance policies to be set forth in a Supplemental Plan Document (the “Designated Insurance Policies”) are considered to be Executory Contracts, then notwithstanding anything contained in the Plan to the contrary, the Plan shall constitute a motion to assume the Designated Insurance Policies in connection with the Plan and to assign them to the Plan Trust. Subject to the occurrence of the Effective Date, the entry of the Confirmation Order shall constitute approval of such assumption and assignment pursuant to § 365(a) of the Bankruptcy Code and a finding by the Bankruptcy Court that each such assumption is in the best interest of the Debtor, the Estate, and all parties in interest in the Chapter 11 Case. Unless otherwise determined by the Bankruptcy Court pursuant to a Final Order or agreed to by the parties thereto prior to the Effective Date, no payments are required to cure any defaults of the Debtors existing as of the Confirmation Date with respect to each Designated Insurance Policy. To the extent that the Bankruptcy Court determines otherwise with respect to any Designated Insurance Policy, the Debtors reserve the right to seek rejection of such insurance policy or other available relief. The Plan shall not affect contracts that have been assumed and assigned by Order of the Bankruptcy Court prior to the Confirmation Date.

2. Policies Not Subject to § 365 of the Bankruptcy Code

For the avoidance of doubt, all rights under any Designated Insurance Policy that is not considered to be an Executory Contract, and all rights under any other insurance policies under which the Debtor may be beneficiaries (including the rights to make, amend, prosecute,

and benefit from claims) shall be preserved and shall vest in the Plan Trust pursuant to Sections 7.2, 8.5 and 9.1 of the Plan and § 1123(a)(5)(B) of the Bankruptcy Code.

3. Insurance Neutrality

Nothing in the Plan, any exhibit to the Plan, any Supplemental Plan Document, or any Order confirming the Plan, shall in any way operate to, or have the effect of, impairing in any respect the legal, equitable or contractual rights and defenses, if any, of Insurers under their respective insurance policies or applicable non-bankruptcy law.

H. The Pooled Investment Account

1. Continuation of PIA Custody Agreement

To the extent that the PIA Custody Agreement is considered to be an Executory Contract, then notwithstanding anything contained in the Plan to the contrary, the Plan shall constitute a motion to assume the PIA Custody Agreement in connection with the Plan and to assign it to the Reorganized Debtor. Subject to the occurrence of the Effective Date, the entry of the Confirmation Order shall constitute approval of such assumption and assignment pursuant to § 365(a) of the Bankruptcy Code and a finding by the Bankruptcy Court that such assumption is in the best interests of the Debtor, the Estate, and all parties in interest in the Chapter 11 Case. Unless otherwise determined by the Bankruptcy Court pursuant to a Final Order or agreed to by the parties thereto prior to the Effective Date, no payments are required to cure any defaults of the Debtor existing as of the Confirmation Date with respect to the PIA Custody Agreement. To the extent that the Bankruptcy Court determines otherwise with respect to the PIA Custody Agreement, the Debtor reserves the right to seek rejection of the PIA Custody Agreement or other available relief. To the extent the PIA Custody Agreement is not considered to be an Executory Contract, all rights thereunder shall be preserved and shall vest in the Reorganized Debtor pursuant to Section 15.1 of the Plan and § 1123(a)(5)(A) of the Bankruptcy Code. Subject fully to Sections 10.2-10.9 of the Plan, on and after the Effective Date, the Reorganized Debtor shall manage the Pooled Investment Account in accordance with the PIA Custody Agreement for its own benefit and for the benefit of the Plan Trust, the Reorganized Debtor, the Lay Pension Plan, and the Non-Debtor Pooled Investors, as their respective interests may lie, subject to further Order of the Bankruptcy Court.

2. Continuation of Trust Relationships

The Reorganized Debtor shall succeed to, and assume, all rights, responsibilities, and duties of the Debtor as trustee for the benefit of the Non-Debtor Pooled Investors under applicable bankruptcy law.

3. Rights of Custodian

Notwithstanding anything to the contrary in the Plan, the Custodian shall have no liability, or otherwise be in violation of the Plan, for acting in accordance with the PIA Custody Agreement or processing any withdrawal requests made by the Debtor (if before the Effective Date) or the Reorganized Debtor (on and after the Effective Date). The Custodian shall be authorized to exercise its rights and perform its obligations under the PIA Custody Agreement in

the ordinary course in accordance with prepetition practices without further Order of the Bankruptcy Court. Without limiting the generality of the foregoing, the Custodian shall be authorized to surcharge the Pooled Investment Account as authorized in the PIA Custody Agreement (including, without limitation, reimbursements and offsets for fees and expenses, and overdrafts).

4. Non-Debtor PIA Dispute Escrow

The Confirmation Order shall (i) identify all Disputed Non-Debtor PIA Funds as of the Confirmation Date and (ii) provide that, notwithstanding anything to the contrary in the PIA Custody Agreement, such Disputed Non-Debtor PIA Funds shall be deemed to be held *in custodia legis* pending entry of a Final Order determining whether such funds constitute Unrestricted Assets of the Estate.

As soon as practicable upon request by a Non-Debtor Pooled Investor after entry of an Order estimating for distribution purposes the aggregate amount of Allowed Personal Injury Tort Claims, the Reorganized Debtor and the Plan Trustee shall jointly direct the Custodian to liquidate and distribute, or distribute via in-kind or inter-custodial transfer, to such Non-Debtor Pooled Investor the Pro Rata share of Disputed Non-Debtor PIA Fund(s) it would receive on account of its Allowed PIA Investment Claim if the Disputed Non-Debtor PIA Fund(s) were determined by a Final Order to have been Unrestricted Assets of the Debtor's Estate. Interim distributions made pursuant to Section 10.4(a) of the Plan shall be final and indefeasible, and shall not be subject to reduction or disgorgement for any reason.

Distributions from the Disputed Non-Debtor PIA Funds other than as provided in Section 10.4(a) of the Plan will be subject to further Order of the Bankruptcy Court.

As soon as practicable upon request by the Plan Trustee after entry of a Final Order determining any Disputed Non-Debtor PIA Fund to be an Unrestricted Asset of the Estate, the Reorganized Debtor shall direct the Custodian to liquidate and distribute, or distribute via in-kind or inter-custodial transfer, such Disputed Non-Debtor PIA Fund to the Plan Trust on behalf of the Debtor. Upon entry of a Final Order determining any Disputed Non-Debtor PIA Fund not to be an Unrestricted Asset of the Estate, the Reorganized Debtor shall be authorized to process withdrawal requests from the applicable Non-Debtor Pooled Investor without further Order of the Bankruptcy Court.

5. Restricted Fund Dispute Escrow

The Confirmation Order shall (i) identify all Disputed Restricted PIA Funds as of the Confirmation Date and (ii) provide that, notwithstanding anything to the contrary in the PIA Custody Agreement, such Disputed Restricted PIA Funds shall be deemed to be held *in custodia legis* pending entry of a Final Order determining whether such funds constitute Unrestricted Assets of the Estate.

The Reorganized Debtor shall be permitted to use Disputed Restricted PIA Funds in the ordinary course in accordance with applicable nonbankruptcy law that governs the transfer of property by a corporation or trust that is not a moneyed, business, or commercial corporation or trust, without further order of the Bankruptcy Court; provided, however, that the total value of

each Disputed Restricted PIA Fund so utilized in each 12-month period from and after the Effective Date shall not exceed 5.5% of the total value of such Disputed Restricted PIA Fund on the last day of the last full month prior to the beginning of such period,⁴⁴ without further Order of the Bankruptcy Court; and provided further, however, that the Reorganized Debtor shall provide the Plan Trustee monthly reports including the amount and purpose of any uses of Disputed Restricted PIA Funds.

Upon entry of a Final Order determining any Disputed Restricted PIA Fund to be an Unrestricted Asset of the Estate, the Reorganized Debtor shall direct the Custodian to liquidate and distribute, or distribute via in-kind or inter-custodial transfer, such Disputed Restricted PIA Fund to the Plan Trust on behalf of the Debtor. Upon entry of a Final Order determining any Disputed Restricted PIA Fund to be a Restricted Asset, the Reorganized Debtor shall be authorized to use such Disputed Restricted PIA Fund, without further notice to any Person or Order of the Bankruptcy Court, in accordance with applicable nonbankruptcy law that governs the transfer of property by a corporation or trust that is not a moneyed, business, or commercial or trust.

6. Lay Pension Dispute Escrow

The Confirmation Order shall provide that, notwithstanding anything to the contrary in the PIA Custody Agreement, the Lay Pension Fund shall be deemed to be held *in custodia legis* and managed by the Reorganized Debtor subject to the provisions of ~~Section~~Sections 10.1 and 10.6 of the Plan.

If the Lay Employee Committee shall not have commenced the Lay Pension Litigation within thirty (30) days after the Effective Date, the Reorganized Debtor shall direct the Custodian to liquidate the Lay Pension Fund and contribute it to the Plan Trust on behalf of the Debtor.

Upon entry of a Final Order determining the Lay Pension Fund to be an Unrestricted Asset of the Estate, the Reorganized Debtor shall direct the Custodian to liquidate and distribute, or distribute via in-kind or inter-custodial transfer, such Lay Pension Fund to the Plan Trust on behalf of the Debtor. Upon entry of a Final Order determining the Lay Pension Fund to be held in trust for the benefit of the Lay Pension Plan, or to be a Restricted Asset, the Reorganized Debtor shall direct the Custodian to liquidate and distribute, or distribute via in-kind or inter-custodial transfer, the Lay Pension Fund to the Lay Pension Plan Trust on behalf of the Debtor.

7. Use of Undisputed Restricted PIA Funds

On and after the Effective Date, the Reorganized Debtor shall be entitled to use Undisputed Restricted PIA Funds, without further notice to any Person or Order of the Bankruptcy Court, in accordance with applicable nonbankruptcy law that governs the transfer of property by a corporation or trust that is not a moneyed, business, or commercial or trust.

⁴⁴ Historically, in the ordinary course of its operations, the Debtor has drawn up to 5.5% of the value of its restricted investments annually to spend in accordance with the applicable restrictions.

8. Final § 345 Waiver

The Plan shall constitute a renewed motion to waive the deposit requirements of § 345(b) of the Bankruptcy Code in connection with the Pooled Investment Account. Subject to the occurrence of the Effective Date, entry of the Confirmation Order shall constitute (i) a final waiver of the deposit requirements of § 345(b) of the Bankruptcy Code, to the extent applicable, with respect to the Pooled Investment Account, for cause, and (ii) a finding by the Bankruptcy Court that such waiver is in the best interests of the Debtor, the Estate, and all parties in interest in the Chapter 11 Case.

9. Accounting

Until entry of a Final Order determining whether each of the Disputed Non-Debtor PIA Funds, the Lay Pension Fund, and any Disputed Restricted PIA Funds are Unrestricted Assets of the Estate, the Reorganized Debtor shall continue to utilize sub-fund accounting with respect to the Pooled Investment Account so that all post-Effective Date transfers and transactions respecting the Pooled Investment Account shall be adequately and promptly documented in, and readily ascertainable from, the Reorganized Debtor's books and records, to the same extent maintained by the Debtor prior to the commencement of the Chapter 11 Case. Nothing contained in the Plan shall prevent the Reorganized Debtor from establishing any additional sub-fund(s) within the Pooled Investment Account as it may deem necessary and appropriate, and the Custodian is authorized to process the Reorganized Debtor's request to account for transactions with respect to such sub-fund(s).

I. Procedures for General Claims Administration

1. Reservation of Rights to Object to Claims

Unless a Claim is expressly described as an Allowed Claim pursuant to or under the Plan, or otherwise becomes an Allowed Claim prior to the Effective Date, upon the Effective Date, the Plan Trustee shall be deemed to have a reservation of any and all rights, interests and objections of the Debtor, the Official Committees, or the Estate to any and all Claims and motions or requests for the payment of or on account of Claims, whether administrative expense, priority, secured or unsecured, including without limitation any and all rights, interests and objections to the validity or amount of any and all alleged Administrative Claims, Priority Tax Claims, Priority Claims, Secured Claims, Unsecured Claims, Liens and security interests, whether under the Bankruptcy Code, other applicable law or contract. The Debtor's or Official Committees' failure to object to any Claim in the Chapter 11 Case shall be without prejudice to the Plan Trustee's rights to contest or otherwise defend against such Claim in the Bankruptcy Court when and if such Claim is sought to be enforced by the holder of such Claim.

2. Objections to Claims

Prior to the Effective Date, the Debtor shall be responsible for pursuing any objection to the allowance of any Claim. From and after the Effective Date, the Plan Trustee will retain responsibility for administering, disputing, objecting to, compromising, or otherwise resolving and making distributions, if any, with respect to all Claims (including, without limitation, those Claims that are subject to objection by the Debtor as of the Effective Date),

provided, however, that nothing in Section 11.2 of the Plan shall affect the right of any party in interest (including the Reorganized Debtor) to object to any Claim to the extent permitted by the Bankruptcy Code and Bankruptcy Rules. Unless otherwise provided in the Plan or by Order of the Bankruptcy Court, any objections to Claims by the Plan Trustee will be Filed and served not later than one (1) year after the later of (i) the Effective Date or (ii) the date such Claim is Filed, provided that the Plan Trustee may request (and the Bankruptcy Court may grant) extensions of such deadline, or of any Bankruptcy Court approved extensions thereof, by Filing a motion with the Bankruptcy Court without any requirement to provide notice to any Person, based upon a reasonable exercise of the Plan Trustee's business judgment. A motion seeking to extend the deadline to object to any Claim shall not be deemed an amendment to the Plan.

3. Service of Objections

An objection to a Claim shall be deemed properly served on the holder of such Claim if the objector effects service by any of the following methods: (i) in accordance with Rule 4 of the Federal Rules of Civil Procedure, as modified and made applicable by Bankruptcy Rule 7004; (ii) to the extent counsel for such holder is unknown, by first class mail, postage prepaid, on the signatory on the Proof of Claim or other representative identified on the Proof of Claim or any attachment thereto; or (iii) by first class mail, postage prepaid, on any counsel that has appeared on the behalf of such holder in the Chapter 11 Case.

4. Determination of Claims

Except as otherwise agreed by the Debtor or the Plan Trustee, any Claim as to which a Proof of Claim or motion or request for payment was timely Filed in the Chapter 11 Case, or deemed timely Filed by Order of the Bankruptcy Court, may be determined and (so long as such determination has not been stayed, reversed or amended and as to which determination (or any revision, modification or amendment thereof) the time to appeal or seek review or rehearing has expired and as to which no appeal or petition for review or rehearing was Filed or, if Filed, remains pending) liquidated pursuant to (i) an Order of the Bankruptcy Court, (ii) applicable bankruptcy law, (iii) agreement of the parties without the need for Bankruptcy Court approval, (iv) applicable non-bankruptcy law or (v) the lack of (a) an objection to such Claim, (b) an application to equitably subordinate such Claim and (c) an application to otherwise limit recovery with respect to such Claim, Filed by the Debtor, the Plan Trustee, or any other party in interest on or prior to any applicable deadline for Filing such objection or application with respect to such Claim. Any such Claim so determined and liquidated shall be deemed to be an Allowed Claim for such liquidated amount and shall be satisfied in accordance with the Plan. Nothing contained in Section 11.4 of the Plan shall constitute or be deemed a waiver of any Claims, rights, interests or Causes of Action that the Debtor or the Plan Trust may have against any Person in connection with or arising out of any Claim or Claims, including without limitation any rights under 28 U.S.C. § 157.

5. No Distributions Pending Allowance

No payments or distributions will be made with respect to all or any portion of a Disputed Claim unless and until all objections to such Disputed Claim have been settled or withdrawn or have been determined by a Final Order, and the Disputed Claim has become an

Allowed Claim; provided, however, that in the event that only a portion of such Claim is an Allowed Claim, the Plan Trustee may, in its discretion, make a distribution in accordance with Article XII of the Plan on account of the portion of such Claim that is an Allowed Claim.

6. Claim Estimation

In order to effectuate distributions pursuant to the Plan and avoid undue delay in the administration of the Chapter 11 Case, the Debtor (if prior to the Effective Date) and the Plan Trustee (on and after the Effective Date), after notice and a hearing (which notice may be limited to the holder of such Disputed Claim), shall have the right to seek an Order of the Bankruptcy Court, pursuant to § 502(c) of the Bankruptcy Code, estimating or limiting the amount of (i) property that must be withheld from or reserved for distribution purposes on account of such Disputed Claim(s), (ii) such Claim for allowance or disallowance purposes, or (iii) such Claim for any other purpose permitted under the Bankruptcy Code; provided, however, that the Bankruptcy Court shall determine (i) whether such Claims are subject to estimation pursuant to § 502(c) of the Bankruptcy Code and (ii) the timing and procedures for such estimation proceedings, if any. On and after the Effective Date, the Reorganized Debtor shall have the right to continue to prosecute the Estimation Motions, and the reasonable fees and expenses of the professionals of the Reorganized Debtor in connection therewith shall constitute Plan Administration Expenses payable from the Plan Administration Expense Reserve.

7. Reports

From the Effective Date until a Final Decree is entered, the Plan Trustee shall, within thirty (30) days of the end of each fiscal quarter, File with the Bankruptcy Court and submit to the U.S. Trustee quarterly reports setting forth all receipts and disbursements of the Plan Trust as required by the U.S. Trustee guidelines.

J. Distributions under the Plan

1. Timing of Distributions

The Plan Trustee shall pay any Allowed S/A/P Claim against the Debtor in Cash, except as otherwise provided in the Plan, as soon as practicable after the later of (i) the Effective Date, and (ii) the date upon which any such Claim becomes an Allowed Claim.

The Plan Trustee shall be authorized to (i) make annual interim Distributions on account of Allowed Other Unsecured Claims from the General Claims Payment Account, provided that any such distribution is warranted, economical and not unduly burdensome to the Plan Trust, and (ii) have the right to make more frequent interim distributions to holders of Allowed Other Unsecured Claims if the Plan Trustee determines that such interim distributions are warranted, economical and not unduly burdensome to the Plan Trust; provided, however, that any such distribution(s) shall only be made if (A) the Plan Administration Expense Reserve is fully funded and will remain fully funded after such interim distributions are made; (B) all S/A/P Claims have been paid or reserved; and (C) the Plan Trustee retains amounts reasonably necessary to meet contingent liabilities, to maintain the value of the Plan Trust Assets during liquidation, and to satisfy other liabilities or expenses incurred by the Plan Trust in accordance

with this Plan or the Plan Trust Agreement. This provision shall be interpreted to be consistent with Revenue Procedure 94-45 § 3.10.

2. Payment Date

Whenever any payment or distribution to be made under the Plan shall be due on a day other than a Business Day, such payment or distribution shall instead be made, without interest, on the immediately following Business Day.

3. De Minimis Distributions

All De Minimis Distributions will be held by the Plan Trust for the benefit of the holders of Allowed Claims entitled to De Minimis Distributions. When the aggregate amount of De Minimis Distributions held by the Plan Trust for the benefit of a Creditor exceeds \$50.00, the Plan Trust will distribute such De Minimis Distributions to such Creditor. If, at the time that the final distribution under the Plan is to be made, the De Minimis Distributions held by the Plan Trust for the benefit of a Creditor total less than \$50.00, such funds shall not be distributed to such Creditor, but rather, shall constitute Plan Trust Assets to be distributed as otherwise provided in the Plan.

4. Undeliverable Distributions

If payment or distribution to the holder of an Allowed Claim under the Plan is returned for lack of a current address for the holder or otherwise, the Plan Trustee shall File with the Bankruptcy Court the name, if known, and last known address of the holder and the reason for its inability to make payment. If, after the passage of ninety (90) days, the payment or distribution still cannot be made, the payment or distribution and any further payment or distribution to the holder shall be distributed to the holders of Allowed Claims in the appropriate Class or Classes, and the Allowed Claim shall be deemed satisfied and released, with no recourse to the Plan Trust, the Plan Trustee or the Plan Trust Assets, to the same extent as if payment or distribution had been made to the holder of the Allowed Claim.

5. Setoffs

The Plan Trust may, to the extent permitted under applicable law, set off against any Allowed Claim and the distributions to be made pursuant to the Plan on account of such Allowed Claim, the Claims, rights and Causes of Action of any nature that the Plan Trust may hold against the holder of such Allowed Claim that are not otherwise waived, released or compromised in accordance with the Plan; provided, however, that neither such a setoff nor the allowance of any Claim hereunder shall constitute a waiver or release by the Plan Trust of any such Claims, rights and Causes of Action that the Plan Trust possesses against such holder.

6. No Interest on Claims

Unless otherwise specifically provided for in the Plan, the Confirmation Order, or a postpetition agreement in writing between the Debtor and a holder of a Claim and approved by an Order of the Bankruptcy Court, postpetition interest shall not accrue or be paid on any Claim, and no holder of a Claim shall be entitled to interest accruing on or after the Petition Date on any

Claim. In addition, and without limiting the foregoing or any other provision of the Plan, Confirmation Order or Plan Trust Agreement, interest shall not accrue on or be paid on any Disputed Claim in respect of the period from the Effective Date to the date a final distribution is made when and if such Disputed Claim becomes and Allowed Claim.

7. Withholding Taxes

The Debtor (if before the Effective Date) or the Plan Trustee (on and after the Effective Date), as applicable, shall be entitled to deduct any federal, state or local withholding taxes from any payments under the Plan. As a condition to making any distribution under the Plan, the Debtor (if before the Effective Date) or the Plan Trustee (on and after the Effective Date), as applicable, may require that the holder of an Allowed Claim provide such holder's taxpayer identification number and such other information and certification as may be deemed necessary to comply with applicable tax reporting and withholding laws.

K. Effectiveness of the Plan

The Plan shall not become effective unless and until each of the conditions set forth in Section 13.1 of the Plan shall have been satisfied in full in accordance with the provisions set forth therein.

If after the Confirmation Order is entered, each of the conditions to effectiveness has not been satisfied or duly waived on or by ninety (90) days after the Confirmation Date, then upon motion by the Debtor, the Confirmation Order may be vacated by the Bankruptcy Court; provided however, that notwithstanding the Filing of such a motion, the Confirmation Order shall not be vacated if each of the conditions to effectiveness is either satisfied or duly waived (by a writing executed by the Debtor) before the Bankruptcy Court enters an Order granting the relief requested in such motion. If the Confirmation Order is vacated pursuant to Section 13.2 of the Plan, the Plan shall be null and void in all respects, and nothing contained in the Plan, the Disclosure Statement, nor any pleadings Filed in connection with the approval thereof shall (i) constitute a waiver or release of any Claims against the Debtor, (ii) prejudice in any manner the rights of the holder of any Claim against the Debtor, (iii) prejudice in any manner the rights of the Debtor in the Chapter 11 Case, or (iv) constitute an admission of any fact or legal position or a waiver of any legal rights held by any Person prior to the Confirmation Date.

L. Effects of Confirmation

1. Dissolution of Official Committees

On the Effective Date, the Official Committees shall dissolve automatically, whereupon their members, Professionals and agents shall be released from any further duties and responsibilities in the Chapter 11 Case and under the Bankruptcy Code, except that such parties shall continue to be bound by any obligations arising under confidentiality agreements, joint defense/common interest agreements (whether formal or informal), and protective Orders entered during the Chapter 11 Case, which shall remain in full force and effect according to their terms, provided that such parties shall continue to have a right to be heard with respect to any and all (i) applications for Professional Claims and (ii) requests for compensation and reimbursement of expenses pursuant to § 503(b) of the Bankruptcy Code for making a substantial contribution in

the Chapter 11 Case. Notwithstanding the foregoing, the Lay Employees Committee shall continue to exist post-Effective Date as an ad hoc committee solely for the purpose of prosecuting the Lay Pension Litigation, and the reasonable fees and expenses of counsel to such committee shall constitute Plan Administration Expenses.

2. Discharge Injunction

Except as otherwise expressly provided in the Plan or in the Confirmation Order, and subject to Section 9.3 of the Plan, on the Effective Date, pursuant to § 1141(d) of the Bankruptcy Code, the Debtor shall be discharged from, and its liability shall be extinguished completely in respect of, any Claim (including without limitation Personal Injury Tort Claims and Unknown Claims) which arose prior to the Confirmation Date, and all Persons who have held or asserted, hold or assert, or may in the future hold or assert a Discharged Claim shall be permanently stayed, enjoined, and restrained from taking any action, directly or indirectly for the purposes of asserting, enforcing or attempting to assert or enforce any Discharged Claim, including: (i) commencing or continuing in any manner, any action or any other proceeding of any kind with respect to any Discharged Claim against the Debtor, the Reorganized Debtor, or property of the Reorganized Debtor; (ii) seeking the enforcement, attachment, collection or recovery by any manner or means of any judgment, award, decree, or Order against the Debtor, the Reorganized Debtor, or property of the Reorganized Debtor, with respect to any Discharged Claim; (iii) creating, perfecting, or enforcing any encumbrance or lien of any kind against the Debtor, the Reorganized Debtor, or property of the Reorganized Debtor with respect to any Discharged Claim; (iv) asserting any setoff, right of subrogation, or recoupment of any kind against any obligation due to the Reorganized Debtor with respect to any Discharged Claim; and (v) taking any act, in any manner and in any place whatsoever, that does not conform to or comply with provisions of the Plan. In the event any Person takes any action that is prohibited by, or is otherwise inconsistent with the provisions of this injunction, the Plan or Confirmation Order, then, upon notice to the Bankruptcy Court by an affected party, the action or proceeding in which the Claim of such Person is asserted will automatically be transferred to the Bankruptcy Court or the District Court for enforcement of the Plan. Notwithstanding the foregoing, nothing in the Plan shall impair, effect or release the rights of any Non-Settling Insurer with respect to any Personal Injury Tort Claims, including all Insurance Company Defenses.

3. Channeling Injunction

On and after the Effective Date, and subject to Section 9.3 of the Plan and the assertion of Insurance Company Defenses, in consideration of (a) the promises and obligations of the Debtor, the Reorganized Debtor, the Bishop, and the Non-Debtor Catholic Entities under the Plan (including, without limitation, the provision of the Third-Party Release Consideration), and (b) consideration provided, or to be provided, by the Settling Insurers, all Persons who have held or asserted, hold or assert, or may in the future hold or assert any Personal Injury Tort Claim, including Unknown Claims, shall be forever barred and permanently enjoined from pursuing such Personal Injury Tort Claim against the Third-Party Releasees based upon or in any manner arising from or related to any acts or omissions of any of the Third-Party Releasees including, but not limited to (w) for damages of any type, including but not limited to bodily injury, personal injury, emotional distress, wrongful death

and/or loss of consortium, (x) for exemplary or punitive damages, (y) for attorneys' fees and other expenses, fees or costs, (z) for any remedy at law, in equity or admiralty whatsoever, heretofore, now or hereafter asserted against any of the Third-Party Releasees; and all Personal Injury Tort Claims, including Unknown Claims, shall be channeled to and shall be treated, administered, determined, and, if Allowed, paid under the procedures and protocols and in the amounts as established under the Plan and the Plan Trust Agreement as the sole and exclusive remedy for all Personal Injury Tort Claimants, including Unknown Claimants. The foregoing channeling injunction is an integral part of the Plan and essential to its consummation and implementation. It is intended that the channeling of the Personal Injury Tort Claims as provided in the Plan shall inure to and for the benefit of the Third-Party Releasees and shall not, directly or indirectly, inure to or for the benefit of any Non-Settling Insurer or Perpetrator.

4. Exculpation; Limitation of Liability

From and after the Effective Date, none of the Exculpated Parties shall have or incur any liability for, and each Exculpated Party shall be released from, any Claim, Cause of Action or liability to any other Exculpated Party, to any holder of a Claim, or to any other party in interest, for any act or omission that occurred during and in connection with the Chapter 11 Case or in connection with the preparation and Filing of the Chapter 11 Case, the formulation, negotiation, and/or pursuit of Confirmation of the Plan, the consummation of the Plan, and/or the administration of the Plan and/or the property to be distributed under the Plan, except for Claims, Causes of Action or liabilities arising from the gross negligence, willful misconduct, fraud, or breach of the fiduciary duty of loyalty of any Exculpated Party, in each case subject to determination of such by Final Order of a court of competent jurisdiction and provided that any Exculpated Party shall be entitled to reasonably rely upon the advice of counsel with respect to its duties and responsibilities (if any) under the Plan. Without limiting the generality of the foregoing, the Debtor and its officers, member, employees, attorneys, financial advisors, and other Professionals shall be entitled to and granted the benefits of § 1125(e) of the Bankruptcy Code.

M. The Reorganized Debtor

1. Continued Corporate Existence, Corporate Action and Vesting of Assets

The Debtor will, as the Reorganized Debtor, continue to exist after the Effective Date as a separate entity in accordance with the applicable laws of the State of Delaware, with all the powers of a not-for-profit, non-stock member corporation having tax-exempt status under 26 U.S.C. § 501(c)(3) under applicable law and without prejudice to any right to alter or terminate such existence under applicable state law, except as such rights may be limited and conditioned by the Plan and the documents and instruments executed and delivered in connection therewith. Except as otherwise provided in the Plan or the Confirmation Order, on the Effective Date, the Reorganization Assets, in accordance with § 1141 of the Bankruptcy Code, shall vest in the Reorganized Debtor, free and clear of all Liens, Claims, and interests, including successor liability. On and after the Effective Date, the Reorganized Debtor may operate and manage its affairs its and may use, acquire and dispose of property without notice to any Person, and without

supervision or approval by the Bankruptcy Court and free of any restrictions imposed by the Bankruptcy Code, Bankruptcy Rules, or the Bankruptcy Court, other than those restrictions expressly imposed by the Plan or the Confirmation Order.

In accordance with § 1129(a)(5) of the Bankruptcy Code, the identities and affiliations of the Persons proposed to serve as officers of the Reorganized Debtor on and after the Effective Date shall be set forth in a Supplemental Plan Document.

The Reorganized Debtor shall be entitled to seek such Orders, judgments, injunctions, rulings, and other assistance as it deems necessary to carry out the intentions and purposes, and to give full effect to the provisions, of the Plan.

2. IBNR Reserves

The Reorganized Debtor shall hold and administer the IBNR Reserves for the benefit of the Plan Trust, and shall provide the Plan Trust monthly reports of claims paid from the IBNR Reserves. The Reorganized Debtor shall remit to the Plan Trust any surplus remaining in the IBNR Reserves after all covered claims for self-insured plan years that commenced prior to the Effective Date have been paid, as determined by the Third-Party Administrators.

3. Voluntary Undertakings

a. Lay Pension Plan Reaffirmation Agreement

Pursuant to § 524(c) of the Bankruptcy Code, the Reorganized Debtor shall reaffirm the Debtor's obligations under the Lay Pension Plan to the extent set forth in the Lay Pension Plan Reaffirmation Agreement to be Filed by the Debtor as a Supplemental Plan Document.

b. Establishment of Charitable Trust for Abuse Survivors

The Reorganized Debtor shall establish and manage a charitable trust fund to provide medical, psychological, educational, or other material assistance to Survivors and their families, as determined by the Bishop in his discretion. This fund will be capitalized initially with the Bishop's Discretionary Fund (approximately \$82,000), and thereafter will be funded with the proceeds of any gifts and donations to the Reorganized Debtor for the benefit of Survivors.

c. Public Access to Abuse-Related Documents

In order to further promote healing and reconciliation and in order to continue efforts to prevent sexual abuse from occurring in the future, the Reorganized Debtor will establish and maintain for five (5) years a document depository that will contain all non-privileged documents in its possession related to sexual abuse by, and/or supervision of, abusive clergy, and religious and lay employees. The depository will be open to the general public on Tuesday of each week (except during the weeks before and after Easter, Christmas, and New Year's Day) from 10 am until 4 pm. Unless otherwise ordered by the Bankruptcy Court at the Confirmation Hearing, documents will include diocesan priest personnel files, all

communications related to priests regarding whom there are admitted, corroborated or otherwise substantiated allegations of sexual abuse of minors, between the bishop and other officials including, but not limited to the vicars general, vicars for clergy, chancellors, pastors, priests, provincials and other members of religious orders, lay employees, et al., transcripts and video depositions of all defendants, plaintiffs and witnesses, all exhibits and other non-privileged documents of any type related to sexual abuse tort litigation, provided, however, that no Survivor's identity shall be released or revealed without his or her express permission. The Special Mediator shall have access to inspect diocesan files and archives for the purpose of verifying that all non-privileged, abuse-related documents have been released to the fullest extent permitted by applicable law and that any documents withheld or redacted were validly withheld or redacted under applicable law, which verification shall be final and non-reviewable by (but not binding upon, for any other purpose) any court, tribunal, or other authority. The reasonable fees and expenses of the Special Mediator in connection with such inspection and verification shall be paid by the Reorganized Debtor.

d. *Apologies to Abuse Survivors*

Within a reasonable time after the Allowance of any Personal Injury Tort Claim pertaining to sexual abuse by a Diocesan priest or lay employee, the Bishop will send a letter of apology to the Survivor stating that he or she was not at fault for the abuse and that the Diocese takes responsibility for the abuse.

e. *Continuation of Child Protection Programs*

The Reorganized Debtor shall continue to comply in all respects with (i) the Charter for the Protection of Children and Young People and (ii) the For the Sake of God's Children program adopted by the Diocese in 2003. The Reorganized Debtor will publish on the Diocese's web page (www.cdow.org) the results of the annual audit conducted pursuant to the Charter for the Protection of Young People.

f. *Release of Abuse Survivors from Confidentiality Obligations*

The Bishop will continue the current policy of releasing Survivors from any confidentiality provisions in settlement agreements which they may have signed as a condition to such settlements in the past, and will continue the current policy of forbidding confidentiality provisions in any settlement agreement related to sexual abuse except at the written request of the Survivor. The Reorganized Debtor will attempt to contact counsel for all Survivors who entered into such confidentiality agreements to inform them that they are not bound by such agreements. In addition, the Reorganized Debtor agrees that all confidentiality agreements involving Survivors are terminated and that the identities of priests or lay persons named in settlement agreements containing confidentiality provisions may be made public. The Reorganized Debtor will not release or reveal any Survivor's identity without his or her permission.

4. Mandatory Mediation of Certain Disputes

The Confirmation Order shall refer all disputes regarding the Reorganized Debtor's or the Bishop's compliance with the voluntary undertakings in Sections 15.2(b)-(f) of the Plan to mediation before the Special Mediator as a prerequisite to adjudication in the

Bankruptcy Court. Responsibility for paying the reasonable fees and expenses of the Special Mediator in connection with the mediation of such disputes shall be shared by the parties to the dispute.

N. Retention of Jurisdiction

1. By the Bankruptcy Court

Pursuant to §§ 105, 1123(a)(5), and 1142(b) of the Bankruptcy Code, on and after the Confirmation Date, the Bankruptcy Court shall retain jurisdiction to the fullest extent permitted by 28 U.S.C. §§ 1334 and 157 (i) to hear and determine the Chapter 11 Case and all core proceedings arising under the Bankruptcy Code or arising in the Chapter 11 Case, and (ii) to hear and make proposed findings of fact and conclusions of law in any non-core proceedings related to the Chapter 11 Case, including, without limitation, matters concerning the interpretation, implementation, consummation, execution, or administration of the Plan. Without limiting the generality of the foregoing, the Bankruptcy Court's post-Confirmation Date jurisdiction shall include jurisdiction over the matters set forth in Section 16.1 of the Plan.

THE RETENTION OF JURISDICTION BY THE BANKRUPTCY COURT AS SET FORTH IN THE PLAN IS EXPECTED TO SIGNIFICANTLY STREAMLINE PLAN-RELATED LITIGATION AND MINIMIZE EXPENSES TO THE ESTATE FOR THE BENEFIT OF CREDITORS.

2. By the District Court

Pursuant to §§ 105, 1123(a)(5), and 1142(b) of the Bankruptcy Code, on and after the Confirmation Date, the District Court shall retain jurisdiction to the fullest extent permitted by 28 U.S.C. §§ 1334 to hear and determine all matters arising under the Bankruptcy Code or arising in or related to the Chapter 11 Case. Without limiting the generality of the foregoing, the District Court's post-Confirmation Date jurisdiction shall include jurisdiction over the matters set forth in Section 16.2 of the Plan.

THE RETENTION OF JURISDICTION BY THE DISTRICT COURT AS SET FORTH IN THE PLAN IS EXPECTED TO SIGNIFICANTLY STREAMLINE PLAN-RELATED LITIGATION AND MINIMIZE EXPENSES TO THE ESTATE FOR THE BENEFIT OF CREDITORS.

O. Administrative Provisions

1. Rejection of Unassumed Executory Contracts

On the Effective Date, except for any Executory Contract (i) that was previously assumed or rejected by an Order of the Bankruptcy Court (including the Confirmation Order) or otherwise pursuant to § 365 of the Bankruptcy Code or (ii) that is subject to a pending motion to assume or reject before the Bankruptcy Court, each Executory Contract entered into by the Debtor prior to the Petition Date that has not previously expired or terminated pursuant to its own terms, and which is not expressly assumed in the Plan, shall be rejected pursuant to §§ 365 and 1123 of the Bankruptcy Code, effective as of the Confirmation Date. The Confirmation Order

shall constitute an Order of the Bankruptcy Court approving such rejection pursuant to §§ 365 and 1123 of the Bankruptcy Code as of the Confirmation Date.

2. Final Order

Except as otherwise expressly provided in the Plan, any requirement in the Plan for a Final Order may be waived by the Debtor (if prior to the Effective Date) or the Plan Trustee (if on or after the Effective Date) upon written notice to the Bankruptcy Court. No such waiver shall prejudice the right of any party in interest to seek a stay pending appeal of any Order that is not a Final Order.

3. Amendments and Modifications

The Debtor may modify the Plan at any time prior to the Confirmation Hearing in accordance with § 1127(a) of the Bankruptcy Code. After the Confirmation Date and prior to “substantial consummation” (as such term is defined in § 1101(2) of the Bankruptcy Code) of this Plan, the Reorganized Debtor, the Plan Trust, or the Plan Trustee, as appropriate, may modify the Plan in accordance with § 1127(b) of the Bankruptcy Code by the Filing a motion on notice to the Bankruptcy Rule 2002 service list only, and the solicitation of all Creditors and other parties in interest shall not be required unless directed by Bankruptcy Court.

4. Withholding and Reporting Requirements

In connection with the Plan and all instruments issued in connection therewith and distributions thereon, the Debtor (prior to the Effective Date) and the Plan Trust (on and after the Effective Date) shall comply with all withholding and reporting requirements imposed by any federal, state, local or foreign taxing authority, and all distributions hereunder shall be subject to any such withholding and reporting requirements.

5. No Waiver

The failure of the Debtor to object to any Claim for purposes of voting shall not be deemed a waiver of the Debtor’s or the Plan Trust’s right to object to such Claim, in whole or in part.

6. Tax Exemption

Pursuant to § 1146 of the Bankruptcy Code, the delivery or recording of an instrument of transfer on or after the Confirmation Date shall be deemed to be made pursuant to and under the Plan, including, without limitation, any such acts by the Debtor, if prior to the Effective Date, and the Plan Trust, if on or after the Effective Date (including, without limitation, any subsequent transfers of property by the Plan Trust), and shall not be taxed under any law imposing a stamp tax, transfer tax or similar tax or fee. Consistent with the foregoing, each recorder of deeds or similar official for any county, city or governmental unit in which any instrument hereunder is to be recorded shall, pursuant to the Confirmation Order and the Plan, be

ordered and directed to accept such instrument, without requiring the payment of any documentary stamp tax, deed stamps, stamp tax, transfer tax, intangible tax or similar tax.

7. Non-Severability

Except as specifically provided herein, the terms of the Plan constitute interrelated compromises and are not severable, and no provision of those Articles may be stricken, altered, or invalidated, except by amendment of the Plan by the Debtor.

8. Revocation

The Debtor reserves the right to revoke and withdraw the Plan prior to the Confirmation Date, in which case the Plan shall be null and void and, in such event, nothing contained herein shall be deemed to constitute a waiver or release of any Claims by or against the Debtor, the Creditors Committee or the Lay Employees Committee, or any other Person or to prejudice in any manner the rights of the Debtor, the Creditors Committee or the Lay Employees Committee, or any other Person in any further proceedings involving the Debtor, or be deemed an admission by the Debtor, including with respect to the amount or allowability of any Claim or the value of any property of the Estate.

9. Controlling Documents

In the event and to the extent that any provision of the Plan or the Plan Trust Agreement is inconsistent with any provision of the Disclosure Statement, the provisions of the Plan or Plan Trust Agreement, as applicable, shall control and take precedence. In the event and to the extent that any provision of the Plan Trust Agreement is inconsistent with any provision of the Plan, the Plan shall control and take precedence. In the event and to the extent that any provision of the Confirmation Order is inconsistent with any provision of the Plan or the Plan Trust Agreement, the provisions of the Confirmation Order shall control and take precedence.

10. Governing Law

Except to the extent a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and the Bankruptcy Rules), and unless specifically stated, the rights, duties, and obligations arising under the Plan, any agreements, documents, and instruments executed in connection with the Plan (except as otherwise set forth in those agreements, in which case the governing law of such agreements shall control) and any corporate governance matters with respect to the Plan Trust or the Reorganized Debtor shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without giving effect to conflicts of law principles.

11. Notices

Any notices or requests of the Debtor or the Plan Trust by parties in interest under or in connection with the Plan shall be in writing and served either by (i) certified mail, return receipt requested, postage prepaid, (ii) hand delivery or (iii) reputable overnight delivery service,

all charges prepaid, and shall be deemed to have been given when received by the following parties:

If to the Debtor or the Reorganized Debtor:

YOUNG CONAWAY STARGATT & TAYLOR, LLP
The Brandywine Building
1000 West Street, 17th Floor
Wilmington, Delaware 19801
Telephone: (302) 571-6600
Facsimile: (302) 571-1253
Attn: Robert S. Brady
Patrick A. Jackson

If to the Plan Trust:

[_____]

12. Filing of Additional Documents

On, before, or after the Effective Date, and before “substantial consummation” (as such term is defined in § 1102(2) of the Bankruptcy Code) of the Plan, the Debtor, the Plan Trust, and the Reorganized Debtor, as appropriate, may File with the Bankruptcy Court or execute, as appropriate, such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan, or otherwise to comply with applicable law.

13. Powers of Officers

The officers of the Debtor or the Reorganized Debtor, as the case may be, shall have the power to enter into or execute any documents or agreements that they deem reasonable and appropriate to effectuate the terms of the Plan.

14. Direction to a Party

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

15. Successors and Assigns

The Plan shall be binding upon and inure to the benefit of the Debtor, and its respective successors and assigns, including, without limitation, the Reorganized Debtor. The rights, benefits, and obligations of any entity named or referred to in the Plan shall be binding on,

and shall inure to the benefit of, any heir, executor, administrator successor, or assign of such entity.

16. Certain Actions

By reason of entry of the Confirmation Order, prior to, on or after the Effective Date (as appropriate), all matters provided for under the Plan that would otherwise require approval of the officers of the Debtor under the Plan, including, without limitation, (a) the adoption, execution, delivery, and implementation of all contracts, leases, instruments, releases, and other agreements or documents related to the Plan, and (b) the adoption, execution, and implementation of other matters provided for under the Plan involving the Debtor or organizational structure of the Debtor, shall be deemed to have occurred and shall be in effect prior to, on or after the Effective Date (as appropriate), pursuant applicable non-bankruptcy law, without any requirement of further action by the officers of the Debtor.

17. Final Decree

Once the Estate has been fully administered, as referred to in Bankruptcy Rule 3022, the Plan Trust or such other party as the Bankruptcy Court may designate in the Confirmation Order, shall File a motion with the Bankruptcy Court to obtain a Final Decree to close the Chapter 11 Case.

P. Bankruptcy Rule 9019 Request

Pursuant to Bankruptcy Rule 9019, the Debtor requests approval of all compromises and settlements included in the Plan, including, without limitation, those set forth in Articles IV, V, and VI, and that subsequently may be included pursuant to Section 6.5 of the Plan.

Q. Confirmation Request

The Debtor requests confirmation of the Plan as a Cramdown Plan with respect to any Impaired Class that does not accept the Plan or is deemed to have rejected this Plan.

VIII. CERTAIN FACTORS TO BE CONSIDERED REGARDING THE PLAN

Holders of Claims against the Debtor should read and consider carefully the factors set forth below, as well as the other information set forth in this Disclosure Statement (and the documents delivered together herewith and/or incorporated by reference), prior to voting to accept or reject the Plan. These risk factors should not, however, be regarded as constituting the only risks involved in connection with the Plan and its implementation.

A. Allowance of Claims

This Disclosure Statement has been prepared based on preliminary information and review of filed Claims and the Debtor's books and records. Upon completion of more

detailed analysis of filed Claims, the actual amount of Allowed Claims may differ from the Debtor's current estimates.

As discussed above, as of the date of this Disclosure Statement, 1,298 proofs of claim asserting Claims other than Personal Injury Tort Claims have been filed against the Debtor asserting liquidated amounts of approximately \$331.4 million in the aggregate. The Debtor has filed no omnibus objections to Claims to date, but believes it has valid objections to many of the filed Claims and, thus, the ultimate Allowed amount of such liquidated Claims will be significantly less than the asserted amounts. In particular, Class 3B contains multiple claims for the same debt. Nevertheless, the ultimate Allowed amount of the 157 Personal Injury Tort Claims in this Chapter 11 Case (each of which is presently unliquidated, disputed, and contingent) is expected to be material. The Plan and this Disclosure Statement contain procedures for liquidating these Claims. In addition, approximately 117 unliquidated Lay Pension Claims were also filed. As a result, the ultimate amount of Allowed Claims could significantly exceed the Debtor's estimates in the development of the Plan as set forth in the Plan Summary Table.

The Debtor's estimate of recoveries for holders of Allowed Claims in Classes 3A, 3B, 3C, 3D, 3E, and 3F under the Plan are based on its estimates of the legitimate Secured, Administrative, Priority Tax, and Priority Claims, including estimates for IBNR Reserves and professional fees to complete the case (collectively, "S/A/P Claims"), and including those asserted as of the date of this Disclosure Statement. An increase in medical claims experience or the litigation of additional issues in the case – including, but not limited to, significant litigation over confirmation of the Plan – could cause the actual S/A/P Claims to vary materially from the estimates. There can be no assurance that the Debtor's estimates of the likely aggregate allowed amount of such S/A/P Claims will prove to be accurate. In addition, S/A/P Claims may be Allowed in amounts in excess of the Debtors' current expectations. The Debtor makes no assumption about the performance of its investments. The actual amount of Cash available for distribution to holders of Allowed Claims in Classes 3A, 3B, 3C, and 3F could be less than estimated, and the difference could be material.

B. Objections to Classification of Claims Pursuant to § 1122 of the Bankruptcy Code

In evaluating whether the Plan meets the requirements for confirmation under § 1129 of the Bankruptcy Code, this Disclosure Statement assumes the validity of the Plan's classifications of claims. If the Holder of a Claim were to object to the proposed classification of such Claim in the Plan pursuant to § 1122 of the Bankruptcy Code, and prevail in such objection, then the requirements for confirmation of the Plan may be different from what is set forth in this Disclosure Statement. This difference may or may not have a material effect on the confirmability of the Plan.

C. Modification of Personal Injury Tort Claim Procedures

As described above, the Plan assumes the establishment of procedures for the liquidation and allowance of Personal Injury Tort Claims, which is expected to reduce litigation costs associated with such Claims. If the procedures are not approved by the Bankruptcy Court,

or if the Debtor or the Bankruptcy Court conclude that the structure of and/or assumptions underlying the procedures change, both the Allowed amounts of Personal Injury Tort Claims and the anticipated recovery percentage of Claims in Class 3A may be altered, and such alteration may be material.

D. Valuation Risk

The Debtor is a tax-exempt, not-for-profit corporation and has not adopted Statement of Financial Accounting Standards No. 93 (“SFAS93”). SFAS93 requires not-for-profit organizations to recognize depreciation as a cost of using up the future economic benefits of its long-lived tangible assets. Since the Debtor has not adopted SFAS93, it does not recognize and record depreciation on its property and equipment or any other asset. Accordingly, owned property and equipment are stated on the Debtor’s books at original cost. Appraisals of the Debtor’s real estate are in process, and the Debtor previously obtained an appraisal of its collection of bishops’ rings and crosses. These assets continue to be carried on the Debtor’s books at cost, but for purposes of this Disclosure Statement, estimated appraised values were assumed. It would be prohibitively expensive, unduly burdensome, and an inefficient use of Estate assets for the Debtor to obtain current market valuations of all of its assets in connection with the preparation of this Disclosure Statement. In addition, even if the Debtor had appraised values for all its assets, amounts ultimately realized from the disposition of such assets could vary from the appraisals. Indeed, in instances where appraisals were available, such appraisals did not include the costs of disposition (e.g., brokers’ fees, closing costs), and there are no assurances the net proceeds of disposition would equal to appraised value. Accordingly, the asset values assumed for purposes of this Disclosure Statement may vary from actual realizable values of the assets, and such variance may be material.

E. Market Risk

A significant portion of the Debtor’s assets are in the Pooled Investment Account. The PIA is comprised of various types of investment options including: securities, corporate bonds, government bonds and treasury bonds, many of which fluctuate substantially in value. These investment options are held either separately or in various managed investment funds as part of the PIA. Investment performance has varied over time and by fund manager. As such, no attempt has been made to project changes in the market value of these assets as of the Effective Date. The actual recovery on these assets may be materially different from the value assumed for purposes of this Disclosure Statement.

E. Appellate Risk

The issue of the inclusion of the Disputed Non-Debtor PIA Funds in the Estate is currently on appeal, and a decision by a higher court overturning the Phase I ruling would result in a substantial diminution in Plan Trust Assets from what is assumed for purposes of the financial projections in this Disclosure Statement. Thus, the actual distributions to creditors under the Plan may be materially different from the distributions assumed for purposes of this Disclosure Statement.

G. Risk of Non-Confirmation of the Plan

Even if all Impaired Classes accept or could be deemed to have accepted the Plan, the Plan might not be confirmed by the Bankruptcy Court. Section 1129 of the Bankruptcy Code sets forth the requirements for confirmation and requires, among other things: (a) that the Confirmation of the Plan not be followed by a need for further liquidation or reorganization; (b) that the value of distributions to dissenting holders not be less than the value of distributions to such holders if the Debtor were liquidated under chapter 7 of the Bankruptcy Code; and (c) that the Plan and the Debtor otherwise comply with the applicable provisions of the Bankruptcy Code. Although the Debtor believes that the Plan will meet all applicable tests, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

H. Nonconsensual Confirmation

Pursuant to the “cramdown” provisions of § 1129 of the Bankruptcy Code, the Bankruptcy Court can confirm the Plan if at least one Impaired Class of Claims against such Debtor has accepted the Plan (with such acceptance being determined without including the acceptance of any “insider” in such Class) and, as to each Impaired Class of Claims 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 such Impaired Class.

The Debtor reserves the right to modify the terms of the Plan as necessary for Confirmation without the acceptance of all Impaired Classes. Such modification could result in less favorable treatment for any non-accepting Classes than the treatment currently provided by the Plan.

I. Delays of Confirmation and/or Effective Date

Any delay in Confirmation and effectiveness of the Plan could result in, among other things, increased Administrative Claims. These or any other negative effects of delays in Confirmation or effectiveness of the Plan could endanger the ultimate consummation of the Plan and materially alter creditor outcomes.

J. Plan Trust Operations

The ultimate amount of Cash available to satisfy the Allowed amount of Claims in Classes 3A, 3B, and 3F (and possibly Classes 3D and 3E) depends, in part, on the manner in which the Plan Trustee operates the Plan Trust and the expenses incurred by the Plan Trust and Plan Oversight Committee. Available Cash also will be affected by the performance and relative success of the Plan Trustee in liquidating Plan Trust Assets, including the prosecution of Causes of Action against potential defendants. The less successful the Plan Trustee is in pursuing such matters, the less Cash there will be available for distribution to satisfy Allowed Claims. For the avoidance of doubt, the Debtor has not assumed any recovery on account of such potential Causes of Action for purposes of (i) estimating recoveries on Allowed Claims under the Chapter 7 Liquidation Analysis or (ii) determining whether the Plan meets the Feasibility Test.

K. Non-Transferability

Holders of Claims in Classes 3A, 3B, 3C, 3D, 3E, and 3F also should be aware that their rights to distribution from the Plan Trust are not transferable. Therefore, there will not be any trading market for such rights, nor will those the rights be listed on any public exchange or other market. The lack of liquidity of the rights to distributions from the Plan Trust may have a negative impact on their value.

L. Uncertainty of Value

In addition to the prohibition on the transfer of rights to distributions from the Plan Trust as discussed above, the value of such rights will depend on the various risks and uncertainties outlined above. The realizable value of Plan Trust Assets will vary depending upon the extent to which these risks materialize. In addition, the resolution of Causes of Action held by the Plan Trust and the reconciliation of Claims against the Debtor's Estates may require a substantial amount of time, during which time interest will not accrue on Allowed Claims in Classes 3A, 3B, 3C, 3D, 3E, and 3F. These delays could reduce the ultimate value of any recovery.

IX. CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

A. General

A description of the United States federal income tax consequences of the Plan is provided below. This description is based on the Internal Revenue Code, Treasury Regulations issued thereunder, judicial decisions and Internal Revenue Service and administrative determinations, all as in effect on the date of this Disclosure Statement and all subject to change, possibly with retroactive effect. Changes in any of these authorities or in their interpretation could cause the United States federal income tax consequences of the Plan to differ materially from the consequences described below.

The United States federal income tax consequences of the Plan are complex and in important respects uncertain. No ruling has been requested from the Internal Revenue Service; no opinion has been requested from the Debtor's counsel concerning any tax consequence of the Plan; and no tax opinion is given by this Disclosure Statement.

The description that follows does not cover all aspects of United States federal income taxation that may be relevant to the Debtor or holders of Claims. For example, the description does not address issues of special concern to certain types of taxpayers, such as dealers in securities, life insurance companies, financial institutions, tax exempt organizations and non-U.S. taxpayers. In addition, the description does not discuss state, local or non-U.S. tax consequences.

For these reasons, the description that follows is not a substitute for careful tax planning and professional tax advice based upon the individual circumstances of each holder of a Claim. Holders of Claims are urged to consult with their own tax advisors regarding the federal, state, local and non-U.S. tax consequences of the Plan.

**B. United States Federal Income Tax Consequences of
Payment of Allowed Claims Pursuant to Plan**

The United States federal income tax consequences of Plan implementation to the holders of Allowed Claims will depend on, among other things, the consideration to be received by the holder, whether the holder reports income on the accrual or cash method, whether the holder receives distributions under the Plan in more than one taxable year, whether the holder's claim is Allowed or disputed at the Effective Date, and whether the holder has taken a bad debt deduction or worthless security deduction with respect to its Claim.

1. Recognition of Gain or Loss

a. *In General*

In general, a holder of a Claim should recognize gain or loss equal to the amount realized under the Plan in respect of its Claim less the holder's basis in the Claim. Any gain or loss recognized in the exchange may be long-term or short-term capital gain or loss or ordinary income or loss, depending upon the nature of the Claim and the holder, the length of time the holder held the Claim and whether the Claim was acquired at a market discount. If the holder realizes a capital loss, its deduction of the loss may be subject to limitation. The holder's aggregate tax basis for any property received under the Plan generally will equal the amount realized. The holder's amount realized generally will equal the sum of the Cash and the fair market value of any other property received (or deemed received) by the holder under the Plan on the Effective Date or subsequent distribution date, less the amount (if any) allocable to Claims for interest, as discussed below.

b. *Post-Effective Date Cash Distributions*

Because certain holders of Allowed Claims, including Disputed Claims that ultimately become Allowed Claims, may receive Cash distributions subsequent to the Effective Date of the Plan, the imputed interest provisions of the Internal Revenue Code may apply to treat a portion of the subsequent distributions as imputed interest. Additionally, because holders may receive distributions with respect to an Allowed Claim in a taxable year or years following the year of the initial distribution, any loss and a portion of any gain realized by the holder may be deferred. All holders of Allowed Claims are urged to consult their tax advisors regarding the possible application of (or ability to elect out of) the "installment method" of reporting with respect to their claims.

c. *Bad Debt and/or Worthless Securities Deduction*

A holder who, under the Plan, receives in respect of a Claim an amount less than the holder's tax basis in the claim may be entitled in the year of receipt (or in an earlier or later year) to a bad debt deduction in some amount under § 166(a) of the Internal Revenue Code or a worthless securities deduction under § 165(g) of the Internal Revenue Code. The rules governing the character, timing and amount of bad debt or worthless securities deductions place considerable emphasis on the facts and circumstances of the holder, the obligor and the

instrument with respect to which a deduction is claimed. Holders of Claims, therefore, are urged to consult their tax advisors with respect to their ability to take such a deduction.

d. *Pending Payments*

Cash and other Plan Trust Assets that the Plan Trust holds as a payment pending to the Holder of an Allowed Claim (a "Pending Payment") after the Effective Date should be deemed to have been paid to the Holder of the Claim entitled to receive such Pending Payment on the date that the Plan Trust received it and to have been contributed by such holder to the Plan Trust as a grantor and beneficiary of the Plan Trust. Thus, the holder should recognize gain or loss based upon the amount deemed received and contributed to the Plan Trust on the Effective Date, and any income subsequently realized by the Plan Trust with respect to such Pending Payment will be reported by the Plan Trustee as income of the grantor-beneficiary in the year realized, prior to the actual distribution of the Pending Payment to the holder of the Allowed Claim. The actual receipt of the Pending Payments from the Plan Trust will not be a taxable event.

e. *Payments Other than Pending Payments*

If any payment other than a Pending Payment is to be made from the Plan Trust, such payment will not be deemed to have been made to any recipient until, and to the extent that, the amount to which the payee is entitled has been determined and distributed. Any income realized by Plan Trust prior to such time will be reported by the Plan Trustee as income of and taxable to the Plan Trust.

2. Certain Other Tax Consequences for Holders of Claims

a. *Receipt of Pre-Effective Date Interest*

In general, a Claim holder that was not previously required to include in its taxable income any accrued but unpaid pre-Effective Date interest on the Claim may be required to take such amount into income as taxable interest. A Claim holder that was previously required to include in its taxable income any accrued but unpaid pre-Effective Date interest on the Claim may be entitled to recognize a deductible loss to the extent that such interest is not satisfied under the Plan. The Plan provides that all distributions to a holder of an Allowed Claim will be deemed to apply first to the principal amount of such Claim until such principal amount is paid in full, and then the remaining portion of such distributions, if any, will be deemed to apply to any prepetition accrued interest included in such Claim. There is no assurance, however, that the Internal Revenue Service will respect this treatment and will not determine that all or a portion of amounts distributed to holders of Allowed Claims is properly allocable to prepetition interest. Each such holder is urged to consult its tax advisor regarding the tax treatment of its distributions under the Plan and the deductibility of any accrued but unpaid interest for federal income tax purposes.

b. *Installment Method*

A holder of a Claim constituting an installment obligation for tax purposes may be required to recognize currently any gain remaining with respect to the obligation if, pursuant to

the Plan, the obligation is considered to be satisfied at other than its face value, distributed, transmitted, sold or otherwise disposed of within the meaning of § 453B of the Internal Revenue Code.

c. *Information Reporting and Withholding*

Under the Internal Revenue Code's backup withholding rules, the holder of an Allowed Claim may be subject to backup withholding with respect to distributions or payments made pursuant to the Plan unless the holder comes within certain exempt categories (which generally include corporations) and, when required, demonstrates that fact, or provides a correct taxpayer identification number and certifies under penalty of perjury that the taxpayer identification number is correct and that the holder is not subject to backup withholding because of a failure to report all dividend and interest income. Backup withholding is not an additional tax, but merely an advance payment that may be refunded to the extent it results in an overpayment of tax. Holders of Allowed Claims may be required to establish exemption from backup withholding or to make arrangements with respect to the payment of backup withholding.

3. Importance of Obtaining Professional Tax Assistance

The foregoing discussion is intended only as a summary of certain U.S. Federal income tax consequences of the Plan, and is not a substitute for careful tax planning with a tax professional. The above discussion is for information purposes only and is not tax advice. The tax consequences are in many cases uncertain and may vary depending on a holder's individual circumstances. Accordingly, holders are urged to consult with their tax advisors about federal, state, local and non-U.S. tax consequences to the Plan.

X. ACCEPTANCE AND CONFIRMATION OF THE PLAN; VOTING REQUIREMENTS

The Bankruptcy Code requires that, in order to confirm the Plan, the Bankruptcy Court must make a series of findings concerning the Plan and the Debtor, including that (i) the Plan has classified Claims in a permissible manner; (ii) the Plan complies with applicable provisions of the Bankruptcy Code; (iii) the Debtor has complied with applicable provisions of the Bankruptcy Code; (iv) the Debtor has proposed the Plan in good faith and not by any means forbidden by law; (v) the disclosure required by § 1125 of the Bankruptcy Code has been made; (vi) the Plan has been accepted by the requisite votes of Creditors in each class (except to the extent that cramdown is available under section 1129(b) of the Bankruptcy Code); (vii) the Plan is feasible and confirmation is not likely to be followed by further financial restructuring of the Debtor; (viii) the Plan is in the "best interests" of all Holders of Claims in an Impaired class (see "Best Interests Test" below); and (ix) all fees and expenses payable under 28 U.S.C. § 1930, as determined by the Bankruptcy Court at the hearing on confirmation, have been paid or the Plan provides for the payment of such fees on the Effective Date. The Debtors believe that the Plan satisfies all the requirements for confirmation.

A. Best Interests Test

Section 1129(a)(7) of the Bankruptcy Code requires that each holder of an impaired allowed claim or interest either (i) accepts the plan or (ii) receives or retains under the plan property of a value, as of the effective date, that is not less than the value such holder would receive or retain if the debtors were liquidated under chapter 7 of the Bankruptcy Code on the effective date (the “Best Interests Test”). The first step in meeting this test is to determine the dollar amount that would be generated from a hypothetical liquidation of the Debtor’s assets in the context of a chapter 7 liquidation in which a chapter 7 trustee is appointed and charged with reducing to cash any and all assets of the Debtor. Accordingly, this is the assumption employed in preparing the Liquidation Analysis. The Bankruptcy Court will determine whether the Cash and property issued under the Plan to each Class equals or exceeds the value that would be allocated to the holders of Claims in a liquidation under Chapter 7 of the Bankruptcy Code. The Debtors believe that the holders of Claims against in the Debtor will have an equal or greater recovery as a result of the liquidation of the Debtor’s assets by the Plan Trust as discussed herein and than could be realized in a Chapter 7 liquidation.

Accordingly, the only question is whether the creditors will have recovered more (or at least as much) under the Plan than they would recover through an asset liquidation by a Chapter 7 trustee.

To determine the value that a Holder of a Claim in an Impaired Class would receive if the Debtors were liquidated under Chapter 7, the Bankruptcy Court must determine the aggregate dollar amount that would be generated from the liquidation of the Debtor’s Assets if the Debtor’s Chapter 11 Case had been converted to a Chapter 7 liquidation case and the Debtor’s Assets were liquidated by a Chapter 7 trustee (the “Liquidation Value”). The Liquidation Value would consist of the net proceeds from distribution of the Debtor’s Assets, augmented by Cash held by the Debtor and reduced by certain increased costs and Claims that arise in a Chapter 7 liquidation case that do not arise in a Chapter 11 case.

As explained below, the Liquidation Value available for satisfaction of Claims against the Debtor would be reduced by: (a) the costs, fees and expenses of the liquidation under Chapter 7, which would include disposition expenses and the compensation of a trustee and his counsel and other retained professionals, (b) the fees of the Chapter 7 trustee, and (c) certain other costs arising from conversion of the Chapter 11 Case to Chapter 7. In addition, the shortened time available in a Chapter 7 to sell assets such as real estate may reduce the net recovery. A hypothetical chapter 7 liquidation analysis prepared by the Debtors (the “Liquidation Analysis”) is attached to this Disclosure Statement as Exhibit C. As is evident from the Liquidation Analysis, the Debtor believes that Creditors will clearly benefit from confirmation of the Plan.

It is also anticipated that a Chapter 7 liquidation would result in a significant delay in payments being made to Creditors. Bankruptcy Rule 3002(c) provides that conversion of Chapter 11 cases to Chapter 7 will trigger a new bar date for filing claims against the Estate, and that the new bar date will be more than 90 days after the Chapter 11 cases convert. Not only would a Chapter 7 liquidation delay distribution to Creditors, but it is possible that additional Claims that were not asserted in the Chapter 11 Cases, or were late-filed, could be filed against the Estate. The Debtor has received and is analyzing late-filed Claims and may file claims

objections in the near future. Reopening the Bar Dates in connection with conversion to Chapter 7 would provide these and other claimants an additional opportunity to timely file Claims against the Estate. Moreover, the Debtor would lose the benefit of having an established Administrative Claim Bar Date.

For the reasons set forth above, the Debtor believes that the Plan provides a superior recovery for the holders of Claims, and the Plan meets the requirements of the Best Interests Test.

B. Financial Feasibility Test

In order to confirm a plan, the Bankruptcy Code requires the Bankruptcy Court to find that confirmation of the plan is not likely to be followed by liquidation or the need for further financial reorganization of the Debtor (the “Feasibility Test”). Thus, for a plan to meet the Feasibility Test, the Bankruptcy Court must find that there is a reasonable likelihood that the reorganized debtor will possess the working capital and other resources necessary to meet its obligations under the plan. Based upon the Financial Projections attached to this Disclosure Statement as Exhibit D and the assumptions set forth therein, the Debtor believes that it will be able to make all distributions required pursuant to the Plan and to fund its operations going forward and, therefore, that confirmation of the Plan is not likely to be followed by liquidation or the need for further reorganization.

C. Acceptance by Impaired Classes

Section 1129(a) of the Bankruptcy Code requires that each class of claims that is Impaired under the Plan accept the Plan, subject to the “cramdown” exception contained in section 1129(b) of the Bankruptcy Code. Under § 1129(b), if at least one but not all Impaired classes do not accept the Plan, the Bankruptcy Court may nonetheless confirm the Plan if the non-accepting classes are treated in the manner required by the Bankruptcy Code. The process by which non-accepting classes are forced to be bound by the terms of the Plan is commonly referred to as “cramdown.” The Bankruptcy Code allows the Plan to be “crammed down” on non-accepting classes of claims if (i) the Plan meets all confirmation requirements except the requirement of § 1129(a)(8) of the Bankruptcy Code that the Plan be accepted by each class of claims that is Impaired and (ii) the Plan does not “discriminate unfairly” and is “fair and equitable” toward each Impaired class that has not voted to accept the Plan, as referred to in § 1129(b) of the Bankruptcy Code and applicable case law.

A class of claims under a plan “accepts” the plan if the plan is accepted by creditors that hold at least two-thirds in amount and more than one-half in number of the allowed claims in the class that actually vote on the plan.

A class that is not “impaired” under a plan is conclusively presumed to have accepted the plan. Solicitation of acceptances from such a class is not required. A class is “impaired” unless (i) the legal, equitable and contractual rights to which a claim in the class entitles the holder are not modified or (ii) the effect of any default is cured and the original terms of the obligation are reinstated. Under the Plan, Classes 1 (Secured Claims) and 2 (Priority Claims) are not Impaired and are deemed to accept the Plan, while Class 4 (Penalty Claims) is not entitled expected to

receive or retain any property under the Plan on account of Claims and is conclusively presumed to have rejected the Plan. All other Classes of Claims under the Plan are Impaired under the Plan and Holders of Claims in such Classes are entitled to vote to accept or reject the Plan.

The Plan provides fair and equitable treatment of impaired Claims, as either (a) each impaired unsecured creditor receives or retains under the plan property of a value equal to the amount of its allowed Claim or (b) the Holders of Claims that are junior to such Class of impaired claims will not receive or retain any property under the Plan. Pursuant to the Plan, no Holders of any Claim junior to the holders of such impaired Classes will receive or retain any property on account of such junior Claims.

As noted above, Holders of Claims in Class 4 (Penalty Claims) are ~~receiving~~ not expected to receive any property under the Plan and are therefore deemed to reject the Plan. However, the Plan provides fair and equitable treatment to these holders because there are no Classes junior to these Classes and no Class senior to these Classes is being paid more than in full on its Allowed Claims.

If any Impaired Class fails to accept the Plan, the Debtor intends to request that the Bankruptcy Code confirm the Plan pursuant to § 1129(b) of the Bankruptcy Code with respect to those Classes.

L. Voting Procedures

a. Ballots

If voting for or against the Plan, please use only the Ballot or Ballots sent to you with this Disclosure Statement. Votes cast to accept or reject the Plan will be counted by Class. Please read the voting instructions on the reverse side of the Ballot for a thorough explanation of voting procedures.

IF YOU BELIEVE THAT YOU ARE A HOLDER OF A CLAIM IN A VOTING CLASS FOR WHICH YOU DID NOT RECEIVE A BALLOT, IF YOUR BALLOT IS DAMAGED OR LOST, OR IF YOU HAVE QUESTIONS CONCERNING VOTING PROCEDURES, PLEASE CONTACT THE GARDEN CITY GROUP, INC. AT (800) 761-6220. THE GARDEN CITY GROUP, INC. CANNOT PROVIDE YOU WITH LEGAL ADVICE.

If you are entitled to vote to accept or reject the Plan, a Ballot is enclosed for the purpose of voting on the Plan. If you hold Claims or Interests in more than one Class and you are entitled to vote Claims or Interests in more than one Class, you will receive separate Ballots that must be used to vote in each separate Class.

Unless otherwise directed in your solicitation package, mail your completed Ballot(s) to: CDoW Ballot Processing, c/o The Garden City Group, Inc., P.O. Box 9561, Dublin, Ohio 43017-4861 (if by mail) or CDoW Ballot Processing, c/o The Garden City Group, Inc., 5151 Blazer Parkway, Suite A, Dublin, Ohio 43017 (if by personal delivery or overnight courier). **DO NOT RETURN BALLOTS TO THE BANKRUPTCY COURT.** A Ballot that does not indicate an acceptance or rejection of the Plan will not be counted either as a vote to accept or a

vote to reject the Plan. If you cast more than one Ballot voting the same Claim before 4:00 p.m. (prevailing Eastern Time) on the voting deadline, the last Ballot received before the voting deadline will be deemed to reflect your intent and thus will supersede any prior Ballots. Additionally, you may not split your votes for your Claims within a particular Class under the Plan either to accept or reject the Plan. Therefore, a Ballot or a group of Ballots within a Plan Class received from a single creditor that partially rejects and partially accepts the Plan will not be counted.

Unless the Bankruptcy Court permits you to do so after notice and hearing to determine whether sufficient cause exists to permit the change, you may not change your vote after the voting deadline passes. **DO NOT RETURN ANY DEBT INSTRUMENTS OR OTHER SECURITIES WITH YOUR BALLOT. FACSIMILE, EMAIL OR ELECTRONICALLY TRANSMITTED BALLOTS WILL NOT BE ACCEPTED.**

PLEASE PUT YOUR TAXPAYER IDENTIFICATION NUMBER ON YOUR BALLOT; THE DISBURSING AGENT MAY NOT BE ABLE TO MAKE DISTRIBUTIONS TO YOU WITHOUT IT.

b. *Deadline for Voting*

IN ORDER TO BE COUNTED, BALLOTS MUST BE RECEIVED BY 4:00 P.M. (PREVAILING EASTERN TIME) ON _____, ~~2010~~2011.

c. *Importance of Your Vote*

Your vote is important. The Bankruptcy Code defines acceptance by a Class of Claims as acceptance by Holders of at least two-thirds in amount and a majority in number of Allowed Claims in that Class that vote. **ONLY THOSE CREDITORS WHO ACTUALLY VOTE ARE COUNTED FOR PURPOSES OF DETERMINING WHETHER A CLASS HAS VOTED TO ACCEPT THE PLAN. YOUR FAILURE TO VOTE WILL LEAVE TO OTHERS THE DECISION TO ACCEPT OR REJECT THE PLAN.**

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XI. RECOMMENDATION AND CONCLUSION

THE DEBTOR BELIEVES THAT CONFIRMATION AND CONSUMMATION OF THE PLAN IS IN THE BEST INTERESTS OF CREDITORS AND THAT THE PLAN SHOULD BE CONFIRMED. THE DEBTOR STRONGLY RECOMMENDS THAT ALL CREDITORS RECEIVING A BALLOT VOTE IN FAVOR OF THE PLAN.

Dated: Wilmington, Delaware
November 1, ~~December~~ 2010

Respectfully submitted,
CATHOLIC DIOCESE OF WILMINGTON, INC.

By: Most Rev. W. Francis Malooly, D.D.
Its: President and Sole Member

EXHIBIT A

THE PLAN

[FILED AT DOCKET NO. ____]

EXHIBIT B

ORDER APPROVING DISCLOSURE STATEMENT

[RESERVED]

EXHIBIT C

CHAPTER 7 LIQUIDATION ANALYSIS

NOTES TO LIQUIDATION ANALYSIS

I. INTRODUCTION

The Debtor, with the assistance of its restructuring professionals, has prepared this hypothetical liquidation analysis (the “Liquidation Analysis”) in connection with the Disclosure Statement. The Debtor believes the Plan satisfies the “best interest of creditors” test set forth in § 1129(a)(7) of the Bankruptcy Code with respect to each impaired Class of creditors under the Plan. The Debtor believes these Classes will receive at least as much as they would if the Debtor’s assets were liquidated in a case under chapter 7 of the Bankruptcy Code. The Debtor believes this Liquidation Analysis and the conclusions set forth herein are fair and accurate, and represent management’s best judgment with regard to the results of a liquidation of this Debtor. There are five (5) impaired Classes under the Plan:

- Class 3A Claims (Personal Injury Tort Claims);
- Class 3B Claims (Lay Pension Claims);
- Class 3C Claims (Allied Irish Bank Claim);
- Class 3F Claims (Other Unsecured Claims); and
- Class 4 Claims (Penalty Claims).

In addition, there are two (2) potentially impaired¹ Classes under the Plan:

- Class 3D Claims (Clergy Pension Claims); and
- Class 3E Claims (Gift Annuity Claims).

The Liquidation Analysis is based on the Debtor’s unaudited and preliminary balance sheet as of September 30, 2010, appraisals of the Debtor’s real estate and certain other personal property, and other information as disclosed in its Schedules and Statement of Financial Affairs, and assumes a hypothetical conversion of the Debtor’s current Chapter 11 Case to a case under chapter 7 of the Bankruptcy Code on or about February 1, 2011 (the “Liquidation Date”). It further assumes that all parishes would stop paying assessments or otherwise providing financial support to the Debtor immediately upon conversion to chapter 7.

The Liquidation Analysis also assumes that the liquidation of the Debtor would be completed during a four-month period after the Liquidation Date, during which time all of the Debtor’s major assets would be sold and initial distributions to creditors would be made, net of liquidation-related costs. Although the liquidation of some assets might not require four months, other assets would be more difficult to collect or sell, thus requiring a liquidation period that could require substantially longer than four months. The liquidation period would allow for the orderly sale or abandonment of fixed assets and the orderly wind-down of daily operations. For certain assets, estimates of the liquidation values were made for each asset individually. For

¹ These Classes are unimpaired by the Plan but may become impaired in the event the restricted assets available to satisfy the claims in these Classes are determined to be unrestricted assets of the Debtor.

other assets, liquidation values were assessed for general classes of assets by estimating the percentage recoveries that a trustee might achieve through an orderly disposition. It is presumed that over an additional 18-month period, the chapter 7 trustee would resolve all claims and other matters involving the Debtor's estate and make additional distributions.

It is assumed that proceeds realized from the liquidation of the Debtor's unrestricted assets would be aggregated in a common distribution "pot". For purposes of this Liquidation Analysis, each and every Claim asserted against the Debtor is presumed to be entitled to a distribution from the aggregated net proceeds. Certain assets or their proceeds are only available to satisfy certain claims due to legally enforceable restrictions on the use or distribution of such funds. The Liquidation Analysis assumes that each claim for which restricted funds are available (specifically, the Allied Irish Bank Claim, Clergy Pension Claims, and Gift Annuity Claims) would first be paid to the extent of the restricted funds, and the remaining claim, if any, would then share *pari passu* with other general unsecured claims.

The Liquidation Analysis reflects the estimated cash proceeds, net of liquidation-related costs, that would be realized if the Debtor were to be liquidated in an orderly manner through a chapter 7 process. The Liquidation Analysis assumes that liquidation proceeds would be distributed in accordance with § 726 of the Bankruptcy Code. If a chapter 7 liquidation were pursued for the Debtor, the amount of liquidation value available to unsecured creditors would be reduced (i) by the costs of the liquidation, including fees and expenses of the chapter 7 trustee, fees and expenses of other professionals retained by the trustee to assist with the liquidation, and asset disposition expenses; and (ii) by priority and administrative claims against the bankruptcy estate, including unpaid operating expenses and any accrued and unpaid professional fees allowed in the chapter 11 case.

A chapter 7 liquidation would likely prompt certain other events to occur, including the termination of the Debtor's pension and benefit plans, the rejection of remaining executory contracts and unexpired leases, including equipment leases. In addition, several Third-Party Indemnity Claims relating to sexual abuse litigation may be asserted against the Debtor by certain Non-Debtor Catholic Entities. Under the Plan, these claims are waived, and insurance and cash are contributed to the Plan Trust for the sole benefit of holders of Personal Injury Tort Claims, in exchange for an injunction channeling such claims to the Plan Trust; in a chapter 7 liquidation, these claims are not waived. Thus, a hypothetical chapter 7 estate would likely be subjected to considerably more claims than would the Plan Trust under the Plan. Estimated claim amounts for some, but not all, of these categories of additional claims are set forth in the Liquidation Analysis. No attempt has been made to estimate each and every additional general unsecured claim that might result in the event of a liquidation.

This Liquidation Analysis necessarily contains an estimate of the amount of liquidated Claims that will ultimately become Allowed Claims, but generally assumes that Disputed Claims against the Debtor will be resolved in favor of the Debtor. Accordingly, estimates for non-tort claims are based solely upon the Debtor's own books and records. Estimation of Personal Injury Tort Claims for purposes of this Liquidation Analysis is discussed below.

The Liquidation Analysis assumes that there are no recoveries from the pursuit of any potential preferences, fraudulent conveyances, or other causes of action and does not include the estimated

costs of pursuing those actions.

II. GLOBAL NOTES

A. Basis of Presentation

To the extent possible, the Liquidation Analysis reflects the assets and liabilities of the Debtor as shown in its Financial Statements. The Financial Statements do not, and thus the Liquidation Analysis does not, purport to represent financial information prepared in accordance with U.S. Generally Accepted Accounting Principles.

B. Causes of Action

As of the time the Debtor prepared this Liquidation Analysis, the Debtor was unaware of any viable causes of action against third parties, other than cross-claims and/or counterclaims asserted, or that may be asserted, in connection with pending litigation. The Debtor during the course of the bankruptcy has reserved all of its rights with respect to any causes of action it may have against any party, and as a result, the chapter 7 trustee could choose to bring such causes of action and these causes of action may affect the assets and/or expenses of the estate.

The Creditors Committee contends (i) this Liquidation Analysis is inadequate because it fails to value potential avoidance actions, (ii) that the transfer of property to DOW Schools in 2004 in connection with the DEDA bond transaction is potentially avoidable, and (iii) that, in the four years immediately prior to the Petition Date, there were at least \$2 million of potentially avoidable transfers made to the Non-Debtor Catholic Entities. The Debtor disagrees, and stands by its statement above that it is unaware of any viable causes of action against third parties.

C. Valuation

The Debtor is a tax-exempt, not-for-profit corporation and has not adopted Statement of Financial Accounting Standards No. 93 (“SFAS93”). SFAS93 requires not-for-profit organizations to recognize depreciation as a cost of using up the future economic benefits of its long-lived tangible assets. Since the Debtor has not adopted SFAS93, it does not recognize and record depreciation on its property and equipment or any other asset. Accordingly, owned property and equipment are stated on the Debtor’s books at original cost. It would be unduly burdensome and an inefficient use of estate assets for the Debtor to obtain current market valuations of all of its assets in connection with the preparation of this Liquidation Analysis. However, the Debtor did obtain appraisals on its collection of rings, crosses and chalices, and its real estate. These assets continue to be carried on the Debtor’s books at cost, but for purposes of this Liquidation Analysis, appraised values were used.

D. The Pooled Investment Account

Assets within the Pooled Investment Account include (i) Disputed Non-Debtor PIA Funds, (ii) Restricted PIA Funds, and (iii) Unrestricted Assets of the Debtor (the “Unrestricted PIA Funds” and, collectively with the Disputed Non-Debtor PIA Funds and the Restricted PIA Funds, “Pooled Investment Assets”). Pooled Investment Assets are valued as of September 30, 2010, the close of the last reporting period for which data is available prior to the date this analysis was

prepared.

In the PIA Litigation, the Bankruptcy Court ruled that the Disputed Non-Debtor PIA Funds are property of the Debtor's bankruptcy estate, which ruling is currently on appeal. If the Bankruptcy Court's ruling were overturned, the assets shown in this Liquidation Analysis would be reduced by approximately \$80.5 million and the liabilities would be reduced by approximately \$75.8 million, which would substantially reduce the percentage distribution to creditors. The Plan contemplates that Disputed Non-Debtor PIA Funds will be held in escrow pending resolution of the PIA Litigation by a Final Order. However, for purposes of the chapter 11 distribution analysis and this Liquidation Analysis, it is assumed that the Disputed Non-Debtor PIA Funds are unrestricted assets of the estate distributable to general creditors.

E. Restricted Assets

A substantial portion of the Debtor's assets are subject to donor-imposed restrictions on use or disposition which the Debtor believes preclude the use of such assets, or proceeds thereof, to satisfy the claims of general creditors of the Debtor. The majority of these Restricted Assets are maintained in the Pooled Investment Account. The Liquidation Analysis assumes that, consistent with § 363(d)(1) of the Bankruptcy Code, the chapter 7 trustee would abide by any legally enforceable restrictions to which Restricted Assets are subject, and would not use Restricted Assets for general administrative or corporate purposes, or to satisfy the claims of general creditors. For this reason, Restricted Assets are not listed as a "top line" asset in the Liquidation Analysis. However, as discussed below with respect to the Allied Irish Bank Claim, the Clergy Pension Claims, and the Gift Annuity Claims, the Liquidation Analysis does assume that the chapter 7 trustee would exhaust any Restricted Assets before making a distribution on such claim from unrestricted assets.

E. Reservation of Rights

Estimation of claims in this Liquidation Analysis is not intended, nor should it be construed, as an admission or acknowledgment of the validity or amount of any Claim. Except as expressly provided, and expressly subject to confirmation of, the Plan, the Debtor reserves all rights with respect to all Claims asserted against the Debtor's estate.

III. LINE-ITEM NOTES

A. Cash and Cash Equivalents

Represents forecasted cash held in corporate accounts as of the Liquidation Date. This balance was obtained using the Debtor's latest financial projections. Projected cash balances are valued at 100% for purposes of the Liquidation Analysis.

B. Unrestricted PIA Funds

Unrestricted PIA Funds comprise various types of investment options including: securities, corporate bonds, government bonds and treasuries, many of which fluctuate substantially in value. These investment options are held either separately or in various managed investment funds as part of the Pooled Investment Account. No attempt has been made to project the market

value of these assets as of the Liquidation Date, and they have been valued at their market value as of September 30, 2010.

For purposes of this Liquidation Analysis, the total Unrestricted PIA Funds includes the Lay Pension Fund. The Plan contemplates that the Lay Employees Committee may commence an action asserting that the Lay Pension Fund is restricted to be used only for payment of Lay Pension Claims. If the Lay Pension Litigation is commenced, the Plan contemplates that the Lay Pension Fund will be held in escrow pending resolution of such litigation. However, for purposes of the chapter 11 distribution analysis and this Liquidation Analysis, it is assumed that the Lay Pension Fund is an unrestricted asset of the estate distributable to general creditors.

C. Real Estate

The real estate of the Debtor consists of a variety of buildings and the land on which they sit, and is identified in Article III(B)(3) of the Disclosure Statement. All real estate has been independently appraised and the value in the Liquidation Analysis reflects these appraised values. At this time the Braun residence is on the market for sale for \$383,000, an amount that would recover less than the appraised value even if it sold for the asking price. The listing price was determined after discussions with real estate professionals familiar with the local market. An offer of \$320,000 has been received. Due to market conditions and risk, the value realized from the sale of the real property may be higher or lower than the appraised value, and this variance may be significant.

D. Accounts Receivable

The Debtor's accounts receivable comprise outstanding parish assessments and rights to reimbursement from Non-Debtor Catholic Entities for health insurance and workers' compensation insurance.

It is anticipated that the vast majority of non-parish accounts receivable and parish accounts receivable for health and workers compensation insurance will have been fully converted to cash that is included in the estimated cash balance as of the Liquidation Date. The Liquidation Analysis assumes that receivables for parish assessments will be uncollectible by the chapter 7 trustee because there is no secular legal basis for payment or collection of these amounts. As such, for purposes of this Liquidation Analysis, accounts receivable are valued between 0% and 10% of their book value.

E. Notes Receivable

Notes Receivable of the Debtor are assumed for the purposes of this Liquidation Analysis to be legally enforceable. It is further assumed that collections on the Notes Receivable would be approximately 85%-95% of the net book value.

F. PIA Distribution Clawback

This represents distributions made to non-debtor Pooled Investment Participants on account of their respective Disputed Non-Debtor PIA Funds between the Petition Date and September 30, 2010, pursuant to the series of interim orders entered by the Bankruptcy Court. The orders

provide that such distributions are presumed to be recoverable pursuant to § 549 of the Bankruptcy Code, subject to the non-debtor Pooled Investment Participants' right to rebut such presumption. For purposes of the Liquidation Analysis it is assumed (i) that no non-debtor Pooled Investment Participant would rebut the presumption of avoidability with respect to any of these distributions, and (ii) accordingly, the chapter 7 trustee would set off the amount of these distributions dollar-for-dollar against any distributions to be made on account of PIA Investment Claims. The foregoing assumptions are for illustration purposes only, and are without prejudice to the right of any non-debtor Pooled Investment Participant to rebut the presumption of avoidability established by the Bankruptcy Court's orders, which would eliminate the chapter 7 trustee's setoff rights and, as a result, reduce the amount of assets available for distribution to creditors other than such Pooled Investment Participant.

G. Miscellaneous Assets

The Debtor has estimated a realizable value for certain personal property. This property includes items such as used furniture and appliances. It also includes miscellaneous artwork. The Debtor determined that the benefit of assigning a realizable value to a relatively small amount of used personal property did not justify the significant cost and delay in obtaining a professional appraisal.

The Debtor expects to receive the net proceeds from the sale of the property owned by St. Stanislaus Kostka parish. Because the Debtor's expectancy interest in proceeds of real property is not an interest in the property itself, its value is included in the Miscellaneous Assets, not the Real Estate.

The Debtor's collection of former bishops' rings, crosses, and chalices, are listed at replacement value included in a professional appraisal dated December 8, 2009. Replacement value is used to designate the amount of insurance that may be or should be carried on items of personal property in order to indemnify someone in the event of loss or damage. The actual realizable value of these items (e.g., in a sale) may differ materially from the replacement value. The Debtor also obtained an appraisal at fair market value of these items, which was slightly less than the replacement value.

The Debtor is occasionally the beneficiary of wills and trusts. However, these endowments are completely at the discretion of the donor and are inherently revocable. The Debtor cannot ascertain whether it will be the beneficiary of such endowments nor can it ascertain any amount relating thereto. Accordingly, the value is estimated at \$0.00.

The Debtor has estimated a realizable value for its automobiles based upon the Kelley Blue Book website (www.kbb.com), using the "fair" to "good" condition range.

The Debtor has estimated a realizable value for its used office equipment and furniture, with the assistance of its financial advisors using their experience in disposing of these types of assets in other cases and the current market conditions for such assets.

H. Insurance Recoveries

The Debtor has an interest in a number of liability insurance policies covering a number of

periods (the “Liability Coverage”). The details of the Liability Coverage have been shared with the Official Committee of Unsecured Creditors. The Debtor reserves all rights with respect to the Liability Coverage. This amount represents the estimated insurance proceeds that would be realized from the Liability Coverage.

I. Disputed Non-Debtor PIA Funds (Petition Date)

This represents the value of the Disputed Non-Debtor PIA Funds as of October 20, 2009, the nearest day to the Petition Date for which reliable data is available.

J. Disputed Non-Debtor PIA Funds (Post-Petition Appreciation)

This represents the appreciation in the value of the Disputed Non-Debtor PIA Funds between October 20, 2009, and September 30, 2010.

K. Impact of Operations on Gross Proceeds

The Debtor has analyzed its projected revenue and expenses for the period from October 1, 2010 through January 31, 2011. This number represents the estimated net decrease to Gross Liquidation Proceeds that operations will have during the period between the valuation date and the Liquidation Date.

L. Shutdown Costs

Estimates for corporate payroll and operating costs incurred during the liquidation are based upon the assumption that certain corporate functions would be retained to oversee the liquidation process. Certain minimum staff would be required at the physical locations during the four months of the liquidation period to prepare necessary financial documents, to review and preserve files and store documents. For purposes of estimating the maximum liquidation value for the Debtor, no payments for employee retention or incentives through the chapter 7 liquidation period are assumed to be made.

M. Litigation Support

The hypothetical chapter 7 trustee would require support after shutdown from current Debtor employees to effectively collect receivables, negotiate and/or dispute claims, provide court testimony in claims resolution matters, and assist in insurance negotiations. In a chapter 7 the cost of these people are wind-down expenses. In the Plan, these services are provided by the Reorganized Debtor without employee cost to the Plan Trust.

N. Trustee Fees

Chapter 7 trustee fees include those fees associated with the appointment of a chapter 7 trustee in accordance with section 326 of the Bankruptcy Code. Under the Bankruptcy Code, trustee fees are subject to caps depending on the amount of distributions made, generally at rates between 3% and 5% of the total liquidation value of the Debtor.

O. Chapter 7 Professional Fees

Chapter 7 professional fees include legal, appraisal, broker and accounting fees expected to be incurred during the liquidation period that are not already deducted from liquidation values. Professional fees are assumed to be \$5 million for legal advisors, financial advisors and other expenses because significant issues remain that will most likely require litigation. Trustee professionals will spend significant time getting up to speed on difficult issues that the Debtor has already paid its professionals to learn.

P. Secured Debt

The Debtor does not anticipate any secured claims that would need to be treated in a chapter 7 liquidation.

Q. Accrued Compensation

This amount includes accrued employee compensation and related taxes. The Debtor pays payroll at the end of each month that is current through the date of the payroll. Because the Liquidation Analysis assumes a beginning-of-month Liquidation Date, accrued payroll is expected to be \$0.00.

R. Accrued Vacation Benefits

The Debtor accrues for its vacation obligation. Vacation is earned on the first day of the Debtor's fiscal year (July 1) for the year. For purposes of this Liquidation Analysis, the accrued but unused vacation obligation balance on the Debtor's records on its September 30, 2010, financial statements is used as the balance on the Liquidation Date as an accrued administrative expense.

S. Chapter 11 Professional Fees

Chapter 11 professional fees include legal, appraisal, financial advisory and accounting fees, for retained firms and those expected to be retained, that have been incurred or are projected to be incurred through the assumed Liquidation Date of February 1, 2011.

T. IBNR Reserves

The Debtor provides self-insured medical plans for lay employees of the Debtor and the Non-Debtor Catholic Entities and for clergy. This line item represents the amount of cash needed to pay medical claims for services provided during the pendency of the Chapter 11 Case and prior to the Liquidation Date, but not yet paid. Claims for medical benefits are estimated to come in for three months after the service date. The Third-Party Administrators have estimated these claims at approximately \$225,000 per week and suggest that approximately three months of bills remain incurred but not paid at any point in time. These constitute an administrative expense of the Debtor.

U. Priority Claims

The Debtor believes it will have no Priority Claims. The Debtor is a not-for-profit corporation and does not file or pay income or property taxes, and prepetition payroll has been paid during the bankruptcy.

V. Personal Injury Tort Claims

The item represents the Debtor's estimate of the allowed Personal Injury Tort Claims for sexual abuse for actual compensatory damage. As noted above, "low" and "high" estimates for Allowed Personal Injury Tort Claims were determined by multiplying the 157 Personal Injury Tort Claims filed in this Chapter 11 Case by, respectively, (i) the average payout per abuse claim in the chapter 11 case of the Diocese of Davenport, Iowa (approximately \$237,000), and (ii) twice the average payout per abuse claim in the chapter 11 cases of the Davenport diocese, the Archdiocese of Portland, Oregon, the Diocese of Spokane, Washington, and the Diocese of Tucson, Arizona ($\$323,000 \times 2 = \$646,000$). As of the date of this Liquidation Analysis, no order or finding has been entered by the Bankruptcy Court or any other court estimating or otherwise fixing the amount of any Personal Injury Tort Claim against the Debtor.

W. Lay Pension Claims (Vested)

The Debtor maintains the Lay Pension Plan for employees of the Debtor and the Non-Debtor Catholic Entities. This plan is not governed by ERISA funding requirements and is substantially underfunded. The "vested" Lay Pension Claims represent the estimated net present value of future pension benefits that were vested as of January 1, 2010, based upon actuarial assumptions as to life expectancies and the applicable discount rate. For the purpose of this Liquidation Analysis, the Debtor estimated the value of these claims based upon actuarial analysis performed by The Standard, an independent provider of financial products and services.

X. Allied Irish Bank Claim

The Allied Irish Bank Claim arises from an unsecured letter of credit issued in connection with a tax-exempt public bond financing obtained by the Debtor for the construction of schools prepetition. For purposes of this Liquidation Analysis, the Allied Irish Bank Claim is estimated to be equal to the amount asserted in Allied Irish Bank's proof of claim less the value of the Capital Campaign Fund as of September 30, 2010 (approximately \$8.2 million). If the Capital Campaign Fund were determined to be an unrestricted asset of the estate, both the assets available for distribution to general creditors and the allowed claims against the estate would increase in an amount equal to the value of the Capital Campaign Fund.

Y. Clergy Pension Claims

The Debtor maintains a pension plan for the benefit of diocesan clergy. This plan is not governed by ERISA funding requirements and is substantially underfunded. The Clergy Pension Claims represent the estimated net present value of future pension benefits that were vested as of the Petition Date, based upon actuarial assumptions as to life expectancy and the applicable discount rate, less the value of the Clergy Pension Fund as of September 30, 2010 (approximately \$3.4 million). If the Clergy Pension Fund were determined to be an unrestricted asset of the estate, both the assets available for distribution to general creditors and the allowed claims

against the estate would increase in an amount equal to the value of the Clergy Pension Fund.

Z. Gift Annuity Claims

The Debtor holds several Gift Annuity Funds (having an aggregate value of approximately \$98,000 as of September 30, 2010), representing tax-advantaged gifts made to the Debtor in exchange for a stream of income to the donor during his or her lifetime. The gifts are invested in the Pooled Investment Account as Restricted PIA Funds and the earnings therefrom are used to pay the donor-annuitant. Upon the donor-annuitant's death, the gift becomes a general unrestricted asset of the Debtor. For purposes of this Liquidation Analysis, it is assumed the net present value of future annuity payments due to the donor-annuitants is equal to the value of the Gift Annuity Funds, and that the holders of Gift Annuity Claims would receive their respective Gift Annuity Funds in full satisfaction of their claims in a hypothetical chapter 7 liquidation. If the Gift Annuity Funds were determined to be unrestricted assets of the estate, both the assets available for distribution to general creditors and the allowed claims against the estate would increase in an amount equal to the value of the Gift Annuity Funds.

AA. PIA Investment Claims

Section 502(b) of the Bankruptcy Code requires claims to be allowed as of the Petition Date. Accordingly, this amount reflects the value of the Disputed Non-Debtor PIA Funds as of October 20, 2009, the nearest day to the Petition Date for which reliable data is available.

BB. Trade and Other Unsecured Claims

For purposes of the Liquidation Analysis, it is assumed that unsecured claims will consist of the Debtor's accounts payables as of the Petition Date, less any amounts entitled to priority under §§ 503(b)(9) and 507(a)(4) of the Bankruptcy Code. The Debtor expects that additional claims might arise as a result of cessation of operations as contemplated herein, but does not expect such claims to be substantial in amount.

CC. Lay Pension Claims (Unvested)

The "unvested" Lay Pension Claims represent the estimated net present value of future pension benefits that were accrued and unvested as of January 1, 2010, but which would become vested upon termination of the Lay Pension Plan. Estimates were based upon analysis performed by The Standard, an independent provider of financial products and services, utilizing actuarial assumptions as to life expectancies and the applicable discount rate.

DD. Third-Party Indemnity Claims

This represents the Debtor's estimate of allowed Third Party Indemnity Claims arising from or relating to Personal Injury Tort Claims. As of the date of this Liquidation Analysis, no order or finding has been entered by the Bankruptcy Court or any other court estimating or otherwise fixing the amount of any Third-Party Indemnity Claim against the Debtor.

EE. PIA Breach Claims

This amount represents the estimated claims for indemnification and reimbursement of legal fees and costs incurred by the non-debtor Pooled Investment Participants in defense of the PIA Litigation, and other amounts that may be asserted by the Pooled Investment Participants as consequential damages resulting from the Debtor's breach of fiduciary duties in connection with the Pooled Investment Account.

FF. Penalty Claims

Under the Bankruptcy Code, Penalty Claims (including, without limitation, any claims for punitive damages in connection with Personal Injury Tort Claims) are subordinated to general unsecured creditors for distribution purposes. Because general unsecured claims would not be paid in full in a hypothetical chapter 7 liquidation, Penalty Claims would receive no distribution. Accordingly, no estimate of the potential allowed amount of Penalty Claims, if any, is provided.

EXHIBIT D

FINANCIAL PROJECTIONS

Catholic Diocese of Wilmington, Inc. 2 Fiscal Year Actuals and 3 Calendar Year Financial Projections

After Expense Reductions

	Actual FY 2009	Actual FY 2010	Projection CY 2011	Projection CY 2012	Projection CY 2013
General Revenues:					
Assessments	3,869,750	3,863,750	3,871,819	3,929,897	3,988,845
Net Appeal	3,846,175	4,057,580	3,600,000	3,800,000	4,000,000
Communications Collection	21,862	10,567	15,000	15,000	15,000
Campaign for Human Development Collection	3,000	3,000	3,000	3,000	3,000
Affiliated Pension Contribution	175,097	3,000	391,400	403,142	415,236
Gifts and Contributions and Other	46,990	27,636	35,000	35,000	35,000
Total Revenues	7,962,874	7,962,533	7,916,219	8,186,039	8,457,081
	100%	100%	100%	100%	100%
Net Budget Expenses:					
Administration	2,260,312	2,706,589	2,405,688	2,482,306	2,566,350
Pension Contribution	1,000,000	250,000	1,750,000	1,785,000	1,820,700
Catholic Charities	1,233,454	1,131,211	744,898	759,796	774,992
Catholic Education	881,209	864,273	760,741	793,437	831,433
Communications	121,058	113,030	280,090	287,537	295,580
Development	489,600	503,909	518,814	534,927	552,793
Finance	567,485	575,357	513,610	535,774	561,229
Pastoral Services	773,425	698,323	824,561	857,311	893,029
	11%	10%	11%	11%	11%
Net Budget Expenses	7,326,543	6,842,692	7,798,403	8,036,088	8,296,105
	100%	100%	100%	100%	100%
Operating Surplus (Deficit)	636,331	1,119,841	117,817	149,951	160,976
Less: Non-Operating Expenses					
Support to St. Thomas More Academy	556,669	211,960	0	0	0
Support to Parishes & Schools	0	0	0	0	0
Support to Most Blessed Sacrament	201,900	92,412	0	0	0
	27%	30%	0%	0%	0%
Total Non-Operating Expenses	758,569	304,372	0	0	0
	100%	100%	100%	100%	100%
Total Surplus (Deficit)	(122,238)	815,469	117,817	149,951	160,976

EXHIBIT E

INSURANCE COVERAGE PRE-1977

Wright Deen Church / Educational Coverages

WR/SLIP 58	CH	420145	Corpus Christi Church	12 @ 8/1/60	Xs Public liability	BI 25,000/50,000 excess of 10,000/20,000	NM	419552	Found
WR/SLIP 124	CH	422644	Corpus Christi Church	12 @ 8/1/61	Public Liability	BI 10,000/20,000 PD 5,000	NEW	420145	Found
WR/SLIP 124	CH	422645	Corpus Christi Church	12 @ 8/1/61	Xs Public liability	BI 25,000/50,000 excess of 10,000/20,000	CH	420145	Found
WR/SLIP 124	CH	423688	Corpus Christi Church	12 @ 8/1/62	Public Liability	BI 10,000/20,000 PD 5,000	CH	422644	Found
WR/SLIP 124	CH	423687	Corpus Christi Church	12 @ 8/1/62	Xs Public liability	BI 25,000/50,000 excess of 10,000/20,000	CH	422645	Found
WR/SLIP 124	CH	426739	Corpus Christi Church	12 @ 8/1/63	Public Liability	BI 100,000/300,000 PD 10,000	CH	423688	Found
WR/SLIP 87	CH	423364	Corpus Christi Church	36 @ 15/10/65	CGL	PI 100,000/300,000/300,000 PD 10,000/20,000/30,000	NM	423455	Found
WR/SLIP 58	NM	420135	Holy Rosary Church	12 @ 23/1/60	Xs Public liability	BI 100,000/300,000 xs 10,000/20,000 PD 10,000 xs 5,000	NM	419553	Found
WR/SLIP 124	CH	422629	Holy Rosary Church	12 @ 23/1/61	Public Liability	BI 10,000/20,000 PD 5,000	NEW	420135	Found
WR/SLIP 124	CH	422630	Holy Rosary Church	12 @ 23/1/61	Xs Public liability	BI 50,000/100,000 xs 10,000/20,000 PD 10,000 xs 5,000	NM	420135	Found
WR/SLIP 86	NM	429858	Holy Rosary Church	12 @ 24/8/65	Physical Damage	Physical Damage only	N/A		Found
WR/SLIP 92	CH	430953	Holy Rosary Church	36 @ 24/8/65	CGL	PI 50,000/100,000/100,000 PD 5,000/25,000/25,000	CH	429858	Found
WR/SLIP 102	CH	438904	Holy Rosary Church	36 @ 24/8/69	CGL	PI 50,000/100,000/100,000 PD 5,000/25,000/25,000	CH	430953	Found
WR/SLIP 164	WA	510322	Holy Rosary Church	36 @ 24/8/75	CGL	PI 100,000/300,000/300,000 PD 10,000/20,000/30,000	CH	601827	Found
WR/SLIP 163	WA	510253	Immaculate Conception Church	36 @ 9/6/75	CGL	PI 100,000/300,000/300,000 PD 50,000/100,000/100,000	NEW		Found
WR/SLIP 124	CH	422713	Mother of Sorrows Church	12 @ 19/5/62	Public Liability	BI 10,000/20,000 PD 5,000	NEW	420729	Found
WR/SLIP 124	CH	422714	Mother of Sorrows Church	12 @ 19/6/62	Xs Public liability	BI 25,000/50,000 excess of 10,000/20,000	CH	420729	Found
WR/SLIP 57	NM	419180	Old St. Joseph's Church	12 @ 18/4/60	Xs Public liability	50,000/100,000/100,000 xs 10,000/20,000/20,000	NM	419508	Found
WR/SLIP 124	CH	420826	Old St. Joseph's Church	12 @ 18/4/61	Xs Public liability	50,000/100,000/100,000 xs 10,000/20,000/20,000	NM	419180	Found
WR/SLIP 124	CH	422710	Old St. Joseph's Church	18/4/62 - 1/5/62	Public Liability	BI 10,000/20,000/20,000 PD 5,000/6,000	NEW		Found
WR/SLIP 91	CH	430859	Our Lady of Good Counsel Church	36 @ 26/7/65	CGL	PI 25,000/50,000/50,000 PD 5,000/25,000/25,000	CH	430859	Found
WR/SLIP 102	CH	436795	Our Lady of Good Counsel Church	36 @ 26/7/69	CGL	PI 25,000/50,000/50,000 PD 5,000/25,000/25,000	NM	430859	Found
WR/SLIP 124	CH	423470	Our Lady of Lourdes	12 @ 24/4/62	Public Liability	BI 10,000/20,000 PD 5,000	NEW		Found
WR/SLIP 124	CH	423471	Our Lady of Lourdes	12 @ 24/4/62	Xs Public liability	BI 100,000/300,000 excess of 10,000/20,000	NEW		Found
WR/SLIP 124	CH	424658	Our Lady of Lourdes	12 @ 24/4/63	Public Liability	BI 10,000/20,000 PD 5,000	CH	423470	Found
WR/SLIP 124	CH	424657	Our Lady of Lourdes	12 @ 24/4/63	Xs Public liability	BI 100,000/300,000 excess of 10,000/20,000	CH	423471	Found
WR/SLIP 166	WA	510565	Our Mother of Sorrows Church	36 @ 6/7/76	CGL	PI : CGL 300,000 & auto/acc	CH	603638	Found
WR/SLIP 124	CH	422660	Sacred Heart Church	12 @ 6/1/61	Public Liability	BI 10,000/20,000 PD 5,000	NEW		Found

WRU/SLIP 124	CH	422681	Sacred Heart Church	12 @ 5/11/81	Xs Public liability	BI 25,000/50,000 excess of 10,000/20,000	NM	420144	Found
WRU/SLIP 124	CH	423698	Sacred Heart Church	12 @ 5/11/82	Public Liability	BI 10,000/20,000 PD 5,000	CH	422680	Found
WRU/SLIP 124	CH	423699	Sacred Heart Church	12 @ 5/11/82	Xs Public liability	BI 25,000/50,000 excess of 10,000/20,000	CH	422681	Found
WRU/SLIP 164	WA	510434	St Anthony Church	38 @ 5/11/76	CGL	300,000 CGL a.o.a.c.c.o.c.c	CH	801978	Found
WRU/SLIP 56	CH	601976	St Anthony Church	36 @ 5/11/72	CGL	PI 100,000/300,000/300,000 PD 50,000/100,000/100,000	CH	456972	Found
WRU/SLIP 99	CH	432860	St Denis Church	36 @ 1/8/87	CGL	PI 50,000/100,000/100,000 PD 10,000/30,000/30,000	CH	432740	Found
MISEXCH 67	CH	438789	St Denis Church	36 @ 1/9/70	CGL	PI 50,000/100,000/100,000 PD 10,000/30,000/100,000			Found
WRU/SLIP 166	WA	510715	St Denis Church	36 @ 1/9/78	CGL	PI : CGL 300,000 a.o.a.c.c.o.c.c PD : 50,000 a.o.a.c.c.o.c.c	CH	603784	Found
MISEXCH 67	CH	603784	St Denis Church	36 @ 1/9/73	CGL	PI 50,000/100,000/100,000 PD 10,000/30,000/30,000	CH	438789	Found
WRU/SLIP 124	CH	423275	St Edmund's Church	12 @ 16/3/82	Public Liability	BI 10,000/20,000 PD 5,000	NEW	423275	Found
WRU/SLIP 124	CH	423276	St Edmund's Church	12 @ 16/3/82	Xs Public liability	BI 100,000/300,000 excess of 10,000/20,000	NEW		Found
WRU/SLIP 124	CH	424638	St Edmund's Church	12 @ 16/3/83	Public Liability	BI 10,000/20,000 PD 5,000	CH	423276	Found
WRU/SLIP 124	CH	424639	St Edmund's Church	12 @ 16/3/83	Xs Public liability	BI 100,000/300,000 excess of 10,000/20,000	CH	423276	Found
MISEXCH 80	CH	428493	St Edmund's Church	12 @ 16/3/85	CGL	PI 100,000/300,000/300,000 PD 5,000/25,000/25,000	CH	428497	Found
WRU/SLIP 89	CH	430301	St Edmund's Church	12 @ 16/3/86	Physical Damage	Physical Damage only	N/A		Found
WRU/SLIP 94	CH	432395	St Edmund's Church	36 @ 16/3/87	CGL	PI 100,000/300,000/300,000 PD 5,000/25,000/25,000	CH	430301	Found
WRU/SLIP 103	CH	438388	St Edmund's Church	36 @ 16/3/70	CGL	PI 100,000/300,000/300,000 PD 5,000/25,000/25,000	CH	432395	Found
WRU/SLIP 168	WA	510646	St Edmund's Church	36 @ 16/3/76	CGL	PI : CGL 300,000 a.o.a.c.c.o.c.c PD : 100,000 a.o.a.c.c.o.c.c	CH	603387	Found
WRU/SLIP 57	NM	419074	St Elizabeth's Church	6/9/80 to 30/3/81	Xs Public liability	PI 25,000/50,000/50,000 Xs 10,000/20,000/20,000	NM	415384	Found
WRU/SLIP 80	NM	420624	St Elizabeth's Church	12 @ 30/3/81	Xs Public liability	PI 25,000/50,000/50,000 Xs 10,000/20,000/20,000	NM	419074	Found
WRU/SLIP 124	CH	422701	St Elizabeth's Church	12 @ 30/3/82	Public Liability	BI 10,000/20,000 PD 5,000	NEW		Found
WRU/SLIP 124	CH	422702	St Elizabeth's Church	12 @ 30/3/82	Xs Public liability	BI 25,000/50,000 excess of 10,000/20,000	CH	420624	Found
WRU/SLIP 124	CH	424837	St Elizabeth's Church	12 @ 30/3/83	Public Liability	BI 10,000/20,000 PD 5,000	CH	422701	Found
WRU/SLIP 124	CH	424838	St Elizabeth's Church	12 @ 30/3/83	Xs Public liability	BI 25,000/50,000 excess of 10,000/20,000	CH	422702	Found
WRU/SLIP 86	NM	428959	St Elizabeth's Church	12 @ 20/8/85	Physical Damage	Physical Damage only	N/A		Found
WRU/SLIP 92	CH	430950	St Elizabeth's Church	36 @ 20/8/85	CGL	PI 25,000/50,000/25,000 PD 5,000/25,000/25,000	NM	428959	Found
WRU/SLIP 102	CH	436805	St Elizabeth's Church	36 @ 20/8/89	CGL	PI 100,000/300,000/300,000 PD 10,000/30,000/30,000	NM	430950	Found
WRU/SLIP 164	WA	610332	St Elizabeth's Church	36 @ 20/8/75	CGL	PI 100,000/300,000/300,000 PD 10,000/30,000/30,000	CH	601829	Found

MIS/EXCH 57	CH	432841	St Francis de Sales Church	36 @ 1/18/58	DGL	PI 100,000/300,000/300,000 PD 50,000/100,000/100,000	NEW	432841	Found
WRU/SLIP 99	CH	434753	St Francis de Sales Church	36 @ 1/18/58	CGL	PI 100,000/300,000/300,000 PD 50,000/100,000/100,000	CH	432841	Found
MIS/EXCH 67	CH	600090	St Francis de Sales Church	36 @ 1/18/71	CGL	PI 100,000/300,000/300,000 PD 50,000/100,000/100,000	CH	600090	Found
MIS/EXCH 67	CH	604556	St Francis de Sales Church	36 @ 1/18/74	CGL	PI 100,000/300,000/300,000 PD 50,000/100,000/100,000	CH	427432	Found
WRU/SLIP 88	CH	429209	St Hedwig's Church	36 @ 2/19/65	CGL	PI 100,000/300,000/300,000 PD 50,000/25,000/25,000	CH	429209	Found
WRU/SLIP 99	CH	434825	St Hedwig's Church	36 @ 2/19/68	CGL	PI 100,000/300,000/300,000 PD 50,000/25,000/25,000	CH	600178	Found
WRU/SLIP 170	WA	510034	St Hedwig's Church	36 @ 2/19/74	CGL	PI 100,000/300,000/300,000 PD 50,000/25,000/25,000	CH	434825	Found
MIS/EXCH 66	CH	600178	St Hedwig's Church	36 @ 2/19/71	CGL	PI 100,000/300,000/300,000 PD 25,000/65,000/65,000	CH	601463	Found
WRU/SLIP 163	WA	510219	St Helena's Church	36 @ 1/45/75	CGL	PI 100,000/300,000/300,000 PD 50,000/100,000/100,000	NEW	423009	Found
WRU/SLIP 53	CH	601463	St Helena's Church	36 @ 1/45/72	CGL	PI 100,000/300,000/300,000 PD 50,000/100,000/100,000	NEW	423010	Found
WRU/SLIP 124	CH	423009	St John's Church / St Patrick's Church	12 @ 15/3/62	Public Liability	BI 10,000/20,000 PD 5,000	NEW	423009	Found
WRU/SLIP 124	CH	423010	St John's Church / St Patrick's Church	12 @ 15/3/62	Public Liability	BI 10,000/20,000 PD 5,000	NEW	423010	Found
WRU/SLIP 124	CH	424642	St John's Church / St Patrick's Church	12 @ 15/3/63	Public Liability	BI 10,000/20,000 PD 5,000	CH	423010	Found
WRU/SLIP 124	CH	424643	St John's Church / St Patrick's Church	12 @ 15/3/63	Public Liability	BI 25,000/50,000 excess of 10,000/20,000	CH	423010	Found
WRU/SLIP 124	CH	423013	St Joseph on the Brandywine	12 @ 5/3/62	Xs Public Liability	BI 50,000/100,000 excess of 10,000/20,000	NEW	423013	Found
WRU/SLIP 124	CH	423014	St Joseph on the Brandywine	12 @ 5/3/62	Public Liability	BI 10,000/20,000 PD 5,000	NEW	423013	Found
WRU/SLIP 124	CH	424646	St Joseph on the Brandywine	12 @ 5/3/63	Public Liability	BI 10,000/20,000 PD 5,000	CH	423014	Found
WRU/SLIP 124	CH	424647	St Joseph on the Brandywine	12 @ 5/3/63	Xs Public Liability	BI 50,000/100,000 excess of 10,000/20,000	CH	423014	Found
WRU/SLIP 89	CH	430318	St Joseph on the Brandywine	12 @ 15/3/66	Physical Damage	Physical Damage only PI 50,000/100,000/100,000 PD 5,000/25,000/25,000	N/A	430499	Found
WRU/SLIP 94	CH	432387	St Joseph on the Brandywine	36 @ 15/5/67	CGL	PI 100,000/300,000/300,000 PD 50,000/100,000/100,000	CH	432387	Found
MIS/EXCH 63	CH	438469	St Joseph on the Brandywine	36 @ 15/3/70	CGL	PI 100,000/300,000/300,000 PD 50,000/100,000/100,000	CH	432387	Found
WRU/SLIP 166	WA	510544	St Joseph on the Brandywine	36 @ 15/3/76	CGL	PI: CGL 300,000 a.o.a.e.c.c.c.c. PD: 50,000 a.o.a.e.c.c.c.c.	CH	603595	Found
MIS/EXCH 53	CH	603595	St Joseph on the Brandywine	36 @ 15/3/73	CGL	PI 100,000/300,000/300,000 PD 50,000/100,000/100,000	CH	438469	Found
WRU/SLIP 57	CH	600155	St Joseph's Church	36 @ 15/9/71	CGL	PI 100,000/300,000/300,000 PD 10,000/30,000/30,000	CH	434977	Found
WRU/SLIP 166	WA	510559	St Mary Magdalen Church	35 @ 19/3/76	CGL	PI: CGL 300,000 a.o.a.e.c.c.c.c. PD: 50,000 a.o.a.e.c.c.c.c.	NEW	429502	Found
WRU/SLIP 88	CH	428502	St Mary of the Assumption	36 @ 1/18/65	CGL	PI 25,000/50,000/50,000 PD 5,000/25,000/25,000	NEW	429502	Found
WRU/SLIP 99	CH	434822	St Mary of the Assumption	36 @ 1/18/68	CGL	PI 25,000/50,000/50,000 PD 5,000/25,000/25,000	CH	429502	Found

MIS/EXCH 67	CH	800181	St Mary of the Assumption	36 @ 1/9/71	CGL	P1 25,000/50,000/50,000		Found
WRU/SLIP 59	NM	420137	St Matthews Church	12 @ 28/1/60	Xs Public liability	PD 5,000/25,000/25,000 BI 25,000/25,000/25,000		Found
WRU/SLIP 124	CH	422628	St Matthews Church	12 @ 28/1/61	Xs Public liability	BI 25,000/50,000 excess of 10,000/20,000		Found
WRU/SLIP 124	CH	423893	St Matthews Church	12 @ 28/1/62	Public Liability	BI 10,000/20,000 PD 5,000		Found
WRU/SLIP 124	CH	423894	St Matthews Church	12 @ 28/1/62	Xs Public liability	BI 25,000/50,000 excess of 10,000/20,000		Found
WRU/SLIP 124	CH	422627	St Matthew's Church	12 @ 28/1/61	Public Liability	BI 10,000/20,000 PD 5,000		Found
WRU/SLIP 80	NM	420536	St Michael's Church	12 @ 18/2/61	Xs Public liability	P1 100,000/300,000/300,000 Xs 10,000/20,000/20,000		Found
WRU/SLIP 124	CH	422675	St Michael's Church	12 @ 3/1/62	Public Liability	BI 10,000/20,000 PD 5,000		Found
WRU/SLIP 124	CH	422693	St Michael's Church	12 @ 18/2/62	Public Liability	BI 10,000/20,000 PD 5,000		Found
WRU/SLIP 124	CH	422694	St Michael's Church	12 @ 18/2/62	Xs Public liability	BI 100,000/300,000 excess of 10,000/20,000		Found
WRU/SLIP 124	CH	424395	St Michael's Church	12 @ 3/1/63	Public Liability	BI 10,000/20,000 PD 5,000		Found
WRU/SLIP 124	CH	424386	St Michael's Church	12 @ 3/1/63	Xs Public liability	BI 100,000/300,000 excess of 10,000/20,000		Found
WRU/SLIP 124	CH	424452	St Michael's Church	12 @ 18/2/63	Public Liability	BI 10,000/20,000 PD 5,000		Found
WRU/SLIP 124	CH	424453	St Michael's Church	12 @ 18/2/63	Xs Public liability	BI 100,000/300,000 excess of 10,000/20,000		Found
WRU/SLIP 94	CH	432243	St Michael's Church	36 @ 18/2/67	CGL	P1 100,000/300,000/300,000 PD 10,000/30,000/30,000		Found
MIS/EXCH 81	CH	432618	St Michael's Church	36 @ 28/4/67	Umbrella	1,000,000 xs primaries		Found
MIS/EXCH 81	CH	434185	St Michael's Church	12 @ 3/1/68	CGL	P1 100,000/300,000/300,000 PD 10,000/30,000/30,000		Found
WRU/SLIP 164	WA	510361	St Michael's Church	36 @ 17/9/75	CGL	P1 100,000/300,000/300,000 50,000/70,000/70,000		Found
WRU/SLIP 166	WA	510514	St Michael's Church	36 @ 18/2/76	CGL	P1: CGL 300,000 r.o. acc/acc PD: 100,000 r.o. acc/acc		Found
WRU/SLIP 168	WA	510734	St Michael's Church	12 @ 17/9/76	CGL	P1 100,000/300,000/300,000 PD 5,000/25,000/25,000		Found
WRU/SLIP 53	CH	601185	St Michael's Church	12 @ 3/1/72	CGL	P1 100,000/300,000/300,000 50,000/50,000/50,000		Found
MIS/EXCH 81	CH	603158	St Michael's Church	12 @ 3/1/73	CGL	P1 100,000/300,000/300,000 PD 50,000/50,000/50,000		Found
MIS/EXCH 81	CH	604222	St Michael's Church	12 @ 3/1/74	CGL	P1 100,000/300,000/300,000 PD 50,000/50,000/50,000		Found
WRU/SLIP 59	NM	420385	St Paul's R C Church	12 @ 16/1/61	Xs Public liability	BI 25,000/50,000 excess of 10,000/20,000		Found
WRU/SLIP 124	CH	422677	St Paul's R C Church	12 @ 16/1/62	Public Liability	BI 10,000/20,000 PD 5,000		Found
WRU/SLIP 124	CH	422678	St Paul's R C Church	12 @ 16/1/62	Xs Public liability	BI 25,000/50,000 excess of 10,000/20,000		Found
WRU/SLIP 124	CH	422735	St Paul's R C Church	12 @ 4/6/62	Public Liability	BI 10,000/20,000 PD 5,000		Found
WRU/SLIP 124	CH	422736	St Paul's R C Church	12 @ 4/6/62	Xs Public liability	BI 50,000/100,000 excess of 10,000/20,000		Found
WRU/SLIP 124	CH	424305	St Paul's R C Church	12 @ 16/1/63	Public Liability	BI 10,000/20,000 PD 5,000		Found
WRU/SLIP 69	CH	424306	St Paul's R C Church	12 @ 16/1/63	Xs Public liability	P1 25,000/50,000 Xs 10,000/20,000		Found

WRUS/SLIP 87	CH	429441	St Paul's R C Church	36 @ 10/12/55	CGL	PI 100,000/300,000/300,000 PD 10,000/30,000/30,000	CH	429999	Found
WRUS/SLIP 101	CH	438178	St Paul's R C Church	36 @ 10/1/59	CGL	PI 100,000/300,000/300,000 PD 10,000/30,000/30,000	CH	429441	Found
WRUS/SLIP 170	WA	510094	St Paul's R C Church	36 @ 10/1/75	CGL	PI 100,000/300,000/300,000 PD 10,000/30,000/30,000	CH	601168	Found
WRUS/SLIP 169	WA	510176	St Paul's R C Church	36 @ 14/3/76	CGL	PI 100,000/300,000/300,000 PD 10,000/30,000/30,000	CH	601467	Found
MIS/EXCH 56	CH	601168	St Paul's R C Church	36 @ 1/10/72	CGL	PI 100,000/300,000/300,000 PD 10,000/30,000/30,000	CH	438178	Found
MIS/EXCH 65	CH	601467	St Paul's R C Church	36 @ 1/14/72	CGL	PI 100,000/300,000/300,000 PD 10,000/30,000/30,000	CH	438178	Found
WRUS/SLIP 57	NM	419145	St Peter's Cathedral	12 @ 12/2/60	Xs Public liability	PI 25,000/50,000/50,000 PD 5,000/20,000/20,000	NM	416233	Found
WRUS/SLIP 60	NM	420524	St Peter's Cathedral	12 @ 12/2/61	Xs Public liability	PI 25,000/50,000/50,000 PD 5,000/20,000/20,000	NM	419145	Found
WRUS/SLIP 124	CH	422691	St Peter's Cathedral	12 @ 12/2/62	Public Liability	PI 10,000/20,000 PD 5,000	NEW		Found
WRUS/SLIP 124	CH	422692	St Peter's Cathedral	12 @ 12/2/62	Xs Public liability	PI 25,000/50,000/50,000 PD 5,000/20,000/20,000	CH	420524	Found
WRUS/SLIP 124	CH	424430	St Peter's Cathedral	12 @ 12/2/63	Public Liability	PI 10,000/20,000 PD 5,000	CH	422691	Found
WRUS/SLIP 124	CH	424431	St Peter's Cathedral	12 @ 12/2/63	Xs Public liability	PI 25,000/50,000/50,000 PD 5,000/20,000/20,000	CH	422692	Found
MIS/EXCH 57	CH	430187	St Peter's Cathedral	36 @ 12/2/65	CGL	PI 25,000/50,000/50,000 PD 5,000/20,000/20,000	PD		Found
WRUS/SLIP 57	CH	430187	St Peter's Cathedral	36 @ 12/2/65	CGL	PI 25,000/50,000/50,000 PD 5,000/20,000/20,000	PD	427576	Found
MIS/EXCH 67	CH	436323	St Peter's Cathedral	36 @ 12/2/69	CGL	PI 25,000/50,000/50,000 PD 5,000/20,000/20,000	PD		Found
WRUS/SLIP 170	WA	510128	St Peter's Cathedral	36 @ 12/2/75	CGL	PI 100,000/300,000/300,000 PD 10,000/30,000/30,000	CH	601326	Found
MIS/EXCH 67	CH	601326	St Peter's Cathedral	12 @ 22/11/60	CGL	PI 25,000/50,000/50,000 PD 5,000/20,000/20,000	CH	436323	Found
WRUS/SLIP 60	NM	420445	St Peter's Church	12 @ 22/11/62	Xs Public liability	PI 100,000/300,000/300,000 PD 10,000/30,000/30,000	NM	418562	Found
WRUS/SLIP 124	CH	422631	St Peter's Church	12 @ 22/11/62	Public Liability	PI 10,000/20,000 PD 5,000	NEW		Found
WRUS/SLIP 124	CH	422632	St Peter's Church	12 @ 22/11/62	Xs Public liability	PI 100,000/300,000/300,000 PD 10,000/30,000/30,000	NM	420445	Found
WRUS/SLIP 67	CH	423888	St Peter's Church	3 @ 1/9/62	Xs CGL	PI 100,000/500,000/500,000 PD 10,000/300,000/300,000	NEW		Found
WRUS/SLIP 124	CH	424272	St Peter's Church	12 @ 22/11/62	Public Liability	PI 10,000/20,000 PD 5,000	CH	422631	Found
WRUS/SLIP 124	CH	424273	St Peter's Church	12 @ 22/11/62	Xs Public liability	PI 100,000/300,000/300,000 PD 10,000/30,000/30,000	CH	422632	Found
WRUS/SLIP 84	CH	428454	St Peter's Church	12 @ 22/11/64	Xs CGL	PI 100,000/500,000/500,000 PD 10,000/300,000/300,000	CH	428682	Found
WRUS/SLIP 86	CH	428873	St Peter's Church	36 @ 1/8/65	CGL	PI 100,000/300,000/300,000 PD 10,000/30,000/30,000	CH	427208	Found
WRUS/SLIP 88	CH	430258	St Peter's Church	12 @ 22/11/65	Xs CGL	PI 100,000/500,000/500,000 PD 10,000/300,000/300,000	CH	428454	Found

WRUSLP 93	CH	431254	St Peter's Church	12 @ 22/11/85	Xs CGL	100,000/500,000 Excess of 100,000/300,000	CH	430258	Found
WRUSLP 94	CH	432237	St Peter's Church	38 @ 12/21/87	CGL	PI 100,000/300,000/300,000 PD 10,000/30,000/30,000	NM	432147	Found
WRUSLP 94	CH	432442	St Peter's Church	36 @ 12/21/87	CGL	100,000/500,000 excess 100,000/200,000	CH	432184	Found
WRUSLP 75	CH	432980	St Peter's Church	36 @ 19/9/87	Umbrella CGL	1,000,000 xs p/nates PI 100,000/300,000/300,000 PD 50,000/100,000/100,000	NEW CH	429973	Found
WRUSLP 99	CH	434768	St Peter's Church	36 @ 15/8/88	CGL	PI 100,000/300,000/300,000 PD 25,000/50,000/50,000/50,000	CH	432237	Found
WRUSLP 104	CH	435370	St Peter's Church	36 @ 12/21/70	CGL	PI: CGL 300,000 a.o. acc/acc PD: 100,000 a.o. acc/acc	CH	603168	Found
WRUSLP 156	WA	510510	St Peter's Church	36 @ 12/21/76	CGL		CH	603168	Found
WRUSLP 57	CH	600086	St Peter's Church	36 @ 15/8/71	CGL	PI 100,000/300,000/300,000 PD 50,000/100,000/100,000	CH	434766	Found
MIS/EXCH 65	CH	604570	St Peter's Church	36 @ 15/8/74	CGL	PI 100,000/300,000/300,000 PD 50,000/100,000/100,000	CH	600086	Found
WRUSLP 60	NM	420729	The Bishop of Wilmington	12 @ 19/5/81	Xs Public liability	PI 25,000/50,000/50,000 Xs 10,000/20,000/20,000	NM	418877	Found
WRUSLP 124	CH	422628	The Bishop of Wilmington	12 @ 26/11/81	Xs Public liability	BI 25,000/20,000 excess of 10,000/20,000	Found		
WRUSLP 124	CH	422629	The Bishop of Wilmington	12 @ 23/11/81	Public Liability	BI 10,000/20,000 PD 5,000	Found		
WRUSLP 124	CH	422630	The Bishop of Wilmington	12 @ 23/11/81	Xs Public liability	BI 50,000/100,000 xs 10,000/20,000 PD 10,000 xs 5,000	Found		
WRUSLP 124	CH	423693	The Bishop of Wilmington	12 @ 26/11/82	Public Liability	BI 10,000/20,000 PD 5,000	Found		
WRUSLP 124	CH	423694	The Bishop of Wilmington	12 @ 26/11/82	Xs Public liability	BI 25,000/50,000 excess of 10,000/20,000	Found		
WRUSLP 81	CH	427121	The Bishop of Wilmington	12 @ 28/9/84	Physical Damage	Physical Damage only	N/A		
WRUSLP 82	NM	427221	The Bishop of Wilmington	12 @ 22/10/84	Physical Damage	PI 100,000/300,000/300,000	CH	428241	Found
WRUSLP 88	CH	429170	The Bishop of Wilmington	36 @ 26/9/85	CGL	PD 5,000/25,000/25,000	Found		
WRUSLP 87	CH	429365	The Bishop of Wilmington	36 @ 22/10/85	CGL	PI 50,000/100,000/100,000 PD 10,000/30,000/30,000	NM	427221	Found
WRUSLP 87	CH	429366	The Bishop of Wilmington	36 @ 26/10/85	CGL	PI 50,000/100,000/100,000 PD 5,000/25,000/25,000	NM	428251	Found
WRUSLP 80	CH	430595	The Bishop of Wilmington	36 @ 19/5/88	CGL	PI 100,000/300,000/300,000 PD 5,000/25,000/25,000	CH	428816	Found
WRUSLP 80	CH	430600	The Bishop of Wilmington	36 @ 23/5/85	CGL	PI 100,000/300,000/300,000 PD 5,000/25,000/25,000	Found		
WRUSLP 95	CH	432894	The Bishop of Wilmington	12 @ 5/8/87	CGL	PI 50,000/100,000/100,000 PD 5,000/25,000/25,000	CH	432943	Found
WRUSLP 98	CH	434823	The Bishop of Wilmington	36 @ 26/9/88	CGL	PI 100,000/300,000/300,000 PD 5,000/25,000/25,000	CH	429170	Found
WRUSLP 99	CH	434824	The Bishop of Wilmington	12 @ 17/8/88	CGL	PI 50,000/100,000/100,000 PD 5,000/25,000/25,000	CH	432894	Found
WRUSLP 101	CH	435180	The Bishop of Wilmington	36 @ 26/1/89	CGL	PI 50,000/100,000/100,000 PD 5,000/25,000/25,000	CH	428366	Found

WR/SLIP 101	CH	436182	The Bishop of Wilmington	36 @ 22/1/69	CGL	PI 50,000/100,000/100,000 PD 10,000/20,000/20,000	NM	429365	Found
MIS/EXCH 55	CH	436565	The Bishop of Wilmington	36 @ 23/5/69	CGL	PI 100,000/300,000/300,000 PD 5,000/25,000/25,000	CH	430500	Found
WR/SLIP 102	CH	436890	The Bishop of Wilmington	12 @ 17/9/69	CGL	PI 50,000/100,000/100,000 PD 5,000/25,000/25,000	CH	434824	Found
WR/SLIP 104	CH	438762	The Bishop of Wilmington	12 @ 17/9/70	CGL	PI 50,000/100,000/100,000 PD 5,000/25,000/25,000	CH	436890	Found
WR/SLIP 170	WA	510085	The Bishop of Wilmington	38 @ 22/1/75	CGL	PI 100,000/300,000/300,000 PD 10,000/20,000/20,000	CH	801178	Found
WR/SLIP 153	WA	510217	The Bishop of Wilmington	36 @ 23/5/75	CGL	PI 100,000/300,000/300,000 PD 5,000/25,000/25,000	CH	801659	Found
WR/SLIP 166	WA	510582	The Bishop of Wilmington	36 @ 22/4/76	CGL	PI/PD CGL 300,000 a.s. as before	CH	803518	Found
WR/SLIP 52	CH	600153	The Bishop of Wilmington	12 @ 17/9/71	CGL	PI 50,000/100,000/100,000 PD 5,000/25,000/25,000	CH	438762	Found
MIS/EXCH 66	CH	600191	The Bishop of Wilmington	36 @ 28/9/71	CGL	PI 100,000/300,000/300,000 PD 5,000/25,000/25,000	CH	428241	Found
MIS/EXCH 65	CH	601168	The Bishop of Wilmington	36 @ 10/1/72	CGL	PI 100,000/300,000/300,000 PD 10,000/20,000/20,000	CH	439182	Found
WR/SLIP 53	CH	601179	The Bishop of Wilmington	36 @ 22/1/72	CGL	PI 100,000/300,000/300,000 PD 10,000/20,000/20,000	CH	436565	Found
MIS/EXCH 55	CH	601569	The Bishop of Wilmington	36 @ 23/5/72	CGL	PI 100,000/300,000/300,000 PD 5,000/25,000/25,000	CH	436565	Found
WR/SLIP 56	CH	601802	The Bishop of Wilmington	12 @ 17/9/72	CGL	PI 50,000/100,000/100,000 PD 5,000/25,000/25,000	CH	601533	Found

WD Church Property Slips

Slip No.	Insured	State	Coverage	USD Limit	Period
710022	Church of the Holy Spirit, Newcastle	DE	Institutional Property / CGL	1.025m	36 m 08/09/74
CH603383	Church of the Immaculate Heart of Mary, Wilmington	DE	Institutional Property / CGL	CGL 100k	36 m 26/03/73.
CH436565	The Most Reverend Bishop of Wilmington / Our Lady of Lourdes	DE	Institutional Property / CGL	CGL 100k	36 m 23/05/69
CH601569	The Most Reverend Bishop of Wilmington / Our Lady of Lourdes	DE	Institutional Property / CGL	CGL 100k	36 m 23/05/72
CH603660	The Most Reverend Bishop of Wilmington / St Anne's	DE	Institutional Property / CGL	CGL 100k	36 m 15/06/73
CH600191	The Most Reverend Bishop of Wilmington / St Matthews	DE	Institutional Property / CGL	CGL 100k	36 m 29/09/71
710028	The Most Reverend Bishop of Wilmington / St Matthews	DE	Institutional Property / CGL	CGL 100k	36 m 26/09/74.
710012	The Most Reverend Bishop of Wilmington / St Michaels	DE	Institutional Property / CGL	CGL 100k	36 m 17/09/74
CH601326	The Most Reverend Archbishop of Wilmington / St Peter's Cathedral	DE	Institutional Property / CGL	CGL 25k	36 m 12/02/72
CH428493	St Edmunds, Rehoboth	DE	CGL	100k	12 m 16/03/65.
CH600178	St Hedwigs RC Church, Wilmington	DE	Institutional Property / CGL	CGL 100k	36 m 21/09/71
CH430318	St Josephs on the Brandywine, Henry Clay	DE	Institutional Property (No CGL)	604k	12 m 15/03/68.
710024	St Mary of the Assumption, Hochessin	DE	Institutional Property / CGL	769k	36 m 01/09/74
CH424305	St Paul's RC Church, Delaware	DE	Excess Public Liability	10k	12 m 16/01/63
CH604570	St Peters, Newcastle	DE	Institutional Property / CGL	CGL 100k	36 m 15/09/74

EXHIBIT F

INSURANCE COVERAGE 1977-1994

**DIOCESE OF WILMINGTON INSURANCE POLICIES
1977-94**

<u>Insurer</u>	<u>Policy Number</u>	<u>Policy Period</u>	<u>Type of Coverage</u>	<u>Limits of Coverage</u>
Certain Underwriters at Lloyd's, London	510984WA	7/1/77-7/1/80	Comprehensive General Liability (CGL)	\$500,000/occurrence & annual aggregate
Adriatic	EL-1971	7/1/77-7/1/78	Excess Liability	\$500,000 Combined Single Limit (CSL) ¹ Excess of \$500,000
CNA	85-01-13	7/1/79-7/1/80	Excess Liability	\$500,000 CSL ² Excess of \$500,000
Fireman's Fund	XLB-1420608	1/17/80-7/1/80	Excess Liability	\$3,000,000 Excess of \$1,000,000
Certain Underwriters at Lloyd's, London	511918WA	7/1/80-7/1/83	CGL	\$500,000/occurrence & annual aggregate
Mission ³	M877302	7/1/82-7/1/83	Umbrella Liability	\$10,000,000 Excess of \$500,000
Certain Underwriters at Lloyd's, London	512892WA	7/1/83-7/1/86	CGL	\$500,000/occurrence & annual aggregate
Mission National ⁴	MN027210	7/1/83-7/1/84	Umbrella Liability	\$10,000,000 Excess of \$500,000
Mission National	MN027652	7/1/84-7/1/85	Umbrella Liability	\$10,000,000 Excess of \$500,000
Fireman's Fund	XLX-1686515	7/1/84-7/1/85	Excess Liability	\$5,000,000 Excess of \$10,000,000
Granite State	6485-0429	6/30/85-6/30/86	Umbrella Liability	\$10,000,000 Excess of \$500,000

¹ With respect to all of the umbrella, umbrella excess, and excess liability policies, there may be a dispute regarding whether the stated Limits of Coverage incorporate aggregate limits for Personal Injury Tort Claims.

² This policy has not yet been located.

³ Insurer is insolvent.

⁴ Insurer is insolvent.

Fireman's Fund	XLX-1750591	7/1/85-7/1/86	Excess Liability	\$5,000,000 Excess of \$10,000,000
Certain Underwriters at Lloyd's, London	513849WA	7/1/86-7/1/89	CGL	\$500,000/occurrence & annual aggregate
Insurance Company of the State of Pennsylvania (ICSOP)	UML 4186-4041	6/30/86-6/1/87	Umbrella Liability	\$5,000,000 CSL Excess of \$500,000
First State	EU-001642	7/22/86-6/30/87	Excess Umbrella Liability	\$2,500,000 Excess of \$5,000,000
ICSOP	4486-9146	8/8/86-6/30/87	Excess Umbrella Liability	\$2,500,000 Excess of \$8,000,000
ICSOP	UML 4187-4659	6/30/87-6/30/88	Umbrella Liability	\$5,000,000 CSL Excess of \$500,000
First State	EU-004550	6/30/87-6/30/88	Excess Umbrella Liability	\$5,000,000 Excess of \$5,000,000
ICSOP	UML 4188-4934	7/1/88-7/1/89	Umbrella Liability	\$5,000,000 CSL Excess of \$500,000
First State	EU-004610	7/1/88-7/1/89	Excess Umbrella Liability	\$5,000,000 Excess of \$5,000,000
ICSOP	4488-1278	8/4/88-7/1/89	Excess Umbrella Liability	\$5,000,000 Excess of \$10,000,000
Transamerica	XLX-1317687 ⁵	7/1/88-7/1/89	Excess Liability	\$5,000,000 Excess of \$15,000,000
Certain Underwriters at Lloyd's, London	515347WA	7/1/89-7/1/92	CGL	\$500,000/occurrence & annual aggregate
ICSOP	UML 4189-5601	7/1/89-7/1/90	Umbrella Liability	\$5,000,000 Excess of \$500,000
First State	FL-0000435	7/1/89-7/1/90	Excess Liability	\$10,000,000 Excess of \$5,000,000
Transamerica	XLX-1318666	7/1/89-7/1/90	Excess Liability	\$5,000,000

⁵ This policy has not yet been located.

				Excess of \$15,000,000
National Casualty	UM011250	7/1/90-7/1/91	Umbrella Liability	\$5,000,000 Excess of \$500,000
First State	FL 0000495	7/1/90-7/1/91	Excess Liability	\$10,000,000 Excess of \$5,000,000
Transamerica	XLX-2709526 ⁶	7/1/90-7/1/91	Excess Liability	\$5,000,000 Excess of \$15,000,000
National Casualty	UM011250	7/1/91-7/1/92	Umbrella Liability	\$5,000,000 Excess of \$500,000
First State	FL 0002651	7/1/91-7/1/92	Excess Liability	\$10,000,000 Excess of \$5,000,000
Transamerica	XLX-2710656	7/1/91-7/1/92	Excess Liability	\$5,000,000 Excess of \$15,000,000
Certain Underwriters at Lloyd's, London	517274WA	7/1/92-7/1/95	CGL	\$500,000/occurrence & annual aggregate
National Casualty	UM009866	7/1/92-7/1/93	Umbrella Liability	\$5,000,000 Excess of \$500,000
First State	FL 0002698	7/1/92-7/1/93	Excess Liability	\$10,000,000 Excess of \$5,000,000
Transamerica	XLX-2711809	7/1/92-7/1/93	Excess Liability	\$5,000,000 Excess of \$15,000,000
National Casualty	UM0020811	7/1/93-7/1/94	Umbrella Liability	\$5,000,000 Excess of \$500,000
Nutmeg	YA 0000130	7/1/93-7/1/94	Excess Liability	\$10,000,000 Excess of \$5,000,000
Transamerica	XLX-2711809	7/1/93-7/1/94	Excess Liability	\$5,000,000 Excess of \$15,000,000

⁶ This policy has not yet been located.

EXHIBIT G

CLAIMS-MADE INSURANCE COVERAGE 2007-2009

DIOCESE OF WILMINGTON INSURANCE POLICIES
Claims-Made Coverage 2007-2009

<u>Insurer</u>	<u>Policy Number</u>	<u>Policy Period</u>	<u>Type of Coverage</u>	<u>Limits of Coverage</u>
Certain Underwriters at Lloyd's, London	B0901/LU0737828	7/1/07-7/1/08	Sexual Misconduct Liability	\$1,000,000/claim (incl. Defense Costs)
Certain Underwriters at Lloyd's, London	180/F080128	7/1/08-7/1/09	Sexual Misconduct Liability	\$1,000,000/claim (incl. Defense Costs)
Certain Underwriters at Lloyd's, London	180/F090128	7/1/09-7/1/10	Sexual Misconduct Liability	\$1,000,000/claim (incl. Defense Costs)
			Employee Benefits Administration and Fiduciary Liability	\$1,000,000/claim (incl. Defense Costs)