

**EXHIBIT "A" TO DEBTOR'S FIRST MODIFIED PLAN OF REORGANIZATION
(Roman Catholic Archbishop of Portland in Oregon, and successors, a corporation sole,
dba Archdiocese of Portland in Oregon)**

**ARCHDIOCESE OF PORTLAND
CLAIMS RESOLUTION FACILITY AGREEMENT**

PARTIES: ROMAN CATHOLIC ARCHBISHOP OF PORTLAND IN OREGON, AND SUCCESSORS, A CORPORATION SOLE, dba Archdiocese of Portland in Oregon, an Oregon non-profit religious corporation;

ARCHDIOCESE OF PORTLAND CLAIMS RESOLUTION FACILITY, INC., an Oregon corporation;

THIS Claims Resolution Facility Agreement (the "Agreement") is entered into between Roman Catholic Archbishop of Portland in Oregon, and successors, a corporation sole dba Archdiocese of Portland in Oregon (the "Archdiocese" or the "Reorganized Debtor") and Archdiocese of Portland Claims Resolution Facility, Inc., an Oregon corporation ("APCRF") pursuant to the First Modified Plan of Reorganization of Roman Catholic Archbishop of Portland in Oregon, and successors, a corporation sole, dated as of March 28, 2006, as amended, modified or supplemented from time to time (the "Plan"), in case number 04-37154-elp11 in the United States Bankruptcy Court for the District of Oregon.

R E C I T A L S

- A. On July 6, 2004, the Roman Catholic Archbishop of Portland in Oregon, and successors, a corporation sole, dba Archdiocese of Portland in Oregon, as the Debtor and Debtor-in-Possession, filed a petition for reorganization under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Oregon.
- B. The Plan provides for the resolution and payment of Tort Claims against the Debtor through a Claims Resolution Facility.
- C. The Plan was confirmed pursuant to the Court's Confirmation Order entered on _____, 200__.
- D. APCRF is a corporation organized under the laws of the State of Oregon for the sole purpose of entering into this Agreement and acting in accordance with this Agreement. The Archdiocese is the sole shareholder of APCRF. The Articles of Incorporation and Bylaws of APCRF provide that APCRF shall have a single officer and a board of directors consisting of three directors.

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- E. Pursuant to the Plan and Confirmation Order, this Agreement establishes the Archdiocese of Portland Claims Resolution Facility (the "Facility").
- F. The Plan and Confirmation Order provide, among other things, that all Tort Claims against the Archdiocese may thereafter be brought and pursued only against APCRF, acting as the Facility.

NOW, THEREFORE, in accordance with the Plan and Confirmation Order, it is agreed as follows:

I. DEFINITIONS

A. Incorporation of Definitions. All capitalized terms used in this Agreement and not otherwise defined herein shall have the meanings assigned in the Plan, Disclosure Statement, and Bankruptcy Code. All definitions in the Plan, Disclosure Statement, and Bankruptcy Code are incorporated herein by reference.

II. PURPOSES AND ADMINISTRATION.

A. Purposes. The purposes of the Facility are: (a) for the incorporation and operation of APCRF which will assume liability for, and will liquidate, resolve, and pay all Tort Claims; (b) for the establishment and operation of the Depository Trust to receive, hold, and invest funds paid to the Facility by the Reorganized Debtor for the payment of Tort Claims in accordance with the Plan and this Agreement; and (c) to distribute funds to Tort Claimants as their Claims are resolved. For the purposes of this Agreement, the Tort Claims referred to herein shall be deemed to include all Present Tort Claims, Future Claims, and Supplemental Present Tort Claims, including any Claims or portions thereof for Punitive Damages.

B. Administration of Facility. As more particularly set forth below, this Agreement provides for APCRF to administer the Facility. All funds received by the Facility, except for those funds necessary to pay APCRF's operating expenses, shall be deposited in the Depository Trust (described below). Distribution and payment of funds to Tort Claimants shall be administered by APCRF and paid by the Depository Trustee.

1. APCRF.

(a) APCRF shall supervise, perform, and manage the affairs of the Facility. APCRF shall be responsible for: (i) processing and resolving Tort Claims under the terms of this Agreement; (ii) preparing recommendations for submission to the District Court regarding the release of funds to pay Tort Claims; (iii) preparing and distributing periodic reports documenting the receipt of funds and the resolution and payment of Tort Claims; (iv) performing periodic analyses and estimates regarding the costs and projected costs of processing and resolving Tort Claims; (v) selecting financial and investment advisors to oversee the investment of the assets in the

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Depository Trust; (vi) providing directions to the Depository Trustee with respect to investment and management of the assets in the Depository Trust; (vii) filing motions, applications, and other requests with the District Court to obtain authorization to pay Tort Claims; and (viii) take any other action which APCRF determines is necessary to accomplish the terms and provisions of this Agreement and the Plan affecting the resolution and payment of Tort Claims.

(b) **APCRF Bond.** APCRF shall provide the Facility with a fidelity bond, in an amount to be determined by the District Court, indemnifying the Facility for any loss caused by the willful misconduct or gross negligence of APCRF and any of its officers, agents, representatives and employees.

(c) **General Powers of APCRF.** APCRF shall have the power to hire and retain such staff and other appropriate persons as are necessary to carry out the duties and functions of the Facility.

2. **Insurance.** APCRF shall procure such general liability insurance and other insurance as necessary to protect the assets of APCRF and the Depository Trust, and as required by law with respect to the employees and staff of APCRF.

3. **Employment of Professionals.** APCRF shall be entitled to hire attorneys, accountants, advisors, and other professionals to assist it in carrying out its duties under the terms of this Agreement.

4. **Establishment of Depository Trust.** To effectuate the terms of this Agreement, a depository trust (the "Depository Trust") shall be established consistent with the provisions of this paragraph II.B.4.

(a) **Purposes.** The sole purposes of the Depository Trust are (i) to receive, hold, and invest funds in accordance with, and subject to the provisions of this Agreement; (ii) to issue payments and disburse funds subject to the terms of this Agreement and pursuant to Final Orders of the District Court; and (iii) to qualify as a Qualified Settlement Fund pursuant to Section 468B of the Internal Revenue Code and the Treasury Regulations promulgated thereunder.

(b) **Beneficiaries.** The beneficiaries of the Depository Trust are the holders of the Tort Claims.

(c) **Depository Trustee.** There shall be a single trustee of the Depository Trust (the "Depository Trustee"). The Depository Trustee shall be selected by APCRF, subject to approval of the District Court. The Depository Trustee shall be a bank organized and doing business under the laws of the United States of America, any state thereof, or the District of Columbia, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least

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\$1,000,000,000, subject to supervision and examination by federal and state authority. The Depository Trustee shall act only at the direction of APCRF and the District Court as specified herein, and shall take no action unless directed by APCRF or the District Court, as applicable. The Depository Trustee may not assign its rights or obligations hereunder. The Depository Trustee shall serve as the paying agent responsible for distribution of payments, as specified herein. The Depository Trustee shall be entitled to receive a reasonable fee and reimbursement of reasonable costs and expenses for its services hereunder. It is intended that the costs and expenses of the Depository Trustee shall be minimal and consistent with the fees and expenses incurred for comparable functions.

(d) Indemnification. The Depository Trustee shall be indemnified and held harmless by APCRF from liability under the Depository Trust as long as the Depository Trustee acts in accordance with the directions of APCRF and the District Court, as applicable.

(e) Resignation. The Depository Trustee may resign at any time upon sixty (60) days prior written notice to APCRF and the District Court, provided, however, that the resignation shall not become effective until a successor Depository Trustee is appointed.

(f) Removal of Depository Trustee. The Depository Trustee may be removed at any time, with or without cause, by APCRF, subject to approval of the District Court.

(g) Successor Depository Trustee. In the event of the resignation or removal of the Depository Trustee, or in the event the separate corporate existence of the Depository Trustee terminates (except in the event of a merger where the Depository Trustee continues to qualify as a Depository Trustee under the terms of this Agreement), a successor Depository Trustee (having the above stated qualifications required of the prior Depository Trustee) shall be selected by APCRF, subject to approval of the District Court.

(h) Deposit and Payment of Funds. All funds paid to APCRF pursuant to the Plan and this Agreement (except for funds received to pay APCRF's operating expenses as authorized by the terms of this Agreement) shall be deposited in the Depository Trust and segregated, as provided in Section III. below, into three separate funds designated the "Present Claims Fund", the "Future Claims Fund", and the "Punitive Damages Fund". The Depository Trustee shall invest all funds that are deposited in the Depository Trust as directed by APCRF, subject to the limitations set forth in Section VI. B. herein. All payments that are to be made to Tort Claimants pursuant to the Plan and this Agreement shall be paid from funds in the Depository Trust.

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(i) **Governing Law.** The Depository Trust shall be governed by the laws of the state of Oregon without regard to conflict of law rules, subject, however, to the exclusive reservation of jurisdiction in specific courts under the Plan and this Agreement.

(j) **Jurisdiction and Venue.** All matters relating to the operation, validity, enforcement, and interpretation of the Depository Trust shall be under the exclusive jurisdiction of the District Court. All actions involving the Depository Trust shall be brought in the District Court.

5. **Court Supervision.** The resolution of Tort Claims (except for those being resolved in State Court) and the functions of APCRF and the Depository Trust shall be supervised by the District Court. The District Court shall have authority to act in the event of disputes or questions regarding the duty and authority of APCRF, the Depository Trust, the Depository Trustee, the investment of funds in the Depository Trust, and the payment of Tort Claims.

III. FUNDING OF THE FACILITY.

A. **Source of Funds.** The Facility shall be funded as follows:

1. **Reorganized Debtor's Payments.** The Reorganized Debtor shall make the following payments to the Facility:

(a) Sufficient funds as needed to pay APCRF's operating expenses, including but not limited to: (a) APCRF's day-to-day operating expenses, including salaries, wages, employee benefits and expenses, (b) insurance, (c) the professional fees (including attorney's fees) and expenses incurred in defending the Claims asserted against APCRF and in the operation of the Facility, (d) the Depository Trustee's fees and expenses, (e) the Depository Trust's operating expenses, and (f) indemnity bonds, cost bonds, or appeal bonds of any kind (collectively the "Operating Expenses"). All funds received for Operating Expenses shall be deposited in APCRF's corporate bank account;

(b) Sufficient funds, not to exceed \$ _____ in the aggregate, as needed to pay Allowed Present Tort Claims, excluding any Claims or portions thereof for Punitive Damages, pursuant to the terms of a promissory note in the form attached hereto as Exhibit 1, with such note to be secured by an irrevocable letter of credit from a bank or other financial institution approved by the District Court, in the original amount of \$ _____. Subject to the funding limitations set forth in the first sentence of this paragraph, as Present Tort Claims are Allowed, the Reorganized Debtor shall within 10 days of the Allowance Date pay the Allowed amount of such Claims, to the extent they are not for Punitive Damages to the Facility. As payments are received from the Reorganized Debtor they shall be deposited in the Present Claims Fund. As Claims are paid by the Facility from the Present Claims Fund, the amount of

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credit available on the note and recoverable under the letter of credit shall each be reduced in a corresponding amount. Such note and letter of credit shall be held by the Depository Trustee for the benefit of all Present Tort Claimants;

(c) Sufficient funds, not to exceed \$ _____ in the aggregate, as needed to pay Allowed Future Claims and Allowed Supplemental Present Tort Claims, excluding any Claims or portions thereof for Punitive Damages, pursuant to the terms of a promissory note in the form attached hereto as Exhibit 2, with such note to be secured by an irrevocable letter of credit from a bank or other financial institution approved by the District Court, in the original amount of \$ _____. Subject to the funding limitations set forth in the first sentence of this paragraph, as Future Claims and Supplemental Present Tort Claims are Allowed, the Reorganized Debtor shall within 10 days of the Allowance Date pay the Allowed amount of such Claims, to the extent they are not for Punitive Damages, to the Facility. As payments are received from the Reorganized Debtor they shall be deposited in the Future Claims Fund. As Claims are paid by the Facility from the Future Claims Fund, the amount of credit available on the note and recoverable under the letter of credit shall each be reduced in a corresponding amount. Such note and letter of credit shall be held by the Depository Trustee for the benefit of all Future Claimants and Supplemental Present Tort Claimants;

(d) Sufficient funds, not to exceed \$ _____ in the aggregate, as needed to pay Allowed Punitive Damages or Penalties, or in the event the Present Claims Fund or Future Claims Fund should become extinguished, to pay those Allowed Present Tort Claims and Future Claims, to the extent they are not for Punitive Damages, pursuant to the terms of a promissory note in the form attached hereto as Exhibit 3, with such note to be secured by an irrevocable letter of credit from a bank or other financial institution approved by the Bankruptcy Court, in the original amount of \$ _____. Subject to the funding limitations set forth in the first sentence of this paragraph, as the Claims referred to in this paragraph are Allowed, the Reorganized Debtor shall within 10 days of the Allowance Date pay the Allowed amount of such Claims to the Facility. As payments are received from the Reorganized Debtor they shall be deposited in the Punitive Damages Fund. As Claims are paid by the Facility from the Punitive Damages Fund, the amount of credit available on the note and recoverable under the letter of credit shall each be reduced in a corresponding amount. Such note and letter of credit shall be held by the Depository Trustee for the benefit of all Tort Claimants;

(e) Such funds as are necessary to ensure that APCRF, as successor to the accrued rights of the Reorganized Debtor for covered losses, is able to obtain Insurance Recoveries. As such funds, if any, are paid to the Facility, they shall be used to reduce the amount of credit available on the notes and letters of credit referred to in Sections III.A.1.(b), (c), and (d) above. These funds shall be deposited to the Present Claims Fund, the Future Claims Fund, or the Punitive Damages Fund in such manner as is necessary to obtain the Insurance Recoveries. If deposit to a particular fund is not required to obtain the Insurance Recoveries, then such funds shall

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first be deposited in the Present Claims Fund and used to reduce the amount of credit available under Section III.A.1.(b) for payment of Present Tort Claims until such amount is reduced to zero, then deposited in the Future Claims Fund and used to reduce the amount of credit available under Section III.A.1.(c) for payment of Future Claims and Supplemental Present Tort Claims, and finally deposited in the Punitive Damages Fund and used to reduce the amount of credit available under Section III.A.1.(d) for payment of Tort Claims.

B. Use of Funds. The payments received by the Facility shall be used as follows:

1. APCRF Operating Expenses. APCRF's Operating Expenses shall be paid from the funds to be provided by the Reorganized Debtor for such purpose.

2. Tort Claims. All remaining funds received by the Facility shall be available to pay Allowed Tort Claims pursuant to the terms of this Agreement.

IV. CLAIMS RESOLUTION AND LITIGATION PROCEDURES.

A. Purpose. The procedures set forth in this Agreement, and such other procedures as may be set forth in any orders entered by the Bankruptcy Court, District Court, and State Courts, as applicable, establish the procedures (collectively, the "Claims Resolution Procedures") for the submission, evaluation, processing, liquidation, allowance or disallowance, and payment of Tort Claims. The purpose of the Claims Resolution Procedures is to provide an orderly process for resolving and liquidating Tort Claims consistent with the objectives of the Plan and this Facility. The Claims Resolution Procedures shall be administered by APCRF, subject to approval of the District Court, as provided in this Agreement. The APCRF, shall honor the obligations of the Archdiocese under the Insurance Policies and applicable non-bankruptcy law as those obligations pertain to the resolution, settlement, and payment of Insurance Claims.

B. Assumption of Liabilities. APCRF, acting as the Facility, hereby assumes and shall be directly and exclusively liable for any and all liabilities, present or future, whether such liabilities are liquidated or unliquidated, contingent or noncontingent, asserted or unasserted, fixed or not, matured or unmatured, disputed or undisputed, legal or equitable, known or unknown, now or hereafter arising, in connection with, constituting, or relating to the Tort Claims. All liabilities and obligations that are assumed by APCRF, and all pending lawsuits or actions arising from or related thereto, including any judgments against the Debtor arising from or related to such Claims, together with all defenses available to the Debtor regarding such Claims, are hereby assigned and transferred to APCRF without the need for execution of any further documents. Notwithstanding the foregoing, nothing in this Agreement shall be construed to impair, diminish, or impact in any way the Archdiocese's or the APCRF's

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claims against the Insurance Companies, or the ability of the APCRF to obtain the Insurance Recoveries.

C. Claims Asserting a Right to Punitive Damages to be Resolved Only in the District Court. All Claimants asserting a right to Punitive Damages must have their Claims resolved in the District Court. Only Claimants who elect to waive their Claims for Punitive Damages will be entitled to have their Claims resolved in State Court. Unless they have previously done so, Claimants electing to waive their Claims for Punitive Damages and proceed in State Court shall file an election and waiver form with the District Court within 60 days of the Effective Date, or if a Future Claimant filing a Claim after the Effective Date, within 30 days of filing a complaint with the State Court or District Court. Any Claimant who fails to timely file an election form shall proceed with resolution of their Claims, whether or not asserting a Claim for Punitive Damages, in District Court.

D. Special Master. A Special Master (the "Special Master") may, at the discretion of the District Court, be appointed by the District Court to assist the District Court with resolution of the Tort Claims. If appointed, the Special Master shall assist the District Court in (a) establishing and implementing procedures for the organization and presentation of Tort Claims, including the filing of complaints and other materials designed to establish the basis for the Tort Claim; (b) finalizing and implementing case management orders, which will establish the specific procedures and timetables for the resolution of Tort Claims; (c) establishing and coordinating all pretrial discovery; (d) conducting any common issue motion practice, finalizing and implementing pretrial settlement procedures, mediation, etc.; and (e) establishing guidelines for and coordinating the certification of cases for binding arbitration or trial on the merits.

E. Resolution of Claims. All Claimants shall proceed with litigation of their Claims, at their option, either by binding arbitration (if agreed to by both APCRF and those Insurance Companies who are providing a defense of such Claims) or by trial in the District Court or State Court, as applicable. APCRF shall be responsible for defending such Claims and shall possess all rights of the Debtor in defense of such Claims. A Claim will only be Allowed upon entry by the District Court or State Court of a Final Order establishing the Allowed amount of such Claim, with appeals to be allowed as a matter of right to the state appellate courts, the 9th Circuit Court of Appeals, or any other court with jurisdiction over such appeal. The APCRF shall honor all rights arising under the Insurance Policies or applicable non-bankruptcy law of those Insurance Companies providing a defense of such Claims.

F. Additional Procedures for Future Claimants. On or before the date which is 15 years immediately following the Effective Date (the "Future Claims Bar Date"), each Future Claimant and Supplemental Present Tort Claimant (if any), must personally file a complaint in either State Court (but only if not seeking Punitive Damages) or District Court (whether or not seeking Punitive Damages) asserting a Claim against APCRF or such Claim will be forever barred.

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G. Jurisdiction. All litigation concerning Tort Claims and APCRF's obligations shall be administered by and shall be under the jurisdiction of the District Court or a State Court in accordance with this Agreement and any Case Management Orders (described below) and other orders issued by the Bankruptcy Court, District Court, or State Court, as applicable.

H. Case Management Orders. APCRF, the Special Master (if appointed), and such representatives of the Tort Claimants as the District Court may approve shall prepare and present to the District Court or State Court, as applicable, proposed case management orders which will establish further procedures to ensure that provisions are in place to resolve the Tort Claims (the "Case Management Orders"). In that regard, it is anticipated that the Case Management Orders will provide, among other things, procedures for organizing the Tort Claims to be dealt with by APCRF, describe the procedures and substance of any common issue motion practice, describe the procedures for obtaining information from the Tort Claimants concerning the nature and support for their Tort Claims, describe the procedures and deadlines for pretrial discovery and pretrial resolution, including alternative dispute resolution procedures such as mediation, arbitration, etc., and describe the procedures and conditions for certifying individual cases for trial. The APCRF shall honor all rights arising under the Insurance Policies or applicable non-bankruptcy law of those Insurance Companies providing a defense of such Claims.

I. Settlement. Any settlement reached between APCRF and a Claimant will be subject to approval of the District Court, and, to the extent required by the Insurance Policies or applicable non-bankruptcy law, the Insurance Companies.

J. Litigation. Based on procedures and conditions set forth in this Agreement, the Case Management Orders, and other orders of the District Court and State Court, as applicable, individual cases will be certified for trial. The venue for the trial of individual cases in the District Court shall be in Portland, Oregon.

K. Litigation Privileges. All privileged information furnished by the Debtor and the Reorganized Debtor, or by an officer, employee, agent or attorney for any such entities, to APCRF for purposes of conducting settlement or litigation activities, shall continue to be protected under any applicable privilege.

L. No Supersedes Bond Required of the Facility. No supersedes bond or similar security shall be required of APCRF with respect to any appeal of any matter arising out of the resolution of the Tort Claims.

M. Withdrawal of Claims. A Claimant may withdraw a Claim at any time on written notice to APCRF. If withdrawn, the Claim will be withdrawn with prejudice and may not be reasserted.

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V. RESOLUTION OF CLAIMS FOR INSURANCE COVERAGE.

A. Purpose. The procedures set forth in this Agreement, and such other procedures as may be set forth in any orders entered by the Bankruptcy Court or District Court, as applicable, establish the procedures for pursuit of the APCRF's rights to obtain the Insurance Recoveries.

B. Assignment of Rights. The APCRF shall accept assignment of the Debtor's rights that have accrued for covered losses relating to the Tort Claims, and shall pursue the Insurance Claims and Insurance Recoveries. The APCRF may be substituted for the Debtor in any existing action for Insurance Coverage.

C. Actions for Insurance Coverage. All of the rights and obligations of the Insurance Companies, and the APCRF, as successor to the accrued rights of the Reorganized Debtor for covered losses, shall be adjudicated in any coverage action in accordance with the requirements of the Insurance Policies and applicable law.

VI. PAYMENT OF ALLOWED TORT CLAIMS.

A. Timing and Amount of Disbursements on Allowed Tort Claims.

1. Distributions to Tort Claimants. The Depository Trustee shall make distributions to Tort Claimants as follows:

(i) **Present Tort Claimants.** Present Tort Claimants will receive payment of their Claims, including accrued interest as provided in the Plan, except for any Claims, or portions thereof, for Punitive Damages, from the Present Claims Fund upon such Claims becoming Allowed and the distribution being authorized by the District Court. Payment of any Claim, or portion thereof, for Punitive Damages will be subject to the distribution provisions of section V.A.1.(iii) below.

(ii) **Future Claimants and Supplemental Present Tort Claimants.** Future Claimants and Supplemental Present Tort Claimants will receive payment of their Claims, including accrued interest as provided in the Plan, except for any Claims, or portions thereof, for Punitive Damages, from the Future Claims Fund upon such Claims becoming Allowed and the distribution being authorized by the District Court. Payment of any Claim, or portion thereof, for Punitive Damages will be subject to the distribution provisions of section V.A.1.(iii) below.

(iii) **Punitive Damages and Penalties.** Tort Claimants entitled to Punitive Damages shall receive payment of the Claims, or portions thereof, for Punitive Damages, including accrued interest as provided in the Plan, from the Punitive Damages Fund. However, the payment of any Punitive Damages shall be subordinated to the payment of all other Tort Claims to the extent they are not for Punitive Damages.

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Therefore, in the event the Present Claims Fund or Future Claims Fund should become exhausted before payment in full of all Tort Claims, to the extent they are not for Punitive Damages, those Claims will be entitled to be paid from the Punitive Damages Fund before any Punitive Damages are paid.

2. District Court Approval of Distributions. APCRF will make application to the District Court at least every 180 days for authority to pay Allowed Tort Claims that have become Allowed within the previous 180 day or shorter period. Prior to making application to the District Court, APCRF shall prepare a report and recommendation for submission to the District Court setting forth the amount of funds currently available for a distribution, taking into consideration (i) the alleged amount of all Unresolved Tort Claims, (ii) the estimated amount of unknown Future Claims, (iii) the amounts previously paid to any Tort Claimant whose Tort Claim is scheduled to be included in the distribution, and (iv) the amount of funds remaining to be paid by the Reorganized Debtor to, or currently on deposit in, the specific fund or funds from which the distribution will be made.

3. Final Distribution to Present Tort Claimants from Present Claims Fund. Once Final Orders have been entered resolving all Present Tort Claims then pending before the District Court that are entitled to be paid from the Present Claims Fund, APCRF shall conduct an audit of the Present Tort Claims that have been paid, or are entitled to be paid, from the Present Claims Fund, and shall determine the amount of funds available for a final distribution to Claimants holding Allowed Tort Claims which are entitled to be paid from such fund. Upon determining the amount that is available for distribution, APCRF shall submit this information to the District Court for approval, and shall provide notice to all Present Tort Claimants whose Claims have not been fully paid. Upon the District Court's entry of a Final Order approving the distribution, the Depository Trustee shall make the distribution. If any funds remain in the Present Claims Fund after payment of all Present Tort Claims entitled to be paid from such fund, the remaining funds shall be distributed to the Reorganized Debtor.

4. Final Distribution to Future Claimants and Supplemental Present Tort Claimants from Future Claims Fund. Upon expiration of the later to occur of (i) the Future Claims Bar Date, or (ii) the District Court's entry of Final Orders resolving all Future Claims and Supplemental Present Tort Claims, if any, pending upon the Future Claims Bar Date, APCRF shall conduct an audit of the Future Claims and Supplemental Present Tort Claims that have been paid, or are entitled to be paid, from the Future Claims Fund, and shall determine the amount of funds available for a final distribution to Claimants holding Allowed Tort Claims which are entitled to be paid from such fund. Upon determining the amount that is available for distribution, APCRF shall submit this information to the District Court for approval, and shall provide notice to all known Future Claimants and Supplemental Present Tort Claimants whose Claims have not been fully paid. Upon the District Court's entry of a Final Order approving the distribution, the Depository Trustee shall make the distribution. If any funds remain in the Future Claims Fund after payment in full of all Allowed Future Claims and

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Supplemental Present Tort Claims entitled to be paid from such fund, the remaining funds shall distributed to the Reorganized Debtor.

5. Final Distribution to Tort Claimants from Punitive Damages

Fund. Upon expiration of the later to occur of (i) the Future Claims Bar Date, or (ii) the District Court's entry of Final Orders resolving all Tort Claims, if any, pending on the Future Claims Bar Date, APCRF shall conduct an audit of all Tort Claims that have been paid, or are entitled to be paid, from the Punitive Damages Fund, and shall determine the amount of funds available for a final distribution to Claimants holding Allowed Tort Claims which are entitled to be paid from such fund. Upon determining the amount that is available for distribution, APCRF shall submit this information to the District Court for approval, and shall provide notice to all known Tort Claimants whose Claims have not been fully paid. Upon the District Court's entry of a Final Order approving the distribution, the Depository Trustee shall make the distribution. If any funds remain in the Punitive Damages Fund after payment in full of all Allowed Tort Claims entitled to be paid from such fund, the remaining funds shall be used to fund the continuing Operating Costs of the Facility, and upon termination of the Facility, if any funds remain in the Punitive Damages Fund they shall be distributed to the Reorganized Debtor.

6. Pro Rata Distributions if Funds Insufficient to Pay Full

Amount. If at the time APCRF proposes to make a distribution to Claimants from any specific fund (i.e., the Present Claims Fund, the Future Claims Fund, or Punitive Damages Fund) there are insufficient funds in the fund to make a full distribution, the Claimants participating in such distribution shall each receive a pro rata share of the funds available for distribution.

VII. FINANCIAL MANAGEMENT OF FACILITY ASSETS.

A. Establishment of Funds and Accounts. Except for funds received to pay APCRF's Operating Expenses, all funds received shall be deposited in the Depository Trust. The Depository Trustee shall establish sub-accounts in the Depository Trust as are necessary to hold, manage, invest, and distribute funds in accordance with this Agreement.

B. Investment. Investment of monies held in the Depository Trust shall be administered in the manner in which individuals of ordinary prudence, discretion, and judgment would act in the management of their own affairs, subject to the following limitations and provisions:

1. the Depository Trust shall not acquire any long-term debt securities, participation certificates, or similar instruments unless (i) such securities, certificates, or instruments are rated "A" or higher by Moody's Investors Service, Inc. ("Moody's") or "A" or higher by Standard & Poor's Rating Services ("S&P's"), or (ii) have been issued or

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fully guaranteed as to principal and interest by the United States of America or any agency or instrumentality thereof;

2. the Depository Trust shall not acquire any commercial paper unless such commercial paper is rated "Prime-2" or higher by Moody's or "A-2" or higher by S&P's;

3. the Depository Trust shall not acquire any equity security or any equity interest in any Entity;

4. the Depository Trust may acquire money market investments, certificates of deposit, time deposits, and banker's acceptances only (i) if issued by a bank whose senior long-term debt is rated "A" or higher by Moody's or "A" or higher by S&P's, and (ii) if the term to maturity from the date of acquisition does not exceed three (3) years and one day.

C. Accounting Statements and Audit.

1. As soon as practicable on or about the commencement of each fiscal year, APCRF shall prepare a budget and cash flow projections covering such fiscal year and such succeeding fiscal years for which APCRF determines such projections are practicable and appropriate.

2. APCRF shall prepare at the end of each fiscal year an annual accounting containing financial statements of APCRF and the Depository Trust as of the end of such fiscal year, including, without limitation, a balance sheet, a statement of receipts and disbursements (which, as to the Tort Claims, shall be presented in the aggregate and not by individual Tort Claim and shall also describe all amounts paid to or by APCRF and the Depository Trust), a statement of profit and loss, and a supplementary schedule of individual investments listing cost, fair market value, and income.

3. APCRF shall submit the annual accounting information required by this Agreement to the Reorganized Debtor, all known Tort Claimants whose Claims have not been paid in full, and the District Court. The annual accounting information shall be submitted as soon as available but in no event later than one hundred eighty (180) days following the end of each fiscal year.

D. Tax Matters. APCRF shall timely file such income tax and other returns and statements as are required to comply with applicable provisions of the Internal Revenue Code and the Treasury Regulations promulgated thereunder, and of any state law and the regulations promulgated thereunder. APCRF and the Depository Trustee shall be responsible for paying taxes and any other obligations or liabilities of any and all kinds whatsoever that at any time are lawfully levied, assessed upon, or become payable in respect of APCRF and the Depository Trust, respectively. The Depository

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Trustee shall make any election and provide any information as may be necessary for the Depository Trust to qualify as a Qualified Settlement Fund. The Depository Trustee shall not take any action, or omit to take any action, that could adversely affect the Depository Trust's qualification as a Qualified Settlement Fund. Even if permitted by the Treasury Regulations or state law governing Qualified Settlement Funds, no election shall be filed by or on behalf of the Depository Trust for the Depository Trust to be treated as a grantor trust for federal or state income tax purposes.

VIII. GENERAL PROVISIONS.

A. Court Approval. Any action requiring Bankruptcy Court, District Court, or State Court approval shall require the Person or Entity seeking such approval to file an application, motion, or other request with the Bankruptcy Court, District Court, or State Court, as applicable, and obtain a Final Order approving such action before the requested action may be taken. The Person or Entity filing such application, motion, or other request shall serve such application, motion, or other request, together with a notice setting forth the time in which objections must be filed with the court, on all parties to this Agreement, and all Tort Claimants whose Claims have not been paid in full, by first-class mail, electronic mail, overnight courier, facsimile, or hand delivery. Unless the court orders otherwise, all notices shall provide the recipients at least 20 days (plus 3 days if served by mail) in which to file an objection to the application, motion, or other request. If no objection is timely filed, the court may authorize the proposed action without further notice or a hearing. If an objection is timely filed, the court shall determine whether to conduct a hearing, or to require the submission of further documentation, prior to ruling on the application, motion, or other request.

B. Costs. APCRF and each Tort Claimant shall bear their own costs, expenses, and attorneys' fees in connection with resolution and payment of Tort Claims pursuant to the terms of this Agreement.

C. Irrevocability. The Facility is irrevocable.

D. Recordation. This Agreement shall be recorded in such places as the Reorganized Debtor or APCRF shall deem necessary or advisable.

E. Termination/Dissolution.

1. Termination Date. The Facility, APCRF, and the Depository Trust shall terminate and be dissolved as soon as practicable following the later to occur of (i) the Future Claims Bar Date, or (b) after all Tort Claims filed with the Bankruptcy Court, District Court, or State Court on or before the Future Claims Bar Date have been resolved. Prior to such termination and dissolution, APCRF shall seek an order from the District Court confirming that it is appropriate to terminate and dissolve the Facility, the Depository Trust, and APCRF.

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2. Termination and Dissolution of Facility, APCRF, and Depository Trust. Upon entry of the District Court's order authorizing termination and dissolution of the Facility, APCRF, and the Depository Trust, APCRF and the Depository Trustee shall proceed to wind up the affairs of the Facility, APCRF, and the Depository Trust.

F. Severability. Should any provision of this Agreement (except those described in the next sentence) be held unenforceable, such determination shall in no way limit or affect the enforceability and operative effect of any and all other provisions of this Agreement, and the unenforceable provision shall be reformed, modified, or replaced by such provision or provisions as the Bankruptcy Court or the District Court, as appropriate, may approve upon motion by any party to this Agreement. Notwithstanding the foregoing, the following provisions of this Agreement are not severable: (i) provisions concerning the amount or due date of any payment to be made by the Reorganized Debtor to the Facility pursuant to the Plan or this Agreement, (ii) provisions concerning the right of the Facility or the Depository Trust to receive payments, and (iii) any provision that, if modified or deleted, would cause the Depository Trust to no longer qualify as a Qualified Settlement Fund.

G. Headings; References. The headings herein are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement. Any reference herein shall be deemed to refer to the applicable section or paragraph of this Agreement unless otherwise expressly stated herein. Any reference to an Exhibit, Annex, or Schedule shall be deemed to refer to the applicable Exhibit, Annex, or Schedule attached hereto, all such Exhibits, Annexes, and Schedules being incorporated herein and made a part hereof by this reference.

H. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the state of Oregon without regard to conflicts of law principles, subject, however, to the exclusive reservation of jurisdiction in specific courts under the Plan and this Agreement.

I. Jurisdiction. Except as specifically provided herein, all matters relating to the validity, interpretation and operation of this Agreement, the Facility, APCRF, and the Depository Trust shall be under the exclusive jurisdiction of the District Court.

J. No Execution. All funds held by APCRF and the Depository Trust shall remain property of APCRF and the Depository Trust, respectively, until such times as the funds have actually been paid to and received by a Person or Entity entitled to receive payment pursuant to the terms of this Agreement, and no Person or Entity may execute upon, garnish, or attach the funds of APCRF or the Depository Trust in any manner or compel payment from APCRF or the Depository Trust of any Claim. Payment of Claims will be governed solely by the Plan and this Agreement.

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K. Notices. All notices, reports, or documents required by or authorized under this Agreement to be provided to the parties or others shall be in writing and shall be sent to the following persons or entities at the following addresses until any such person or entity gives written notice of a change of address:

If to the Reorganized Debtor:

Archdiocese of Portland in Oregon
2838 East Burnside
Portland, OR 97214
Attn: Director of Business Affairs

With copies to:

Sussman Shank LLP
1000 SW Broadway, Suite 1400
Portland, OR 97205
Attention: Thomas W. Stilley

If to APCRF:

Archdiocese of Portland Claims Resolution Facility, Inc.
c/o Archdiocese of Portland in Oregon
2838 East Burnside
Portland, OR 97214
Attn: Director of Business Affairs

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With copies to:

Schwabe Williamson & Wyatt PC
1600-1800 Pacwest Ctr
1211 SW 5th Ave.
Portland, OR 97204
Attention: Thomas V. Dulcich

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed this ____ day of _____ 2006.

**ROMAN CATHOLIC ARCHBISHOP OF PORTLAND IN OREGON,
and successors, a corporation sole**

By: _____
By: Leonard Vuylsteke
Its: Director of Financial Services

ARCHDIOCESE OF PORTLAND CLAIMS RESOLUTION FACILITY, INC.

By: _____
Name: _____, President

F:\CLIENTS\14961\004\PLAN & DISCLOSURE STATEMENT\FIRST MODIFIED CLAIMS RESOLUTION FACILITY AGREEMENT-(FINAL FORM).DOC

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**Exhibit "A"
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