

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF ALASKA

CATHOLIC BISHOP OF NORTHERN) Case No. F08-00110-DMD
ALASKA, an Alaska religious corporation)
sole,) (Chapter 11)
)
Debtor.)
)

Filed on
2/17/2010

ORDER APPROVING THIRD AMENDED AND RESTATED DISCLOSURE STATEMENT SUBMITTED BY THE CATHOLIC BISHOP OF NORTHERN ALASKA AND CONFIRMING THIRD AMENDED AND RESTATED JOINT PLAN OF REORGANIZATION DATED DECEMBER 16, 2009, PROPOSED BY THE CATHOLIC BISHOP OF NORTHERN ALASKA AND THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS

This matter came before the Court pursuant to the "Third Amended and Restated Joint Plan of Reorganization dated December 16, 2009", a copy of which is attached hereto as Exhibit "1" (the "Plan"), proposed by debtor and debtor in possession, the Catholic Bishop of Northern Alaska, an Alaska religious corporation sole ("CBNA" or "Debtor"), together with the Official Committee of Unsecured Creditors (the "Committee" and together with CBNA, the "Proponents"), in the above-captioned Chapter 11 reorganization case (the "Reorganization Case") and the "Third Amended and Restated Disclosure Statement dated December 16, 2009", filed by the Debtor (the "Disclosure Statement"). Unless otherwise expressly stated in this confirmation order (the "Confirmation Order"), all capitalized defined terms used herein shall have the same meanings as defined in the Plan.

The Court approved the Disclosure Statement on an interim basis by Order dated December 17, 2009, pursuant to which order the Court also set forth the procedures for soliciting votes for and against the Plan and which also provided notice of various deadlines and the Confirmation Hearing (the "Disclosure Statement Order") [Docket No. 604]. The Court conducted the final hearing on approval of the Disclosure Statement and held the Confirmation Hearing on January 25, 2010 (the "Confirmation Hearing"). Two objections to confirmation of

the Plan were filed by: (i) the Society of Jesus Oregon Province ("SJOP") and (ii) certain Jesuit perpetrators of sexual abuse ("Perpetrators" and collectively, the "Objectors"). In connection with an agreement recited on the record at the Confirmation Hearing between CBNA and SJOP, the Objectors withdrew their objections.

In conjunction with the Confirmation Hearing, the Court considered (i) the pleadings with respect to confirmation of the Plan and final approval of the Disclosure Statement filed by the Objectors, CBNA, the Committee and any other party; (ii) the statements and argument of counsel for CBNA, the Committee, the Parishes, certain Tort Claimants, SJOP and the Perpetrators; (iii) the Plan; (iv) the Disclosure Statement; (v) Exhibits A through U admitted into evidence at the Confirmation Hearing in support of confirmation (the "Confirmation Exhibits"); (vi) the offer of proof submitted without objection by counsel for CBNA regarding the testimony of Bishop Donald Kettler, Deacon George Bowder and Chris Linscott, financial advisor to the Debtor; (vii) the testimony of Deacon George Bowder; (viii) the testimony of Michael Murphy, the Future Claims Representative; (ix) the "Notice Of Nonmaterial Modification To The Third Amended And Restated Joint Plan Of Reorganization And Notice Of Errata Regarding Brief In Support Of Confirmation Of Third Amended And Restated Joint Plan Of Reorganization And Response To Objections Thereto" dated January 22, 2010 [Docket No. 655] (the "Plan Modification") as further modified by the agreement recited on the record at the Confirmation Hearing between CBNA and SJOP; and (ix) the entire record of the Reorganization Case.

After due deliberation and pursuant to the foregoing, and sufficient cause appearing therefore;

IT IS HEREBY FOUND AND CONCLUDED as follows:

JURISDICTION AND VENUE

1. The Court has jurisdiction over this matter and the Reorganization Case pursuant to 28 U.S.C. § 1334.

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2. Final approval of the Disclosure Statement and confirmation of the Plan are core proceedings pursuant to 28 U.S.C. § 157(b)(2)(L), and the Court has jurisdiction to enter a final order with respect thereto.

3. The Debtor and the Committee are proper joint proponents of the Plan pursuant to 11 U.S.C. § 1121(a).

4. The Court has jurisdiction pursuant to 28 U.S.C. § 1334(a) and (b), 11 U.S.C. § 105 and Fed. R. Bankr. P. 9019 to approve the exculpation, release and injunction provisions of Article 21 of the Plan (collectively, the "Exculpation, Releases and Injunctions") and to issue the injunctions provided for in Section 21.5 of the Plan.

5. Each of the conditions precedent to entry of the Confirmation Order has been satisfied in accordance with the provisions of the Disclosure Statement and the Plan or properly waived in accordance with the Disclosure Statement and the Plan.

MODIFICATION OF THE DISCLOSURE STATEMENT AND THE PLAN

6. CBNA and the Committee announced on the record that Exhibit "B" to the Plan and Exhibit "3" to the Disclosure Statement, which were introduced as Exhibit "A" at the Confirmation Hearing, will be modified and combined into one exhibit in the form attached hereto as Exhibit "2" and the modification of the above-stated exhibits is hereby approved as a nonmaterial modification to the Disclosure Statement.

7. SJOP is a debtor in a Chapter 11 case pending in the United States Bankruptcy Court for the District of Oregon as Case No. 09-30938-elp11 (the "SJOP Bankruptcy Case").

8. Pursuant to the Plan Modification, CBNA proposed a modified treatment of Class 7 which are the Jesuit Unsecured Claims. At the Confirmation Hearing, as part of the settlement between SJOP and CBNA, SJOP and CBNA agreed and the Committee concurred, subject to entry of a final order approving the settlement by the Court in the SJOP Bankruptcy Case, as follows:

- a. SJOP and CBNA, on behalf of themselves and their successors and assigns, each waive and release their respective indemnification and

contribution claims that SJOP filed in the Reorganization Case and CBNA filed in the SJOP Bankruptcy Case;

b. SJOP and CBNA will retain their respective allocation claims against the other (the "Allocation Claims") and retain the right to argue for an allocation of fault as between CBNA and SJOP (the "SJOP Allocation Claim"); provided, however, neither SJOP nor CBNA shall receive any payment from the other on account of Allocation Claims nor shall such claims give rise to any liability of CBNA to SJOP or SJOP to CBNA;

c. Except as otherwise provided in this Confirmation Order, in all events the SJOP claims against CBNA, including, but not limited to any indemnification, contribution or allocation Claims of SJOP against CBNA will be subject to the discharge and injunctive provisions of Article 21 of the Plan;

d. Except to the extent modified by an order of the Oregon Bankruptcy Court approving the settlement between SJOP and CBNA in the SJOP Bankruptcy Case, the Plan is hereby modified to incorporate the terms of the Order entered on January 8, 2010, in the SJOP Bankruptcy Case, a copy of which is attached to this Confirmation Order as Exhibit "3" attached hereto, and made a part hereof by this reference;

e. For the avoidance of any doubt, nothing contained in the Plan, this Confirmation Order or the Plan Documents shall affect the rights, if any, of SJOP, against third parties, including any Settling Insurers or Non-Settling Insurers.

f. SJOP shall be allowed a Class 7 Unsecured Claim in the amount of \$150,000 to be paid in accordance with the Plan Modification as more specifically set forth in Exhibit "4" attached hereto and made a part hereof by this reference; and

g. The Plan attached hereto as Exhibit "1" is hereby modified to include the terms of the settlement between CBNA and SJOP as set forth in this Paragraph 8 and Exhibit "4" of this Confirmation Order (the "SJOP Settlement and Plan Modification").

9. The SJOP Settlement and Plan Modification are made in accordance with Article 23 of the Plan, 11 U.S.C. § 1127(a), and Fed. R. Bankr. P., Rule 3019. Because the SJOP Settlement and Plan Modification are either: (i) contemplated by, and/or clarify the Plan; (ii) constitute a consensual resolution of the affected creditor's treatment under the Plan; and/or (iii) do not materially or adversely change the treatment of the Claim of any Creditor who has accepted the Plan (other than those creditors that have agreed to the modifications), no additional solicitation is necessary with respect to the Plan.

10. CBNA, the Committee, Travelers Casualty and Surety Company, formerly known as Aetna Casualty and Surety Company, The Catholic Mutual Relief Society of America and The Catholic Relief Insurance Company of America agreed to a modification to the Plan as set forth below in Paragraph E. of this Confirmation Order.

STANDARDS FOR CONFIRMATION UNDER 11 U.S.C. § 1129

11. The evidentiary record of the Confirmation Hearing and the Confirmation Exhibits support the findings of fact and conclusions of law set forth in the following paragraphs.

12. 11 U.S.C. § 1129(a)(1). The Plan complies with each applicable provision of the Bankruptcy Code, including the requirements of 11 U.S.C. §§ 1122 and 1123.

13. 11 U.S.C. § 1129(a)(2). The Debtor and the Committee have complied with all applicable provisions of the Bankruptcy Code with respect to the Plan and solicitation of acceptances or rejections thereof. In particular, the Plan complies with the requirements of 11 U.S.C. §§ 1125 and 1126 as follows:

a. In compliance with the Disclosure Statement Order, the Debtor caused copies of the Disclosure Statement, the Plan, the Disclosure

Statement Order, the Ballot and any solicitation materials from the Debtor and the Committee to be transmitted to the holders of all Claims entitled to vote to accept or reject the Plan and to others entitled to receive notice and copies of the foregoing documents pursuant to the (i) Certificate of Service of Third Amended and Restated Disclosure Statement and Plan and related documents to Confidential Mailing List, on December 23, 2009 [Docket No. 616]; (ii) Certificate of Service of Third Amended and Restated Disclosure Statement and Plan and related documents to Master Mailing List, on December 23, 2009 [Docket No. 615]; and (iii) Certificate of Service of Third Amended and Restated Disclosure Statement and Plan and related documents pursuant to 3017(a), on December 23, 2009 [Docket No. 614].

b. The Disclosure Statement Order provided due and proper notice of the Confirmation Hearing and all relevant dates, deadlines, procedures and other information relating to the Plan and/or the solicitation of votes thereon.

c. All persons entitled to receive notice of the Disclosure Statement, the Plan and the Confirmation Hearing received proper, timely and adequate notice in accordance with the Disclosure Statement Order and applicable provisions of the Bankruptcy Code and the Bankruptcy Rules and have had an opportunity to appear and be heard with respect thereto.

d. The Debtor and the Committee solicited votes with respect to the Plan in good faith and in a manner consistent with the Bankruptcy Code, the Bankruptcy Rules and the Disclosure Statement Order, including, without limitation, the inclusion of letters from the Debtor and the Committee recommending acceptance of the Plan in the solicitation packages. Accordingly, the Debtor and the Committee are entitled to the

protections afforded by 11 U.S.C. § 1125 and the exculpation provisions set forth in Section 21.4 of the Plan.

e. Claims in Classes 1, 5 and 11 are unimpaired under the Plan, and such Classes are deemed to have accepted the Plan pursuant to 11 U.S.C. § 1126(f).

f. Claims in Class 13 are impaired, are to receive no distribution under the Plan and, therefore, are deemed to have rejected the Plan.

g. There are no Claims in Classes 2, 3 and 14, and those Classes are deemed deleted from the Plan.

h. Without regard to the Claims in Classes 2, 3 and 14, there were seven (7) impaired Classes entitled to vote, Classes 4, 6, 7, 8, 9, 10 and 12. No holders of Claims in Classes 4, 6, 9, 10 and 12 voted on the Plan. The holders of Claims in Classes 8 and Class 10 voted to accept the Plan. The holders of Claims in Class 8 voted unanimously to accept the Plan, and the holders of Claims in Class 10 accepted the Plan by ninety-nine percent (99%) in amount and number of those who voted. The holder of Claims in Class 7 voted to reject the Plan; however, SJOP, the sole member of Class 7, withdrew its objection to the Plan based upon the SJOP Settlement and Plan Modification announced on the record and incorporated into this Confirmation Order, subject to approval of the SJOP Settlement and Plan Modification by the Oregon Bankruptcy Court in the SJOP Bankruptcy Case.

i. The Ballot Report, admitted as Exhibit "B" at the Confirmation Hearing, with respect to voting on the Plan, sets forth the tabulation of votes as required by the Bankruptcy Code, the Bankruptcy Rules and the Disclosure Statement Order.

14. 11 U.S.C. § 1129(a)(3). The Plan has been proposed in good faith and not by any means forbidden by law. The Reorganization Case was filed because CBNA sought a mechanism for compensation and treatment of hundreds of Tort Claims. The Plan was negotiated in good faith. The Plan is the result of extensive good faith, arms' length negotiations among the Debtor, the Committee and the attorneys for a substantial number of the Tort Claimants, as evidenced by the fact that the Plan was a joint plan with the Committee and the overwhelming acceptance of the Plan by the Tort Claimants. In addition, the Plan's indemnification, Exculpation, Releases and Injunction provisions have been negotiated in good faith and are consistent with 11 U.S.C. §§ 105, 1123(b)(6), 1129 and 1142. The Plan achieves a result consistent with the objectives and purposes of the Bankruptcy Code

15. 11U.S.C. § 1129(a)(4). No payment for services or costs and expenses in or in connection with the Reorganization Case, or in connection with the Plan and incident to the Reorganization Case, has been or will be made by CBNA other than payments that have been or will be authorized by order of the Court. All payments for fees and costs of the Chapter 11 Professionals for services rendered before the Effective Date will be subject to approval by the Court with the procedures for such approval to be determined either by agreement of the Chapter 11 Professionals and the Office of the United States Trustee or by order of the Court in the event an agreement is not reached.

16. 11 U.S.C. § 1129(a)(5). CBNA has disclosed (i) the identity of the sole director of the Debtor and (ii) the identity of any insiders who will be employed or retained by the Reorganized Debtor. The compensation of the sole director, Bishop Donald Kettler, has been disclosed. The Debtor and the Committee have disclosed the identity of the Settlement Trustee, Robert Berger and the terms of his compensation, and the Special Arbitrator, William Bettinelli and the terms of his compensation.

17. 11 U.S.C. § 1129(a)(6). There are no governmental regulatory commissions with jurisdiction, after confirmation of the Plan, over the rates of the Debtor.

18. 11 U.S.C. § 1129(a)(7). Based upon the proffer of the testimony Chris Linscott, the financial advisor to CBNA and Exhibit "E" admitted at the Confirmation Hearing, each holder of an impaired Claim in each impaired Class of Claims that has not accepted the Plan will, on account of such Claim, receive or retain property under the Plan having a value, as of the Effective Date, that is not less than the amount that such holder would so receive or retain if CBNA could be liquidated under Chapter 7 of the Bankruptcy Code. CBNA has demonstrated that the Plan is in the best interests of its Creditors.

19. 11 U.S.C. § 1129(a)(8). The Plan has not been accepted by all impaired Classes of Claims. Notwithstanding such nonacceptance, the Plan is confirmable because, as more fully set forth below, the Plan satisfies 11 U.S.C. § 1129(b)(1) with respect to such non-accepting Classes of Claims.

20. 11 U.S.C. § 1129(a)(9). The Plan provides treatment for Administrative Claims, Priority Tax Claims and Priority Claims that is consistent with the requirements of 11 U.S.C. § 1129(a)(9).

21. 11 U.S.C. § 1129(a)(10). The Plan has been accepted by two Classes of impaired Claims that are entitled to vote on the Plan as described in Paragraph 13(h) above, without including any acceptance of the Plan by any insider.

22. 11 U.S.C. § 1129(a)(11). The Plan is feasible within the meaning of 11 U.S.C. § 1129(a)(11). The proffered testimony of Deacon Bowder and the actual testimony of Deacon Bowder together with Confirmation Exhibits "C" and "D," establish that the Debtor's business plan, projections and financial information regarding the Reorganized Debtor as of the Effective Date are reasonable, made in good faith, and confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtor.

23. 11 U.S.C. § 1129(a)(12). The Plan provides that Administrative Claims for fees payable pursuant to 28 U.S.C. § 1930 will be paid on or before the Effective Date (to the extent any are due as of the Effective Date). After the Effective Date, all fees payable pursuant to 28

U.S.C. § 1930 will be paid by the Reorganized Debtor in accordance with the terms of the Plan and applicable portions of the Bankruptcy Code.

24. 11 U.S.C. § 1129(a)(13). The provisions of 11 U.S.C. § 1129(a)(13), to the extent applicable, have been complied with.

25. 11 U.S.C. § 1129(a)(16). The amendments proposed by the Debtor and set forth in the Plan to the Endowment are a proper exercise of the fiduciary duty of Bishop Kettler as the trustee of the Endowment (the "Endowment Amendments"). The Endowment Amendments are a necessary and integral part of the Plan and are necessary in order for the Debtor to perform under the Plan and cause the Effective Date to occur as testified to by Deacon Bowder at the Confirmation Hearing. The sale of the property to the Endowment as described in the Plan is in accordance with the applicable provisions of nonbankruptcy law that govern nonprofit corporations. Due and proper notice of the Plan and the Confirmation Hearing was given to the Attorney General for the State of Alaska.

26. 11 U.S.C. § 1129(b). The Plan does not "discriminate unfairly" because each dissenting Class is treated substantially equally to similarly situated Classes. With respect to the Classes of Unsecured Claims, to the extent that 11 U.S.C. § 1129(b)(B)(ii) applies, it has been satisfied. There are no interests in the Debtor because of the Debtor's status as a religious corporation organized under Alaska law.

27. To the extent not specifically addressed above and, to the extent applicable, all other provisions of 11 U.S.C. § 1129 have been complied with by the Debtor.

THE FUTURE CLAIMS RESERVE

28. The Future Claims Representative has exercised his reasoned judgment agreeing to the establishment of the Future Claims Reserve as described in that certain "Stipulation Between Catholic Bishop of Northern Alaska and Official Committee of Unsecured Creditors and the Future Claims Representative, regarding Future Claims Reserve Court" on January 21, 2010 [Docket No. 650] (the "Future Claims Stipulation").

29. Adequate and credible evidence was presented to support the determination of the funding of the Future Claims Reserve and the terms of the Future Claims Stipulation.

30. The Future Claims Representative has exercised his prudent and reasoned judgment in representing the interests of the Future Tort Claimants, if any, and determining that any Future Tort Claimants who might come forward after confirmation of the Plan shall have their Future Tort Claims determined and paid in accordance with the terms of the Plan, including the election of whether to have any such Future Claims determined by the Special Arbitrator or to have any such Future Claim determined pursuant to the terms of the Plan providing for litigation of the Future Claims.

31. The Plan and the Future Claims Stipulation provide for fair and equitable means of liquidating and compensating any Future Claims.

EXECUTORY CONTRACTS AND PROPERTY TRANSFERS

32. The Debtor's determination regarding assumption of Executory Contracts are based on and within the sound business judgment of the Debtor and are in the best interests of the Debtor, the Estate, Creditors and other parties in interest in the Reorganization Case.

33. All of the transfers and sales of the property in order to perform under the Plan, including the sale of the Pilgrim Springs property, are done pursuant to the Plan.

SETTLEMENTS, INJUNCTIONS AND RELEASES

34. The Court has approved settlements with Alaska National Insurance Company ("ANIC"), Continental Insurance Company ("CIC"), the parishes within the territory of the Diocese (collectively, the "Parish Churches"), the Catholic Trust of Northern Alaska ("CTNA") and the Monroe Foundation ("Monroe") pursuant to Fed. R. Bankr. P. 9019(a) (collectively, the "Settlements").

35. All findings and conclusions contained in the orders approving the Settlements are included herein by this reference, the same as if such findings and conclusions were set forth herein in full.

36. As established at the Confirmation Hearing either by proffered or actual testimony, the Settlements are integral to and necessary in order for the Debtor to meet its obligations under the Plan and have the funds available to fund the Fund which, in turn, will fund, in part, the Settlement Trust. Each of ANIC, CIC, the Parish Churches, CTNA and Monroe are providing substantial consideration to the Debtor, which value will allow for distributions that would not otherwise be available but for the contributions made by such non-Debtor parties. As such, ANIC qualifies as a Settling Insurer under the Plan and each of CIC, the Parish Churches, CTNA and Monroe qualify as Participating Third Parties under the Plan.

37. The Exculpation, Releases and Injunctions are, individually and collectively, integral to, and necessary for the successful implementation of the Plan, essential to the Debtor's reorganization, essential to the resolution with the Committee that resulted in the Plan being overwhelmingly accepted by the Class 10 Tort Claimants and supported by reasonable consideration.

LITIGATION RESERVE

38. One Class 10 Claimant elected to have his/her Tort Claim litigated pursuant to the Litigation Protocol provided for in the Plan.

39. At the Confirmation Hearing, counsel for the Debtor and counsel for the Committee advised that there would not be a Litigation Trust but, in accordance with the terms of the Plan, a Litigation Reserve will be established to be held and administered by the Settlement Trustee.

40. The Committee and CBNA have agreed on a Litigation Reserve of \$35,000.

41. Based upon the proffer of counsel for the Debtor and counsel for the Committee, the Class 10 Claimant electing to have his/her Tort Claim litigated, the amount of the Litigation Reserve is reasonable and no further notice of the Litigation Reserve need be given to any party.

Accordingly, IT IS HEREBY ORDERED as follows:

A. The foregoing findings and conclusions are hereby incorporated into and are a part of this Confirmation Order of the Court.

B. The Third Amended and Restated Disclosure Statement, including Exhibit "1" attached hereto, is approved on an final basis.

C. All objections to confirmation of the Plan that have not been withdrawn, waived, or settled are overruled on the merits.

D. The Plan attached hereto as Exhibit "1" and each of its provisions together with the modifications, amendments, separate agreements, compromises and settlements announced on the record at the Confirmation Hearing and as contained in this Confirmation Order, including, but not limited to, the modification attached hereto as Exhibit "4" (whether or not specifically approved herein) are confirmed in each and every respect, pursuant to 11 U.S.C. § 1129; provided, however, that if there is any conflict between the terms of the Plan and the terms of this Confirmation Order, the terms of this Confirmation Order shall control.

E. The Plan is hereby modified as follows:

1. Nothing in the Operational Documents shall constitute an adjudication or be construed to resolve or adjudicate in any way the Debtor's, Reorganized Debtor's, Settlement Trust's, Settlement Trustee's or Tort Claimant's claims or rights (either as assignee of any insurance policy, coverage certificate or proceeds payable to the Debtor and/or Settlement Trustee, in its own right or otherwise) against the Non-Settling Insurers. No provision of the Operational Documents shall, in any way, operate, or be construed to release or impair, or have the effect of impairing or releasing, the Non-Settling Insurers' legal, equitable, contractual rights or Insurance Coverage Rights relating to the Insurance Policies issued or allegedly issued by any Non-Settling Insurers (including the right to assert that the Operational Documents constitute a breach by Successors of the provisions of the Insurance Policies and the Successors reserve the right to dispute such claims).

2. As to any Non-Settling Insurer, the Operational Documents shall have no

res judicata or collateral estoppel effect, nor shall they constitute a trial or hearing on the merits or an adjudication or judgment as to any Tort Claim, Contribution Claim, Insurance Action, Insurance Coverage Claim, or assertion of Insurance Coverage Rights. No order, determination, conclusion or finding made in the Confirmation Order, or any appeal therefrom, shall be used, offered, cited or argued in or as to the Insurance Adversary or any Insurance Action or Contribution Action against a Non-Settling Insurer, except to show the terms of the Plan, its confirmation, and that the letter and intent of the Plan is to preserve the Insurance Coverage Rights, and insurance neutrality, in the manner set forth herein.

3. The Operational Documents shall not be construed to approve or sanction a waiver by the Successors of any defense, counterclaim, cross-claim or other remedy or right, whether legal or equitable, as and against any Tort Claimant or Tort Claim.

4. As to any Non-Settling Insurer, the Operational Documents shall have no *res judicata* or collateral estoppel effect, and shall not constitute a trial or hearing on the merits, or an adjudication or judgment:

- a) that any Non-Settling Insurer participated in the negotiation of the Plan;
- b) that any Non-Settling Insurer is liable for, or otherwise obligated to pay, with respect to any Tort Claim;
- c) that the Successors (including the Special Arbitrator or Settlement Trustee) or any other Person or Entity have satisfied any term or condition for payment from any Non-Settling Insurer, or whether any obligation of any Non-Settling Insurer has been triggered;
- d) that the Successors (including the Special Arbitrator and

Settlement Trustee) or any other Person or Entity have suffered an insured loss;

e) that the procedures established by the Operational Documents, including the Binding Arbitration Process, for evaluating, allowing and paying the Tort Claims, and any resulting values, are (x) appropriate or reasonable, (y) consistent with any procedures to evaluate or settle Tort Claims before the Petition Date or (z) reasonable or consistent with any procedures used to evaluate or settle Tort Claims;

f) that the settlement, or the value assigned to any individual Tort Claim pursuant to the procedures established by the Operational Documents, is reasonable and/or otherwise appropriate; or

g) that the conduct of any Person or Entity in connection with the negotiation, development and/or implementation of either the Operational Documents, or the procedures established thereto, is consistent with any requirement of any Insurance Policy or otherwise reasonable or appropriate.

5. It is the express intent of the parties hereto that all claims, rights and defenses of the Debtor, Reorganized Debtor, Settlement Trustee, Settlement Trust and/or Successors and any Non-Settling Insurer with respect to the presumptive, preclusive, *res judicata* or collateral estoppel effect of the determinations of the Special Arbitrator and Arbitration Awards are hereby reserved and preserved for the Insurance Adversary or such other Insurance Action before a Court of competent jurisdiction.

6. Notwithstanding Section 21.5 or any other provision of the Plan, a Non-Settling Insurer may assert a Contribution Claim, to the extent one exists, as a

defense or counterclaim against the Reorganized Debtor or Settlement Trustee (or other Person or Entity seeking Insurance Coverage), and the Reorganized Debtor or Settlement Trustee (or any other Person or Entity seeking Insurance Coverage) may assert the legal or equitable rights, if any, (including but not limited to a Contribution Claim) of the Settling Insurer in any such claim or action. In the event that a Non-Settling Insurer obtains a judicial determination or binding arbitration award that its Contribution Claims are valid, the liability (if any) of such Non-Settling Insurer to the Reorganized Debtor, Settlement Trustee or any other Person or Entity shall be reduced by the amount of such Contribution Claims and no Settling Insurer shall be liable for any such Contribution Claims.

7. For purposes of this Paragraph E, the terms set forth below shall be defined as follows:

- a) "Insurer Coverage Rights" means all rights and remedies, including without limitation defenses at law or in equity, which any Non-Settling Insurer may have (a) with respect to any Insurance Policy or (b) with respect to any claim seeking Insurance Coverage.
- b) "Operational Documents" means the Plan, Plan Documents, and the Confirmation Order.
- c) "Successors" means the Debtor, Reorganized Debtor, Settlement Trust, and Settlement Trustee.

8. The Plan is hereby amended as follows: all references to "Great Divide Candidate Insurer" shall be replaced with "Non-Settling Insurer".

F. The assumptions and rejections of the Executory Contracts are hereby approved and confirmed.

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G. The form and content of the Settlement Trust Agreement, which shall be substantially in the form of Exhibit "5" to this Confirmation Order and incorporated herein by this reference, is hereby approved.

H. Robert Berger is hereby appointed the Settlement Trustee, and the compensation provided for in the Plan for the Settlement Trustee is hereby approved.

I. The Settlement Trust (including the Litigation Reserve) is to be funded by a transfer and assignment of the Cash that comprises the Fund as of the Effective Date. As of the Effective Date, the Settlement Trust shall be vested with the Fund, free and clear of all Claims, liens, security interests, assignments, encumbrances, charges, and other interests of Creditors, except the Tort Claims which are Allowed by the Special Arbitrator. Any additions to the Fund which are transferred to the Settlement Trustee after the Effective Date shall also be transferred and shall vest, free and clear of all Claims, liens, security interests, assignments, encumbrances, charges, and other interests of Creditors, except the Claims of Tort Claimants and Future Tort Claimants which are Allowed by the Special Arbitrator or pursuant to the terms of the Plan. The vesting of the property in the Settlement Trust does not and shall not subject the Settlement Trust, the Settlement Trustee or CBNA to any liability by reason of such transfer under the Bankruptcy Code or under applicable nonbankruptcy law, including, without limitation, any laws affecting successor or transferee liability.

J. The sale and transfer of the property to the Endowment shall be free and clear of all liens, claims, interests and encumbrances and is hereby approved.

K. Pursuant to 11 U.S.C. § 1146(c), the issuance, transfer or exchange of any security, or the making, delivery, filing or recording of any instrument of transfer under the Plan, including, but not limited to, the transfer of the property to the Endowment and the sale and transfer of the Pilgrim Springs property, shall not be taxed under any law imposing a recording tax, stamp tax, transfer tax or similar tax. All filing or recording officers, wherever located and by whomever appointed, are hereby directed to accept for filing or recording, and to file or record upon presentation thereof, all instruments of transfer without payment of any recording tax, stamp tax,

transfer tax or similar tax imposed by federal, state or local law. The Court specifically retains jurisdiction to enforce the foregoing direction by whatever means within the Court's jurisdiction and power.

L. The Future Claims Stipulation is hereby approved, and the Future Claims Reserve shall be funded in accordance with the terms of the Future Claims Stipulation.

M. All Future Tort Claimants, whether or not they file a Proof Claim, are bound by the provisions of the Plan including but not limited to Articles 13, 18 and 21 of the Plan.

N. Without limiting the generality of the Plan and the Confirmation Order, all Settling Tort Claimants are bound by the settlement and other provisions of Articles 13, 18 and 21 of the Plan and the Settlement Trust.

O. Without limiting the generality of the Plan and the Confirmation Order, all Litigation Tort Claimants are bound by the provisions of Articles 13, 18 and 21 of the Plan, the Litigation Reserve and this Confirmation Order.

P. The Settlements between the Debtor on the one hand and the Parish Churches, Monroe and the CTNA on the other hand, which, pursuant to Article 22 of the Plan is incorporated into the Plan were approved by separate orders. Pursuant to this settlement any and all actions against Parish Churches' property, Monroe and CTNA, including but not limited to *Official Committee of Unsecured Creditors v. Catholic Trust of Northern Alaska, et. al.*, Adversary No. 09-90025-DMD and *Official Committee of Unsecured Creditors v. Catholic Bishop of Northern Alaska, et. al.*, Adversary No. 09-90026-DMD, are hereby dismissed with prejudice.

Q. The amendments to the Endowment Documents described in Article 25 of the Plan are approved.

R. The sale of assets to the Endowment described in Section 17.2 of the Plan is hereby authorized and approved free and clear of any liens, claims, interests or other encumbrances; further, the Debtor is authorized to prepare and to enter into such documents as may be required in order to effectuate the asset sale.

S. The sale of the Pilgrim Springs Property pursuant to Section 17.3 of the Plan at an auction to be conducted at a hearing on March 5, 2010 is authorized and the Endowment is further authorized to submit the opening bid of \$1,850,000. In all events, the sale of the Pilgrim Springs Property is pursuant to the Plan and Court approved sale procedures.

T. The additional sales, transfers and assignments of property in Article 17 of the Plan are hereby authorized and approved.

U. Subject to Paragraph E above, the Debtor is authorized to assign its claims against the Non-Settling Insurers pursuant to Section 17.9 of the Plan.

V. Subject to Paragraph E(6), above, the Exculpation, Releases and Injunctions provisions of the Article 21 of the Plan are hereby approved and shall become effective on the Effective Date of the Plan or as otherwise ordered by the Court.

W. The SJOP Settlement and Plan Modification are hereby approved.

X. Except as otherwise expressly provided in the Plan or in the Confirmation Order, on the Effective Date, the Debtor shall be discharged from and its liability shall be extinguished completely in respect of any Claim, including, without limitation, Tort Claims, and Future Tort Claims and any debt, whether reduced to judgment or not, liquidated or unliquidated, contingent or noncontingent, asserted or unasserted, fixed or not, matured or unmatured, disputed or undisputed, legal or equitable, known or unknown, that arose from any agreement of the Debtor entered into or obligation of the Debtor incurred before the Confirmation Date, or from any conduct of the Debtor prior to the Confirmation Date, or that otherwise arose before the Confirmation Date, including, without limitation, all interest, if any, on any such Claims and debts, whether such interest accrued before or after the date of commencement of the Reorganization Case, and including, without limitation, all Claims and debts based upon or arising out of Tort Claims or Future Tort Claims and from any liability of the kind specified in Bankruptcy Code §§ 502(g), 502(h), and 502(i), whether or not a Proof of Claim is filed or is deemed filed under Bankruptcy Code § 501, such Claim is Allowed under Bankruptcy Code § 502, or the holder of such Claim has accepted the Plan.

Y. Except as otherwise expressly provided in the Plan or in the Confirmation Order, in consideration of: (a) the promises and obligations of the Participating Third Parties under the Plan, including those who may become Participating Third Parties pursuant to Order of the Court if such action occurs after entry of the Confirmation Order or after the Effective Date; and (b) the undertakings of the Settling Insurers pursuant to their respective settlements with the Debtor, including Alaska National Insurance Company, on the Effective Date or on such date as an Insurer becomes a Settling Insurer pursuant to Order of the Court if such action occurs after the entry of the Confirmation Order or after the Effective Date, all Persons who have held, hold, or may hold Tort Claims or Future Tort Claims, whether known or unknown, shall be forever barred from pursuing such Tort Claims (including Future Tort Claims), whether such Claims are based upon tort or contract or otherwise, that they heretofore, now or hereafter possess or may possess against the Settling Parties, in each case based upon or in any manner arising from or related to any acts or omissions of CBNA or any of the other Settling Parties, related to any sexual misconduct or other acts committed by any clergy, employees, volunteers or other Persons associated with CBNA and, further, including, without limitation: (i) Tort Claims, or Future Tort Claims; (ii) Claims for personal injuries, including emotional distress; (iii) those of any Person against whom any Claim, demand, proceeding, suit or cause of action based upon or in any manner arising from or relating to any of the matters enumerated or described herein, has been or may be asserted (including, without limitation, rights of indemnity, whether contractual or otherwise, contribution Claims and subrogation Claims); (iv) those for damages, including punitive damages; (v) those for attorneys' fees and other expenses, fees or costs; (vi) those for any possible economic loss or loss of consortium; (vii) those for damages to reputation; and (viii) those for any equitable remedy.

Z. Except as otherwise expressly provided in the Plan or in the Confirmation Order, the Plan Documents or any agreements between any of the Settling Parties, as between all Settling Parties, the provisions of Section 21.3 of the Plan and the Confirmation Order shall be and hereby are a mutual release of all Claims which any Settling Party may have against another Settling Party with respect to any Claims arising out of or related to CBNA or the Plan.

AA. Except as otherwise expressly provided in the Plan or in the Confirmation Order, on the Effective Date the Reorganized Debtor shall be vested with all of the property of the Estate free and clear of all Claims, Liens, encumbrances, charges and other interests of Creditors, and shall thereafter hold, use, dispose or otherwise deal with such property, operate its business and carry on its ministry and mission free of any restrictions imposed by the Bankruptcy Code or by the Court. All Avoidance Actions that are not otherwise dismissed pursuant to this Confirmation Order, are hereby preserved for the benefit of the Reorganized Debtor.

BB. Subject to Paragraph E(6), above, and except as otherwise expressly provided in the Plan, for the consideration described in the Plan or any agreement by which a Person becomes a Participating Third Party, a Settling Insurer or a Settling Party, or if such Person is a Released Party on the Effective Date, all Persons who have held, hold, or may hold Channeled Claims or Claims against CBNA, any Participating Third Party, any Settling Insurer, any Settling Party or any Released Party, whether known or unknown, and their respective agents, attorneys, and all others acting for or on their behalf, shall be permanently enjoined on and after the Effective Date from: (a) commencing or continuing in any manner, any action or any other proceeding of any kind with respect to any Claim, including, but not limited to, any Tort Claim, or Future Tort Claim against the Released Parties, the Settling Parties, CBNA, the Reorganized Debtor, the Settlement Trust, the Litigation Trust, the Trustee, the Special Arbitrator and their respective predecessors, successors, officials, shareholders, subsidiaries, divisions, affiliates, representatives, attorneys, merged or acquired companies or operations or assigns (collectively, the "Parties") or the property of the Parties; (b) seeking the enforcement, attachment, collection or recovery by any manner or means of any judgment, award, decree, or order against the Parties or the property of the Parties, with respect to any discharged Claim or Channeled Claim; (c) creating, perfecting, or enforcing any encumbrance of any kind against the Parties or the property of the Parties with respect to any discharged Claim or Channeled Claim; (d) asserting any setoff, right of subrogation, or recoupment of any kind against any obligation due to the Parties with respect to any discharged Claim or Channeled Claim; and (e) taking any act, in any manner and in any place whatsoever, that does not

conform to or comply with provisions of the Plan, the Settlement Trust Agreement, the Litigation Trust Agreement or the Confirmation Order. The provisions of the Plan and this Paragraph BB. shall apply to any Participating Third Party, Settling Insurer or Settling Party, whether they are such on the date of entry of the Confirmation Order, the Effective Date, or become such pursuant to order of the Court approving each as a Participating Third Party, Settling Insurer or Settling Party.

CC. Subject to the reservations of rights set forth in Paragraph E, above, the Court shall retain jurisdiction for certain purposes, as provided in Article 24 of the Plan. The Court's retention of jurisdiction shall not, and does not, affect the finality of the Confirmation Order.

DD. With respect to the Executory Contracts to which CBNA is a party, all such Executory Contracts that have not been expressly assumed or rejected as of the date of the Confirmation Order are hereby rejected; and all claims arising from the rejection of such Executory Contracts must be filed within thirty (30) days of the entry of the Confirmation Order.

EE. Prior to occurrence of the Effective Date, CBNA, the Bishop, the Committee, the Future Claims Representatives, and their employees, attorneys, agents, and representatives are authorized and empowered to take all actions necessary or appropriate to consummate the transactions contemplated by the Plan and the Plan Documents and to perform thereunder. The Bishop and any other authorized officer of CBNA is authorized and empowered to execute and deliver the Plan Documents in substantially the form submitted, subject to such amendments as may be agreed to by the parties thereto or approved by the Court, provided such amendments shall be consistent with the Plan.

FF. Upon the Effective Date, CBNA, as the Reorganized Debtor, is authorized and empowered to conduct its missions, operations, and ministry, and to dispose of its property without further approval of the Court, except as otherwise provided in the Plan or the Plan Documents.

GG. Not later than thirty (30) days after the Effective Date, the Reorganized Debtor shall file with the Court, a certificate confirming that the Effective Date has occurred, with notice thereof to be given as required by Fed. R. Bankr. P. 2002(f).

Dated this 17th day of February, 2010.

BY THE COURT

/s/ Donald MacDonald IV
Donald MacDonald IV
U.S. Bankruptcy Judge

Approved as to form and content by:

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