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UNITED STATES BANKRUPTCY COURT
DISTRICT OF OREGON

In re:

**ROMAN CATHOLIC ARCHBISHOP OF
PORTLAND IN OREGON, AND
SUCCESSORS, A CORPORATION
SOLE, dba ARCHDIOCESE OF
PORTLAND IN OREGON,**

Debtor.

Case No. 04-37154-elp11

DEBTOR'S PLAN OF
REORGANIZATION

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1 **1. INTRODUCTION.**

2 Roman Catholic Archbishop of Portland in Oregon, and successors, a
3 corporation sole, dba Archdiocese of Portland in Oregon (the “Debtor”), in the above-
4 captioned Chapter 11 case, proposes the following Plan of Reorganization pursuant to
5 the provisions of Chapter 11 of the Bankruptcy Code.

6 Reference is made to the Disclosure Statement, as hereinafter defined, which
7 discusses the history of the Debtor, its operations, management, properties and other
8 assets. The Disclosure Statement also provides a summary of this Plan. **YOU ARE**
9 **URGED TO READ THE DISCLOSURE STATEMENT WITH CARE IN EVALUATING**
10 **HOW THIS PLAN WILL AFFECT YOUR RIGHTS AND CLAIM(S).**

11 **2. DEFINITIONS.**

12 For purposes hereof, and unless the context otherwise requires, any term used in
13 an initially capitalized form in this Plan shall have the defined meaning ascribed to it in
14 either Section 101 of the Bankruptcy Code or the respective meanings set forth below.
15 Whenever the context requires, such terms shall include the singular as well as the
16 plural, the masculine gender shall include the feminine, and the feminine gender shall
17 include the masculine. Any specific references to promissory notes, deeds of trust, or
18 other debt instruments or security documents shall include any amendments,
19 modifications and extensions thereto. Nothing contained in this Plan shall constitute an
20 admission or denial by any party of either liability for, or the validity, priority or extent of
21 any Claim, Lien, or Security Interest asserted against the Debtor or against any third
22 party. All references to statutory sections are to the Bankruptcy Code unless otherwise
23 specified.

24 “**APCRF**” means, Archdiocese of Portland Claims Resolution Facility, Inc., the
25 corporation to be formed pursuant to the terms of the Plan and the Claims Resolution
26 Facility Agreement for the purpose of entering into the Claims Resolution Facility

1 Agreement and acting as the sole legal entity to assume liability for, and to liquidate,
2 resolve, and pay Unresolved Tort Claims.

3 **"Administrative Claim"** means a Claim for payment of an administrative
4 expense of a kind specified in Section 503(b) of the Bankruptcy Code and referred to in
5 Section 507(a)(1) of the Bankruptcy Code including, without limitation, the actual,
6 necessary costs and expenses of preserving the Debtor's estate and operating the
7 Debtor's business including Current Obligations, compensation for professional services
8 and reimbursement of expenses awarded under Sections 330(a) or 331 of the
9 Bankruptcy Code, and all fees and charges assessed against the Debtor's estate under
10 chapter 123 of Title 28, United States Code.

11 **"Administrative Claimant"** means a Person or Entity asserting an
12 Administrative Claim.

13 **"Administrative Convenience Claim"** means a General Unsecured Claim in an
14 amount of \$1,000.00 or less, inclusive of interest accrued thereon after the Petition Date
15 through the later to occur of the Effective Date or the Allowance Date; *provided*, that if
16 the holder of a General Unsecured Claim in an amount greater than \$1,000.00 shall
17 make an election to reduce such Claim to \$1,000.00, such Claim shall be treated as an
18 Administrative Convenience Claim for all purposes. Such election shall be made on the
19 ballot for accepting or rejecting this Plan, completed and returned to the Debtor within
20 the time fixed by order of the Court. Making this election shall be deemed to be a
21 waiver by such electing holder of any right to participate in Class 6 as to any and all
22 Claims held by such holder.

23 **"Allowance Date"** means, with respect to a Claim, the date such Claim
24 becomes Allowed.

25 **"Allowed"** means, with respect to a Claim, all or a portion thereof (a) that is
26 agreed to by the Claimant and the Debtor, (b) that is allowed by Final Order, (c) that is

1 estimated for purposes of allowance pursuant to Section 502(c) of the Bankruptcy Code
2 (but not the allowance of personal injury Tort Claims for purposes of distribution), (d)
3 that either (i) is listed in the Debtor’s schedules filed with the Court, other than a Claim
4 that is listed as “disputed,” “contingent,” or “unliquidated”; or (ii) the proof of which has
5 been timely filed pursuant to the Claims Bar Date Notice, or filed pursuant to any Final
6 Order, or otherwise deemed timely filed under applicable law, and as to which either (y)
7 no objection to its allowance has been filed within the periods of limitation fixed by this
8 Plan or by any Final Order, or (z) any objection to its allowance has been settled or
9 withdrawn or has been decided by a Final Order; or (e) that is expressly allowed in this
10 Plan.

11 **“Archdiocese of Portland Claims Resolution Facility, Inc.”** means the
12 corporation to be formed pursuant to the terms of the Plan and the Claims Resolution
13 Facility Agreement for the sole purpose of entering into the Claims Resolution Facility
14 Agreement and acting as the legal entity to assume liability for, and to liquidate, resolve,
15 and pay Unresolved Tort Claims.

16 **“Archbishop”** means the Person who is the sole director of the Archdiocese.

17 **"Archdiocesan Territory"** means the geographic area extending from the
18 Washington border on the north to the California border on the south, and from the crest
19 of the Cascade Mountains on the east to the Pacific Ocean on the west.

20 **“Archdiocese”** means the Debtor in this Case, Roman Catholic Archbishop of
21 Portland in Oregon, and successors, a corporation sole, dba Archdiocese of Portland in
22 Oregon.

23 **“Ballot”** means the ballot mailed to Creditors for the purposes of soliciting votes
24 for acceptance or rejection of the Plan.

25 **"Bankruptcy Code"** means the Bankruptcy Reform Act of 1978, as amended,
26 principally codified in 11 USC Section 101, et seq.

1 **"Bankruptcy Court"** means the United States Bankruptcy Court for the District
2 of Oregon.

3 **"Bankruptcy Rules"** means the Rules and Forms of Practice and Procedures in
4 Bankruptcy promulgated under 28 USC § 2075, as amended, and the local rules of the
5 Court, as applicable to Chapter 11 cases, together with all amendments and
6 modifications from time to time thereto.

7 **"Beneficiary Claims"** means those Claims of Parishes, parishioners, and other
8 Claimants claiming some right or entitlement to the use or benefit of property or funds
9 held by the Debtor or Parishes in either a civil trust or pursuant to Canon Law which
10 requires that such funds or property be used for the Claimant's benefit.

11 **"Business Day"** means any day other than Saturday, Sunday, or a "Legal
12 Holiday", as that term is defined in Bankruptcy Rule 9006(a).

13 **"Canon Law"** means the 1983 Code of Canon Law promulgated on January 25,
14 1983 by Pope John Paul II, and any amendments thereto.

15 **"Case"** means the case under Chapter 11 of the Bankruptcy Code commenced
16 by the Debtor on July 6, 2004.

17 **"Child"** means an unmarried Person under 18 years of age.

18 **"Child Abuse"** means child abuse as defined in ORS 12.117(2).

19 **"Claim"** means any claim, as that term is defined in Section 101(5) of the
20 Bankruptcy Code.

21 **"Claimant"** means a Creditor that asserts a Claim.

22 **"Claims Bar Date"** means April 29, 2005, being the date set in the Claims Bar
23 Date Order as the last day for filing any and all proofs of claim asserting a Claim in this
24 Case, or such other date as may apply to a particular Claim pursuant to an order of the
25 Court.

26 **"Claims Bar Date Notice"** means the *Notice of Last Day to File Claims*,

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1 *Including Claims for Clergy Sex Abuse and Sexual Misconduct* mailed to all known
2 Creditors, together with the *Publication Notice* published in various newspapers and
3 other publications in January, 2005, and thereafter, providing notice of the Claims Bar
4 Date.

5 **“Claims Bar Date Order”** means the order of the Court, entered January 3,
6 2005, setting the Claims Bar Date and approving the method of notification of the
7 Claims Bar Date.

8 **“Claims Objection Bar Date”** means the first Business Day that is at least
9 30 days after the Effective Date, or such other date as directed by the Court, by which
10 any objection to a Claim must be filed with the Court or such objection will be forever
11 barred.

12 **“Claims Resolution Facility”** means the Claims Resolution Facility to be
13 established in accordance with Section 7.1 of this Plan pursuant to which Tort Claims
14 will be administered and paid.

15 **“Claims Resolution Facility Agreement”** means the agreement between the
16 Reorganized Debtor and Archdiocese of Portland Claims Resolution Facility, Inc.,
17 pursuant to which the Claims Resolution Facility shall be established and governed.

18 **“Claims Resolution Procedures”** refers to the procedures set forth in the
19 Claims Resolution Facility Agreement, and such other procedures as may be set forth in
20 any orders entered by the Court or the District Court, establishing the procedures for the
21 submission, evaluation, processing, liquidation, allowance or disallowance, and
22 payment of all Unresolved Tort Claims. The purpose of the Claims Resolution
23 Procedures is to provide an orderly process for resolving and liquidating Unresolved
24 Tort Claims consistent with the objectives of the Plan.

25 **“Closing”** means the Reorganized Debtor’s execution and delivery of the Plan
26 Documents and the completion of those actions necessary for the Reorganized Debtor

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1 to make the distributions to holders of Allowed Claims and payments to the Claims
2 Resolution Facility, as more particularly described in Section 8.3 of this Plan.

3 **“Code of Canon Law”** means the 1983 Code of Canon Law promulgated on
4 January 25, 1983 by Pope John Paul II, and any amendments thereto.

5 **“Collateral”** means any property that is security for a Secured Claim.

6 **“Confirmation Date”** means the date of the entry of the Confirmation Order.

7 **“Confirmation Order”** means the order confirming this Plan.

8 **“Consortium Claim”** means the Claim of a Relative or other Person, claiming
9 some personal relationship to a Tort Claimant, arising as a result of a Tort Claim and
10 derivative of the Claims of the Tort Claimant, to the extent such Claims are recognized
11 by applicable state law.

12 **“Contingent”** means with respect to a Claim, a Claim that has not accrued or is
13 not otherwise payable and the accrual of which or the obligation to make payment on
14 which is dependent upon a future event that may or may not occur.

15 **“Court”** means the Bankruptcy Court.

16 **“Covered Portion”** means with respect to a Claim, that portion of such Claim for
17 which Insurance Coverage is available, and for which an Insurance Company has
18 agreed to provide coverage for that portion of such Claim.

19 **“Creditor”** means any creditor, as that term is defined in Section 101(10) of the
20 Bankruptcy Code.

21 **“Current Obligations”** means (a) all accounts payable and other liabilities or
22 obligations of the Debtor that arose or accrued in the ordinary course of the Debtor’s
23 business during this Case, and (b) any taxes that were incurred subsequent to the
24 Petition Date and became or become legally due and payable by the Debtor
25 subsequent to the Petition Date and prior to the Effective Date.

26 **“Debtor”** means the debtor in this Case, Roman Catholic Archbishop of Portland

1 in Oregon, and successors, a corporation sole, dba Archdiocese of Portland in Oregon.

2 **“Debtor Actions”** means any and all Claims, causes of action, and enforceable
3 rights of the Debtor against third parties (other than Insurance Claims) including, without
4 limitation, claims of the Debtor for recovery of, or based upon, or in any manner arising
5 from or related to damages, general or exemplary (or both), or other relief relating to (or
6 based upon) (a) indebtedness owing to the Debtor; (b) fraud, negligence, gross
7 negligence, willful misconduct, or any other tort actions; (c) breaches of contract; (d)
8 violations of federal or state laws (including corporate and securities laws); (e) breaches
9 of fiduciary or agency duties; (f) disregard of the corporate form or piercing the
10 corporate veil or other liability theories; and (g) any other claim of the Debtor to the
11 extent not specifically compromised or released pursuant to this Plan or an agreement
12 referred to, or incorporated into, this Plan.

13 **“Debtor Action Recoveries”** means the rights of the Debtor to any and all
14 proceeds or other relief from (a) any award, judgment, relief, or other determination
15 rendered or made as to any Debtor Action; or (b) any compromise or settlement of any
16 Debtor Action.

17 **“Depository Trust”** refers to the trust to be established pursuant to the terms of
18 the Claims Resolution Facility Agreement for the purpose of (i) receiving, holding, and
19 investing funds to operate the Claims Resolution Facility and to pay Unresolved Tort
20 Claims; (ii) issuing payments and disbursing funds in payment of Unresolved Tort
21 Claims; and (iii) qualifying as a “Qualified Settlement Fund” pursuant to the applicable
22 provisions of the Internal Revenue Code.

23 **“Disallowed”** means with respect to any Claim (or any portion thereof), that has
24 been disallowed pursuant to (a) Final Order, or (b) final determination pursuant to the
25 applicable provisions of this Plan and/or the Bankruptcy Code including, without
26 limitation, any indemnity or contribution Claims, Consortium Claims or subrogation

1 Claims disallowed pursuant to Section 502(e) or Section 509, respectively, of the
2 Bankruptcy Code.

3 **“Disclosure Statement”** means the Disclosure Statement regarding this
4 Plan, including all exhibits and schedules attached thereto and referenced therein
5 prepared by the Debtor pursuant to Section 1125 of the Bankruptcy Code and approved
6 by the Court, as such Disclosure Statement may be amended and modified from time to
7 time.

8 **“Disputed”** means with respect to a Claim, that an objection to such Claim has
9 been timely filed as provided in this Plan, or such Claim is listed as disputed in the
10 Debtor’s schedules filed with the court, and such objection or dispute has not been
11 resolved by Final Order.

12 **“District Court”** means the United States District Court for the District of Oregon
13 located in Portland, Oregon.

14 **“Donor Claims”** means those Claims of Persons and Entities having donated
15 property or funds to the Archdiocese or a Parish or school who assert that such funds or
16 property were donated for a specific purpose and that any use inconsistent with that
17 purpose resulted in their Claim.

18 **“Effective Date”** means the first Business Day (a) that is 11 days after the
19 Confirmation Order becomes a Final Order, and (b) on which all conditions to
20 effectiveness of this Plan have occurred or been waived.

21 **“Estate”** means the bankruptcy estate of the Archdiocese as created under
22 Section 541 of the Bankruptcy Code.

23 **“Estimated Amount”** means the amount at which the Court or the District Court,
24 pursuant to Section 502(c) of the Bankruptcy Code, estimates any Claim or class of
25 Claims that is contingent, unliquidated, or disputed, including, without limitation, any
26 Tort Claim or class thereof, for the purpose of (a) allowance, (b) distribution, (c)

1 confirming this Plan pursuant to Section 1129 of the Bankruptcy Code, (d) voting to
2 accept or reject this Plan pursuant to Section 1126 of the Bankruptcy Code and
3 Bankruptcy Rule 3018(a), or (e) for any other purpose.

4 **“Estimation Date”** means with respect to a Claim, the first Business Day after
5 entry of an Estimation Order establishing the Estimated Amount of such Claim.

6 **“Estimation Order”** means a Final Order of the Court or the District Court that
7 determines the Estimated Amount of any Claim or Claims for any purpose.

8 **“Facility”** means the Claims Resolution Facility to be established in accordance
9 with Section 7.1 of this Plan pursuant to which Unresolved Tort Claims will be
10 administered and paid.

11 **“FCR”** means the Future Claimants Representative.

12 **“FCR Order”** means the Court’s order entered on December 20, 2004
13 appointing the Future Claimants Representative.

14 **“Final Order”** means an order, judgment, ruling or decree issued by the Court,
15 the District Court, or any other court having jurisdiction of the same, that has not been
16 reversed, stayed, modified, or amended, and as to which the time to appeal has
17 expired, and as to which no appeal, reargument, or petition for certiorari or rehearing is
18 pending, or as to which any right to appeal, reargue, or petition for certiorari or
19 rehearing has been waived in writing, or if an appeal, reargument, or petition for
20 certiorari or rehearing thereof has been denied, and the time to take any further appeal,
21 or to seek certiorari, further reargument, or rehearing has expired.

22 **“Future Claim”** means a Tort Claim based on conduct that constitutes Child
23 Abuse or knowingly allowing, permitting, or encouraging Child Abuse, for which the
24 holder of such Claim (or his or her parent or legal guardian) did not file a proof of claim
25 by the Claims Bar Date (excluding the proof of claim filed by the FCR on behalf of all
26 Future Claimants), and as of the Claims Bar Date the holder of such Claim: (1) was

1 under the age of 18; (2) was suffering from “repressed memory” and could not
2 remember the Child Abuse; or (3) had not discovered the injury or the causal
3 connection between the injury and the Child Abuse, nor in the exercise of reasonable
4 care should have discovered the injury or the causal connection between the injury and
5 the Child Abuse.¹

6 **“Future Claims Fund”** means the fund described in the Claims Resolution
7 Facility Agreement for the deposit, holding, investment, and disbursement of funds to
8 pay Allowed Future Claims, and supplemental Present Tort Claims.

9 **“Future Claimant”** means a Person or Entity who asserts a Future Claim.

10 **“Future Claimants Representative”** means David A. Foraker, the legal
11 representative for all Future Claimants, appointed pursuant to the FCR Order.

12 **“Guaranty Claim”** means a Claim against the Debtor for the payment or
13 satisfaction of the obligations of any other Person or Entity, for which the Debtor has by
14 written agreement, agreed to make payment or perform such obligations, whether or not
15 the obligations, or the Debtor’s liability therefor, are matured, contingent, unliquidated,
16 or disputed.

17 **“General Unsecured Claim”** means any Claim against the Debtor, other than
18 an Administrative Claim, Administrative Convenience Claim, Priority Tax Claim, Non-
19 Tax Priority Claim, Secured Claim, Guaranty Claim, Tort Claim, Retiree Benefit Claim,
20 Donor Claim, or Beneficiary Claim that is neither secured nor entitled to priority under
21 the Bankruptcy Code or any order of the Court, including, without limitation, any Claim
22 arising from the rejection of an executory contract or unexpired lease under Section 365

23

24 ¹ The Claims of persons in this latter category who have not discovered the injury or the causal
25 connection between the injury and the Child Abuse, nor in the exercise of reasonable care should have
26 discovered the injury or the causal connection between the injury and the Child Abuse, shall be treated as
Future Claims unless and until the Court’s FCR Order and/or Claims Bar Date Order are reversed on
appeal to remove such Claims from the Future Claims category, in which instance such Claims will
become Supplemental Present Tort Claims.

1 of the Bankruptcy Code.

2 **“Insurance Claims”** means all claims, causes of action and enforceable rights
3 of the Debtor against any Insurance Company for any reason, including, but not limited
4 to, those for (a) indemnity or payment of any Claims; (b) any such Insurance Company’s
5 failure or refusal to provide Insurance Coverage under any Insurance Policy, including
6 the failure or refusal to provide a defense to any Claims; (c) the refusal of any Insurance
7 Company to compromise and settle any Claims pursuant to any such Insurance Policy;
8 or (d) the interpretation or enforcement of the terms of any such Insurance Policy.

9 **“Insurance Company”** means any insurance company or insurance broker
10 providing Insurance Coverage to the Debtor during any period of time and the Oregon
11 Insurance Guaranty Association.

12 **“Insurance Coverage”** means the insurance coverage for Claims under any
13 Insurance Policy.

14 **“Insurance Policies”** means those insurance policies naming the Debtor as an
15 insured in effect on, or at any time before, the Effective Date for which coverage may be
16 available for any Claims asserted against the Debtor.

17 **“Insurance Recoveries”** means the rights to any and all proceeds, including
18 any interest or income earned thereon, and other relief, from (a) any award, judgment,
19 relief, or other determination entered or made as to any Insurance Claims; (b) any and
20 all amounts payable by a settling Insurance Company under any settlement agreement
21 with respect to Insurance Claims; and (c) any and all proceeds of any Insurance Policy
22 paid or payable with respect to Insurance Claims.

23 **“Non-Covered Portion”** means with respect to a Claim, that portion of such
24 Claim for which Insurance Coverage is not available, or for which coverage has been
25 denied by the Insurance Company potentially responsible for payment of all or a portion
26 of such Claim.

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1 **“Non-Tax Priority Claim”** means any Claim which, if Allowed, would be entitled
2 to priority under Section 507(a)(2) through (7) of the Bankruptcy Code.

3 **“Parish”** means those communities of the Christian faithful stably constituted in
4 a particular church within the Archdiocesan Territory, whose pastoral care is entrusted
5 to a pastor as its proper pastor under the authority of the Archbishop, and as further
6 defined in the Code of Canon Law.

7 **“Petition Date”** means July 6, 2004, the date the Debtor filed the petition
8 commencing this Case.

9 **“Plan”** means this Plan of Reorganization proposed by the Debtor, and any and
10 all modifications and/or amendments thereto.

11 **“Plan Documents”** means the all agreements, documents, and exhibits as the
12 same may be amended, modified, supplemented, or restated from time to time, that aid
13 in effectuating this Plan, including but not limited to the Claims Resolution Facility
14 Agreement.

15 **“Plan Interest Rate”** means the interest rate for deferred payments under this
16 Plan, which rate shall be 5.0% per annum, unless an objection to such rate is filed
17 within the time established by the Court for filing objections to confirmation of the Plan,
18 in which instance the rate will determined by the Court.

19 **“Present Claims Fund”** means the fund described in the Claims Resolution
20 Facility Agreement for the deposit, holding, investment, and disbursement of funds to
21 pay the Allowed Claims of Present Tort Claimants whose Claims have not been Allowed
22 as of the Effective Date.

23 **“Present Tort Claim”** means a Tort Claim that has been listed in the Debtor’s
24 schedules filed with the Court or for which the holder thereof has filed his or her own
25 individual Proof of Claim therefor by the Claims Bar Date, or such other date as may
26 apply to a particular Claim pursuant to an order of the Court.

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1 **“Present Tort Claimant”** means a Person or Entity who asserts a Present Tort
2 Claim.

3 **“Priority Tax Claim”** means any Claim against the Debtor that, if Allowed, would
4 be entitled to a priority in payment under Section 507(a)(8) of the Bankruptcy Code.

5 **“Priority Tax Claimant”** means an Entity that asserts a Priority Tax Claim.

6 **“Pro Rata”** means the same proportion an Allowed Claim in a particular Class
7 bears to the aggregate amount of all Allowed Claims in such Class.

8 **“Reorganized Debtor” or “Reorganized Archdiocese”** means the
9 Archdiocese on and after the Effective Date.

10 **“Representatives”** means the current and former officers, directors, agents,
11 attorneys, employees, and legal representatives of a Person or Entity.

12 **“Retiree Benefit Claims”** means claims for unfunded liabilities to any Entity or
13 Person for the purpose of providing or reimbursing payments for retired employees of
14 the Debtor and their spouses and dependents, for pension, medical, surgical, or hospital
15 care benefits, or benefits in the event of sickness, accident, disability or death under any
16 plan, fund, or program established by the Debtor prior to the Petition Date.

17 **“Secured Claim”** means any Claim, including interest, fees and charges as
18 determined pursuant to Section 506(b) of the Bankruptcy Code, against the Debtor that
19 is (a) secured in whole or in part as of the Petition Date by a Lien on any of the assets
20 or property of the Debtor, which Lien is valid, perfected, and enforceable under
21 applicable law and is not subject to avoidance under the Bankruptcy Code or applicable
22 non-bankruptcy law, but only to the extent of the value of the assets or property
23 securing any such Claims; or (b) subject to setoff under Section 553 of the Bankruptcy
24 Code, but only to the extent of the amount subject to such setoff.

25 **“Settled”** means with respect to a Claim, Claims that have been settled and the
26 settlement agreement approved by the Court such that the Claimant has an Allowed

1 Claim for the settlement amount as of the Effective Date.

2 **“Sexual Misconduct”** means any sexual contact which is, or is alleged to be,
3 inappropriate or nonconsensual, including, without limitation, any of the offenses
4 defined in ORS 163.315 through ORS 163.467.

5 **“Supplemental Present Tort Claim”**² means a Tort Claim based on conduct
6 that constitutes Child Abuse or knowingly allowing, permitting, or encouraging Child
7 Abuse, for which the holder of such Claim (or his or her parent, guardian, or legal
8 representative) did not file a proof of claim by the Claims Bar Date (excluding the proof
9 of claim filed by the FCR on behalf of all Future Claimants), and as of the Claims Bar
10 Date the holder of such Claim: (1) was not under the age of 18; (2) was not suffering
11 from “repressed memory” and could remember the Child Abuse; and (3) had not
12 discovered the injury or the causal connection between the injury and the Child Abuse,
13 nor in the exercise of reasonable care should have discovered the injury or the causal
14 connection between the injury and the Child Abuse.

15 **“Supplemental Present Tort Claimant”** means a Tort Claimant holding a
16 Supplemental Present Tort Claim.

17 **“Tort Claim”** means any Claim, demand, suit, cause of action, proceeding or any
18 other rights or asserted right to payment, now or hereafter asserted against the Debtor
19 or any person entitled to indemnity from the Debtor, for claims arising in tort, including
20 but not limited to personal injury tort and wrongful death Claims, and Claims based
21 upon or in any manner arising from or related to any act or acts of Child Abuse or
22 Sexual Misconduct first occurring on or prior to the Petition Date, including, without
23 limitation, (a) the processing, adjustment, defense, settlement, payment, negotiation, or

24 _____
25 ² Supplemental Present Tort Claims are currently included in the definition of Future Claims, and will
26 remain Future Claims unless and until the Court’s FCR Order and/or Claims Bar Date Order are reversed
on appeal to remove such Claims from the Future Claims category, in which instance such Claims will
become Supplemental Present Tort Claims.

1 handling of any Claims, demands, suits, proceedings or causes of action based upon or
2 relating in any way to such act or acts of Child Abuse or Sexual Misconduct; (b) the
3 failure to warn, disclose, or provide information concerning the risk that any Person or
4 Persons might, or have the propensity to, engage in Child Abuse or Sexual Misconduct;
5 (c) the failure to take remedial action with respect to alleged, suspected or known Child
6 Abuse or Sexual Misconduct; and (d) the actions or inactions of any Person or Entity
7 involving Child Abuse or Sexual Misconduct, including, without limitation; (i) Claims for
8 death or personal injuries, including emotional distress; (ii) Claims for vicarious liability;
9 (iii) Claims of any Person or Entity against whom any Claim, demand, proceeding, suit
10 or cause of action based upon or in any manner arising from or relating to any of the
11 matters enumerated or described in (a), (b), (c); or (d) above has been, is, or may be
12 asserted (including, without limitation, rights of indemnity, whether contractual or
13 otherwise, contribution Claims and subrogation Claims); (iv) Claims for damages,
14 including but not limited to, punitive or exemplary damages; (v) Claims for attorneys'
15 fees and other expenses, fees or costs; (vi) Claims for any possible economic loss or
16 loss of consortium; (vii) Claims for damage to reputation; and (viii) Claims for any legal
17 or equitable remedy.

18 **“Tort Claimant”** means a Person or Entity that asserts a Tort Claim.

19 **“Tort Claimants Committee”** means the Official Committee of Tort Claimants
20 appointed by the United States Trustee to represent the collective interests of those
21 Persons or Entities asserting Tort Claims in this Case, but excluding Future Claimants,
22 as such committee may be reconstituted from time to time.

23 **“Unresolved”** means with respect to a Claim, a Claim that has not been
24 Allowed.

25 //

26 //

1 **3. UNCLASSIFIED CLAIMS.**

2 **3.1. Administrative Claims.** The Reorganized Debtor shall pay
3 Administrative Claimants the unpaid portion of their Allowed Administrative Claims
4 either (a) as soon as practicable following the Effective Date, or, if later, the Allowance
5 Date; or (b) upon such terms as may be agreed to in writing by the Administrative
6 Claimant and the Debtor or the Reorganized Debtor; provided, however, that any
7 Current Obligations shall be paid in full in the ordinary course of business in accordance
8 with the terms and conditions of any agreement relating thereto.

9 **3.2. Priority Tax Claims.** The Reorganized Debtor shall pay Priority Tax
10 Claimants the unpaid portion of their Allowed Priority Tax Claims pursuant to the
11 provisions of Section 1129(a)(9)(C) of the Bankruptcy Code in 12 equal monthly
12 installments of principal and interest at the Plan Interest Rate, commencing within 30
13 days following the later to occur of the Effective Date or the Allowance Date.

14 **4. CLASSIFICATION OF CLAIMS.**

15 **4.1. Classification.** Section 4. 2. hereof sets forth the classes of Claims under
16 this Plan. A Claim is classified in a particular class only to the extent that the Claim
17 qualifies within the description of that class and is classified in a different class to the
18 extent the Claim qualifies within the description of that different class. If a Claim is
19 acquired or transferred, the Claim shall be placed in the class where it would have been
20 placed if it were owned by the original holder of such Claim.

21 **4.2. Classes.** Claims against the Debtor are grouped in the following classes
22 in accordance with Section 1122(a) of the Bankruptcy Code:

23 Class 1: Non-Tax Priority Claims.

24 Class 2: Administrative Convenience Claims

25 Class 3: Umpqua Bank

26 Class 4: Perpetual Endowment Fund

- 1 Class 5: Guaranty Claims
- 2 Class 6: General Unsecured Claims
- 3 Class 7: Allowed Present Tort Claims
- 4 Class 8: Unresolved Present Tort Claims
- 5 Class 9: Future Claims
- 6 Class 10: Supplemental Present Tort Claims
- 7 Class 11: Retiree Benefit Claims
- 8 Class 12: Donor Claims
- 9 Class 13: Beneficiary Claims

10 Except with respect to Administrative Convenience Claims, which shall not be
11 aggregated, if a Claimant has more than one Claim in the same class, such Claims shall
12 be aggregated and treated as a single Claim. If a Claimant has Claims in different
13 classes, such Claims shall be aggregated only within the same class and not between
14 classes.

15 **5. TREATMENT OF UNIMPAIRED CLAIMS.**

16 **5.1. Class 1: Non-Tax Priority Claims.** Holders of Allowed Non-Tax Priority
17 Claims shall receive either (a) payment from the Reorganized Debtor of the full amount
18 of their Allowed Claims on or as soon as reasonably practicable after the Effective Date,
19 or if later, the Allowance Date; or (b) payment of their Allowed Claims upon such terms
20 as may be agreed in writing by the Claimant and the Reorganized Debtor.

21 **5.2. Class 2: Administrative Convenience Claims.** Holders of Allowed
22 Administrative Convenience Claims shall receive payment from the Reorganized Debtor
23 of the full amount of their Allowed Claims on or as soon as reasonably practicable after
24 the Effective Date, or if later, the Allowance Date.

25 **5.3. Class 5: Guaranty Claims.** Holders of Allowed Guaranty Claims shall
26 retain their Claims against the Reorganized Debtor, and this Plan shall leave unaltered

1 the legal, equitable, and contractual rights to which such Claims entitle the holders
2 thereof.

3 **5.4. Class 11: Retiree Benefit Claims.** The holders of Allowed Retiree
4 Benefit Claims shall not be impaired and shall not have their rights altered by this Plan.
5 Allowed Retiree Benefit Claims shall be paid, performed, and honored by the
6 Reorganized Debtor in full, when due, in accordance with their terms notwithstanding
7 any other contrary provision of this Plan; provided, however, that the rights of the
8 holders of such Claims shall be subject to modification or termination as provided by the
9 terms of the existing benefit plans, consistent with applicable law.

10 **5.5. Class 12: Donor Claims.** This Plan shall leave unaltered the legal,
11 equitable, and contractual rights of the holders of Allowed Donor Claims. The
12 Reorganized Debtor will comply with Canon Law and civil law restrictions on the use
13 and disposition of the property or funds donated by the holders of such Claims.

14 **5.6. Class 13: Beneficiary Claims.** This Plan shall leave unaltered the legal,
15 equitable, and contractual rights of holders of Allowed Beneficiary Claims. The
16 Reorganized Debtor will comply with Canon Law and civil law regarding rights of the
17 holders of such Claims.

18 **6. TREATMENT OF IMPAIRED CLAIMS.**

19 **6.1. Class 3: Umpqua Bank.** Umpqua Bank ("Umpqua") will have an
20 Allowed Secured Claim for approximately \$376,600, plus any interest, fees, and other
21 charges accrued on such Claim as authorized by the terms of the Debtor's promissory
22 note and other related documents (the "Loan Documents"). Umpqua's Allowed Secured
23 Claim will be paid in full, together with interest accruing from and after the Effective Date
24 at the non-default contract rate, in 180 equal monthly installments of principal and
25 interest commencing on the first day of the first month following the Effective Date and
26 continuing on the first day of each month thereafter until paid in full. Umpqua shall

1 retain its security interest and lien on all Collateral securing its Claim, which security
2 interest and lien shall be subject and subordinate only to such security interests and
3 liens as were perfected and had priority over the liens and security interests of Umpqua
4 on the Petition Date. The Reorganized Debtor shall execute and deliver to Umpqua
5 such notes, loan agreements, security agreements, financing statements, control
6 agreements, and the like as may reasonably be requested by Umpqua. The loan
7 documents shall contain such terms and provisions as are ordinary and usual for loans
8 made by Umpqua in the amounts provided in this Plan.

9 **6.2. Class 4: Perpetual Endowment Fund.** The Archdiocese of Portland in
10 Oregon Perpetual Endowment Fund (the "Endowment Fund") will have an Allowed
11 Secured Claim for approximately \$5,194,239, plus any interest, fees, and other charges
12 accrued on such Claim as authorized by the terms of the Debtor's promissory note,
13 deed of trust, and other related documents (the "Loan Documents"). The Endowment
14 Fund's Allowed Secured Claim will be paid in full, together with interest accruing from
15 and after the Effective Date at the non-default contract rate, in 180 equal monthly
16 installments of principal and interest commencing on the first day of the first month
17 following the Effective Date and continuing on the first day of each month thereafter until
18 paid in full. The Endowment Fund shall retain its security interest and lien on all
19 collateral securing its Claim, which security interest and lien shall be subject and
20 subordinate only to such security interests and liens as were perfected and had priority
21 over the liens and security interests of the Endowment Fund on the Petition Date. The
22 Reorganized Debtor shall execute and deliver to the Endowment Fund such notes, loan
23 agreements, security agreements, financing statements, control agreements, and the
24 like as may reasonably be requested by the Endowment Fund. The loan documents
25 shall contain such terms and provisions as are ordinary and usual for loans made by the
26 Endowment Fund in the amounts provided in this Plan.

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1 **6.3. Class 6: General Unsecured Claims.** Each holder of an Allowed
2 General Unsecured Claim will receive payment from the Reorganized Debtor equal to
3 100% of such Allowed General Unsecured Claim in 12 equal monthly installments of
4 principal and interest at the Plan Interest Rate, commencing within 30 days following the
5 later to occur of the Effective Date or the Allowance Date.

6 **6.4. Class 7: Allowed Present Tort Claims.** Each holder of an Allowed
7 Present Tort Claim, including those Tort Claims settled prior to the Petition Date for
8 which all amounts owing had not been paid as of the Petition Date, shall receive
9 payment of the full amount of their Allowed Claims as soon as reasonably practicable
10 following the Effective Date. Any Class 7 Claimants' Claims for punitive damages, if
11 any, will be disallowed.

12 **6.5. Class 8: Unresolved Present Tort Claims.** Each holder of an
13 Unresolved Present Tort Claim shall receive payment in full of such Claim (excluding
14 any Claim for punitive damages which will be Disallowed) from the Claims Resolution
15 Facility at such time as the Claim is Allowed and the distribution is authorized by the
16 District Court. At Closing, the Reorganized Debtor will, in full release, satisfaction and
17 discharge of all Unresolved Present Tort Claims execute and deliver the Claims
18 Resolution Facility Agreement to the Depository Trustee, together with the initial
19 payments, promissory notes, letters of credit, security agreements, and other
20 documents required thereunder, thereby establishing the Claims Resolution Facility for
21 the liquidation and payment of all Unresolved Present Tort Claims, and which provides,
22 subject to its terms, for total payments by the Reorganized Debtor to the Facility not to
23 exceed the amount, as estimated by the Court as of the Confirmation Date, that will be
24 sufficient to pay all Unresolved Present Tort Claims in full.

25 **6.6. Class 9: Future Claims.** Each holder of a Future Claim shall receive
26 payment in full of such Claim (excluding any Claim for punitive damages which will be

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1 Disallowed) from the Claims Resolution Facility at such time as the Claim is Allowed
2 and the distribution is authorized by the District Court. At Closing, the Reorganized will,
3 in full release, satisfaction and discharge of all Future Claims, execute and deliver the
4 Claims Resolution Facility Agreement to the Depository Trustee, together with the
5 promissory notes, letters of credit, and security documents required thereunder to the
6 Depository Trustee, thereby establishing the Claims Resolution Facility for the
7 liquidation and payment of all Future Claims, which provides, subject to its terms, for
8 total payments by the Reorganized Debtor to the Facility up to the amount, as estimated
9 by the Court as of the Confirmation Date, that will be sufficient to pay all Future Claims
10 in full.

11 **6.7. Class 10: Supplemental Present Tort Claims.** Each holder of a
12 Supplemental Present Tort Claim (if any) shall receive payment in full of such Claim
13 (excluding any Claim for punitive damages which will be Disallowed) from the Claims
14 Resolution Facility at such time as the Claim is Allowed and the distribution is
15 authorized by the District Court. At Closing, the Reorganized Debtor will, in full release,
16 satisfaction and discharge of all Supplemental Present Tort Claims (if any), execute and
17 deliver the Claims Resolution Facility Agreement to the Depository Trustee, together
18 with the promissory notes, letters of credit, and security documents required thereunder
19 to the Depository Trustee, thereby establishing the Claims Resolution Facility for the
20 liquidation and payment of all Supplemental Present Tort Claims, which provides,
21 subject to its terms, for total payments by the Reorganized Debtor to the Facility up to
22 the amount, as estimated by the Court as of the Confirmation Date, that will be sufficient
23 to pay all such Claims in full. Supplemental Present Tort Claims will be Disallowed
24 unless the holder of such Claim can establish that the failure to file such claim by the
25 Claims Bar Date was the result of excusable neglect.

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1 **7. PROCEDURES FOR RESOLUTION AND PAYMENT OF TORT CLAIMS.**

2 **7.1. Establishment and Funding of Claims Resolution Facility.** Unless the
3 Claims Resolution Facility shall have been earlier established, the Reorganized Debtor
4 shall cause the Claims Resolution Facility to be established and the Reorganized
5 Debtor shall execute and deliver the Claims Resolution Facility Agreement to the
6 Depository Trustee together with the initial payments, promissory notes, letters of credit,
7 security agreements, and other documents required thereunder in full release,
8 satisfaction and discharge of all Unresolved Tort Claims against the Debtor. The
9 Reorganized Debtor shall be solely responsible for funding the Claims Resolution
10 Facility pursuant to the terms of the Claims Resolution Facility Agreement.

11 **7.2. Holding and Investment of Funds.** Except as otherwise provided in this
12 Plan and the Claims Resolution Facility Agreement, the funds paid by the Reorganized
13 Debtor to the Claims Resolution Facility for payment of Tort Claims will be held in the
14 Depository Trust. All assets (including but not limited to cash and investments) of the
15 Claims Resolution Facility (except for those funds provided by the Reorganized Debtor
16 for payment of the Claims Resolution Facility's operating expenses) shall be held,
17 invested, and disbursed by the Depository Trustee.

18 **7.3. APCRF to Assume Liability for Unresolved Tort Claims.** APCRF,
19 acting as the Claims Resolution Facility, will (a) assume liability for all Unresolved Tort
20 Claims; (b) provide for payment of Unresolved Tort Claims that are resolved after the
21 Effective Date; (c) oversee and provide directions to the Depository Trustee for the
22 collection, investment, and distribution of funds for the benefit of Tort Claimants; (d) pay
23 the costs and expenses of the Claims Resolution Facility; and (e) fulfill all other
24 obligations required of the Claims Resolution Facility, all as set forth more fully in the
25 Claims Resolution Facility Agreement. Notwithstanding the foregoing, nothing in this
26 plan shall be construed to impair, diminish, or impact in any way the Archdiocese's

1 claims against the Insurance Companies.

2 **7.4. Estimation of Tort Claims.** Either prior to or as part of the confirmation
3 proceedings, the Court shall estimate for all purposes necessary for confirmation of the
4 Plan and the funding of the Claims Resolution Facility the aggregate allowable amount
5 of all Present Tort Claims that have not previously been Allowed, and the aggregate
6 allowable amount of all Future Claims (including the Supplemental Present Tort Claims,
7 if any) that have been, or are anticipated to be, asserted against the Debtor or the
8 Facility.

9 **7.5. Payment of Tort Claims.**

10 **7.5.1 Present Tort Claimants Holding Allowed Tort Claims.** All
11 Present Tort Claimants holding Allowed Tort Claims as of the Effective Date will receive
12 payment from the Reorganized Debtor of the full amount of their Allowed Tort Claims as
13 soon as reasonably practicable following the Effective Date.

14 **7.5.2 Present Tort Claimants Holding Unresolved Tort Claims.** All
15 Present Tort Claimants holding Unresolved Tort Claims as of the Effective Date will
16 receive payment of their Tort Claims in accordance with the terms, provisions, and
17 procedures contained in the Claims Resolution Facility Agreement, which provides for
18 payment of such Claims from the Present Claims Fund once such Claims are resolved
19 and the distribution is authorized by the District Court.

20 **7.5.3 Future Claimants and Supplemental Present Tort Claimants.**
21 All Future Claimants and Supplemental Present Tort Claimants will receive payment of
22 their Tort Claims in accordance with the terms, provisions, and procedures contained in
23 the Claims Resolution Facility Agreement, which provides for payment of such Claims
24 from the Future Claims Fund once such Claims are resolved and the distribution is
25 authorized by the District Court.

26 //

1 **7.5.4 Post-confirmation Procedures for Resolution of Tort Claims.**

2 Tort Claimants holding Unresolved Tort Claims as of the Effective Date (including
3 Present Tort Claimants, Future Claimants, and Supplemental Present Tort Claimants)
4 shall have their Claims resolved and paid under the terms of the Claims Resolution
5 Facility Agreement and all case management orders entered by the Court and the
6 District Court. Each such Tort Claimant shall (a) be subject to the Claims Resolution
7 Procedures, and (b) not receive any payment if (and to the extent) the Claim is
8 Disallowed pursuant to the Claims Resolution Procedures. All such Tort Claimants shall
9 retain the right to adjudicate their Claims through litigation (including trial by jury),
10 subject, however, to the provisions of this Plan and the Claims Resolution Facility
11 Agreement. Upon entry of a Final Order resolving the Tort Claim, such Tort Claimant's
12 Allowed Claim shall be paid pursuant to the provisions of the Claims Resolution Facility
13 Agreement.

14 **7.5.5 Consortium Claims.** The treatment of a Tort Claimant (referred to
15 as the "Primary Claimant") under this Plan shall be cumulative of the Consortium Claims
16 of any spouse, child or other individuals related to, or who have some other personal
17 relationship with the Primary Claimant. The Consortium Claims of such related parties
18 shall be governed by the election to settle or litigate made by, and shall be deemed
19 released by the treatment afforded the Claims of the Primary Claimants under this Plan.

20 **7.5.6 Punitive Damage Claims.** No Claims for punitive or exemplary
21 damages will be Allowed to any Claimant.

22 **7.6. Reorganized Debtor to Receive All Insurance Recoveries.** The
23 Reorganized Debtor will be entitled, in its sole discretion, to pursue or not pursue the
24 Insurance Claims, and upon resolution of such Insurance Claims to receive for its sole
25 benefit any and all Insurance Recoveries. To resolve any question regarding a
26 Claimant's right to assert a claim against or interests in amounts paid or payable by any

1 Insurance Company, the Debtor will seek, as part of the Confirmation Order or pursuant
2 to an adversary proceeding, a determination that the Debtor's rights and interests in
3 such amounts paid or payable by all Insurance Companies are superior to the
4 competing claims of all other Entities. Consequently, if the Debtor is successful, the
5 Confirmation Order or another order or judgment will disallow any competing claims to
6 amounts paid or to be paid by the Insurance Companies pursuant to settlement
7 agreements or litigation between the Debtor and the Insurance Companies.

8 **8. IMPLEMENTATION OF THE PLAN**

9 **8.1. Filing and Payment of Allowed Administrative Claims.** All requests for
10 the payment of Administrative Claims, including applications for the compensation of
11 professionals, shall be filed with the Court no later than 30 days after the Effective Date
12 or at such time as the Court may otherwise order. The Reorganized Debtor, all
13 Claimants, and other interested parties will have 30 days after the deadline for filing
14 requests for the payment of Administrative Claims to file objections to any such
15 requests. If any objections are filed, the Court will schedule a hearing to resolve such
16 objections. Once a Final Order is entered Allowing an Administrative Claim, the
17 Reorganized Debtor will pay such Claim in accordance with this Plan.

18 **8.2. Payments to the United States Trustee.** All fees due to the United
19 States Trustee pursuant to 28 USC §1930(a) accruing after the Effective Date shall be
20 paid by the Reorganized Debtor as and when they become due and shall be based on
21 the Reorganized Debtor's total disbursements, including ordinary course of business
22 disbursements as well as disbursements made directly to Claimants under this Plan and
23 to the Claims Resolution Facility. Such fee obligations shall not terminate until this
24 Case is converted or dismissed, or until this Case is no longer pending upon entry of a
25 Final Order closing this Case, whichever shall first occur.

26 **8.3. Closing.** Closing shall be conducted in the offices of Sussman Shank

1 LLP, or at such other location designated by the Debtor, at 10:00 o'clock a.m. on one or
2 more Business Days selected by the Debtor on, or as soon as practicable after, the
3 Effective Date (the "Closing Date") for the purpose of the Reorganized Debtor executing
4 and delivering the Plan Documents and completing those actions necessary for the
5 Reorganized Debtor to make those distributions to holders of Allowed Claims which
6 become due upon confirmation of the Plan.

7 As soon as practicable after the conditions to the Effective Date in
8 Section 9.2. have been satisfied or waived in accordance with Section 9.3., the Debtor
9 shall give written notice of the Closing Date to the Tort Claimants Committee, the Future
10 Claimants Representative, and any Claimant, Insurance Company, or other Entity that
11 will be directly involved in a Closing. Separate Closing Dates may be scheduled for
12 different classes of creditors treated under this Plan to the extent necessary, in the sole
13 discretion of the Debtor. (Although this provision is intended to afford all parties-in-
14 interest the flexibility to efficiently conclude the transactions contemplated by this Plan,
15 the Debtor intends, if at all possible, to conduct a single Closing.)

16 **8.4. Debtor's Obligations at Closing.** The following shall occur at Closing, or
17 as soon as the Claims Objection Bar Date has passed, as applicable:

18 **8.4.1 Satisfaction of Administrative, Non-Tax Priority, Administrative**
19 **Convenience, and Tort Claims.** The Reorganized Debtor shall cause the distribution
20 of payments with respect to Allowed Administrative, Non-Tax Priority, Administrative
21 Convenience, and Present Tort Claims as provided in this Plan. Unless The
22 Reorganized Debtor has previously done so, it shall execute and deliver the Claims
23 Resolution Facility Agreement, and all promissory notes, security agreements, letters of
24 credit, and other documents required thereunder to the Depository Trustee, in full
25 satisfaction of all Unresolved Tort Claims. Thereafter, the Reorganized Debtor's only
26 obligations in relation to the Unresolved Tort Claims will be its obligations to the Claims

1 Resolution Facility as provided in the Claims Resolution Facility Agreement.

2 **8.4.2 Contemporaneous Nature of Transactions at Closing.** All
3 transactions consummated at the Closing shall be deemed to be contemporaneous
4 transactions. All documents and consideration which are required to be exchanged at
5 Closing shall be deemed contemporaneously exchanged among the parties.

6 **8.4.3 Documentation.** The Debtor will prepare all documentation to be
7 executed in connection with this Plan and the Closing, subject to any necessary Court
8 approval.

9 **8.5. Merger; Choice of Law.** All obligations of the Debtor to all Claimants
10 shall be merged into this Plan and the Plan Documents. Unless otherwise provided
11 therein, such Plan Documents shall be governed by and construed in accordance with
12 the laws of the State of Oregon and applicable federal law.

13 **8.6. Other Obligations of the Reorganized Debtor.** The Reorganized
14 Debtor will:

15 (a) in the exercise of its business judgment, review all Claims
16 filed against the estate and, if advisable, object to such Claims;

17 (b) in the exercise of its business judgment, investigate,
18 prosecute, settle, or dismiss all Debtor Actions and Insurance Claims not otherwise
19 released under this Plan. Unless otherwise provided in this Plan, the Reorganized
20 Debtor shall be entitled to receive all Debtor Action Recoveries and Insurance
21 Recoveries; and

22 (c) perform all of its obligations under this Plan and Plan
23 Documents.

24 **8.7. Officers and Directors of the Reorganized Debtor.** The Archbishop
25 shall serve as the sole director of the Reorganized Debtor. The Reorganized Debtor will
26 have no officers or voting trustees.

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1 **8.8. Alteration of Corporate Structure and Organization.** The

2 administration of the Reorganized Debtor will continue as before confirmation with the
3 Archbishop being the sole director of the Reorganized Debtor. However, the
4 Reorganized Debtor, with due regard for its rights and obligations under Canon Law and
5 those of others thereunder, shall have the right to alter the organization and structure of
6 entities associated with the Archdiocese, including but not limited to, the right to
7 separately incorporate the Debtor and each of the Parishes and High Schools, establish
8 endowments and trusts, and transfer property between any existing or newly created
9 entities, so long as any such actions do not diminish the Reorganized Debtor's ability or
10 obligation to make the payments required under the Plan or Claims Resolution Facility
11 Agreement, nor the Claims Resolution Facility's rights or ability to collect the payments
12 required of the Reorganized Debtor, including the right to draw on the letters of credit, or
13 exercise its rights under any other documents securing the Reorganized Debtor's
14 obligations to the Claims Resolution Facility.

15 **9. CONDITIONS PRECEDENT.**

16 **9.1. Conditions to Confirmation.** Confirmation of this Plan shall not occur
17 unless and until each of the following conditions shall have been satisfied or waived in
18 accordance with Section 9.3. of this Plan:

19 (a) the Court shall have entered an Estimation Order(s) with respect to
20 any Estimated Amount(s) that are necessary for confirmation of this Plan;

21 (b) the Confirmation Order shall provide that the provisions of this Plan
22 are binding on all Creditors;

23 (c) the Confirmation Order shall approve and provide for the
24 implementation of the Plan Documents; and

25 (d) the Confirmation Order shall be in form and substance reasonably
26 acceptable to the Debtor.

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1 **9.2. Conditions to the Effective Date.** Notwithstanding any other provision of
2 this Plan or the Confirmation Order, the Effective Date shall not occur unless and until
3 the following conditions shall have been satisfied or waived in accordance with
4 Section 9.3 of this Plan: No timely-filed appeal shall have been taken from the
5 Confirmation Order, or, if such an appeal shall have been filed, such appeal shall have
6 been dismissed in all respects pursuant to a Final Order.

7 **9.3. Waiver of Conditions.** Any condition set forth in Sections 9.1. or 9.2. of
8 this Plan may be waived by the Debtor.

9 **10. EFFECTS OF PLAN CONFIRMATION.**

10 **10.1. Discharge.** Except as otherwise expressly provided in this Plan, the Plan
11 Documents, or in the Confirmation Order, on the Effective Date the Debtor shall be
12 discharged, and its liability shall be extinguished completely, from all Claims and Debts,
13 whether reduced to judgment or not, liquidated or unliquidated, contingent or
14 noncontingent, asserted or unasserted, fixed or not, matured or unmatured, disputed or
15 undisputed, legal or equitable, known or unknown, that arose from any action, inaction,
16 agreement, or obligation of the Debtor, before the Effective Date, or from any conduct of
17 the Debtor, or its Representatives prior to the Effective Date, or that otherwise arose
18 before the Effective Date, including, without limitation, all interest, if any, on any such
19 Claims and Debts, whether such interest accrued before or after the date of
20 commencement of this Case, and including, without limitation, all Claims and Debts
21 based upon or arising out of Child Abuse or Sexual Misconduct, and from any liability of
22 the kind specified in Sections 502(g), 502(h), and 502(i) of the Bankruptcy Code,
23 whether or not a proof of claim is filed or is deemed filed under Section 501 of the
24 Bankruptcy Code, such Claim is Allowed under Section 502 of the Bankruptcy Code, or
25 the holder of such Claim has accepted this Plan. Notwithstanding the foregoing,
26 nothing herein shall impair the obligations of any Insurance Company with respect to

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1 the Claims.

2 **10.2. Vesting.** Except as otherwise expressly provided in this Plan or the
3 Confirmation Order, on the Effective Date the Reorganized Debtor shall be vested with
4 all of the property of the estate free and clear of all Claims, liens, encumbrances,
5 charges and other interests of Creditors and Claimants except as specifically provided
6 in this Plan and the Claims Resolution Facility Agreement, and shall thereafter hold,
7 use, dispose, and otherwise deal with such property and operate free of any restrictions
8 imposed by the Bankruptcy Code or by the Court.

9 **10.3. Retention of Jurisdiction.** Notwithstanding entry of the Confirmation
10 Order or the occurrence of the Effective Date, the Court and, as applicable, the District
11 Court, will retain exclusive jurisdiction to:

- 12 (a) determine any Disputed Claims;
- 13 (b) determine requests for payment of Claims entitled to priority under
14 Section 507(a)(1) of the Bankruptcy Code, including compensation of and
15 reimbursement of expenses of parties entitled thereto;
- 16 (c) resolve controversies and disputes regarding interpretation and
17 implementation of this Plan and the Plan Documents;
- 18 (d) resolve all matters involving the Claims Resolution Facility and the
19 Depository Trust;
- 20 (e) enter orders in aid of this Plan and the Plan Documents including,
21 without limitation, appropriate orders (which may include contempt or other sanctions) to
22 protect the Debtor and the Reorganized Debtor from actions prohibited under this Plan
23 or the Plan Documents;
- 24 (f) modify this Plan;
- 25 (g) determine any and all applications, adversary proceedings, and
26 contested or litigated matters pending on the Effective Date;

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1 (h) allow, disallow, estimate, liquidate, or determine any Claim against
2 the Debtor or the Reorganized Debtor, and to enter or enforce any order requiring the
3 filing of any such Claim before a particular date;

4 (i) determine any and all pending motions for the assumption or
5 rejection of executory contracts or leases, and to hear and determine, and if need be to
6 liquidate, any and all Claims arising therefrom; and

7 (j) enter a Final Order closing this Case.

8 Nothing in this Plan shall preclude the Reorganized Debtor from seeking the
9 entry of an order closing this Case upon motion after notice to the Office of the United
10 States Trustee. Any order closing this Case shall provide that the Court or District Court
11 as appropriate (i) shall retain jurisdiction to enforce by injunctive relief or otherwise the
12 Confirmation Order, any other orders entered in this Case, and the contractual
13 obligations created by this Plan and the Plan Documents; and (ii) shall retain all other
14 jurisdiction and authority granted to it under this Plan and the Plan Documents. Nothing
15 within this Section 10.3. shall impair or alter the Reorganized Debtor's power to act
16 without Court authority on and after the Effective Date.

17 **10.4. Term of Injunction or Stay.** Unless otherwise provided, all injunctions or
18 stays provided for in this Case pursuant to Sections 105 or 362 of the Bankruptcy Code
19 in effect prior to the Confirmation Date shall remain in full force and effect until the
20 Effective Date and shall terminate on the Effective Date. The injunctive provisions of
21 Sections 524 and 1141 of the Bankruptcy Code are permanent and shall not be affected
22 by this provision.

23 **11. TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES.**

24 **11.1. Assumed Employee and Retiree Benefit Plans and Collective**
25 **Bargaining Agreements.** To the extent such agreements or plans have not been
26 previously assumed, all employee and retiree benefit plans, and all collective bargaining

1 agreements shall be deemed assumed by the Reorganized Debtor on the Effective
2 Date.

3 **11.2. General; Assumed if Not Rejected.** Subject to the requirements of
4 Section 365 of the Bankruptcy Code, all executory contracts and unexpired leases of
5 the Debtor that have not been rejected by order of the Court or are not the subject of a
6 motion to reject pending on the Confirmation Date shall be deemed assumed by the
7 Reorganized Debtor on the Effective Date. If any party to an executory contract or
8 unexpired lease that is being assumed objects to such assumption, the Court may
9 conduct a hearing on such objection on any date that is either mutually agreeable to the
10 parties or fixed by the Court. All payments to cure defaults that may be required under
11 Section 365(b)(1) of the Bankruptcy Code shall be made by the Reorganized Debtor. In
12 the event of a dispute regarding the amount of any such payments, or the ability of the
13 Debtor to provide adequate assurance of future performance, the Reorganized Debtor
14 will make any payments required by Section 365(b)(1) after the entry of the Final Order
15 resolving such dispute.

16 **11.3. Claims for Contract Rejection.** All proofs of claim with respect to Claims
17 arising from the rejection of executory contracts or unexpired leases pursuant to
18 Section 11.2. above must be filed with the Court within 30 days after the Effective Date
19 or such Claims shall be forever barred. If any order providing for the rejection of an
20 executory contract or unexpired lease (other than rejection effected pursuant to
21 Section 11.2. above) did not provide a deadline for the filing of Claims arising from such
22 rejection, proofs of claim with respect thereto must be filed within 30 days after the later
23 to occur of (a) the Effective Date or, (b) if the order is entered after the Effective Date,
24 the date such order becomes a Final Order, or such Claims shall be forever barred.

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1 **12. PROVISIONS RELATING TO PLAN DISTRIBUTIONS.**

2 **12.1. Distribution Shall be Made Only to Holders of Allowed Claims.**

3 Except as otherwise provided in this Section 12.1, distributions under this Plan and the
4 Plan Documents shall be made only to the holders of Allowed Claims. Until a Disputed
5 Claim becomes an Allowed Claim, the holder of that Disputed Claim shall not receive
6 the consideration otherwise provided to the Claimants under this Plan or the Plan
7 Documents. If necessary in determining the amount of a Pro Rata distribution due to the
8 holders of Allowed Claims in any class, the Reorganized Debtor shall make the Pro
9 Rata calculation as if all Disputed Claims were Allowed Claims in the full amount
10 claimed or in the Estimated Amount. When a Disputed Claim in any class becomes an
11 Allowed Claim, the Reorganized Debtor shall make distributions with respect to such
12 Allowed Claim, together with any allowable interest accrued on the amount of each such
13 distribution to the date thereof, net of any setoff contemplated by the order, if any,
14 allowing such Claim and/or any required withholding of applicable federal and state
15 taxes.

16 **13. MISCELLANEOUS PROVISIONS.**

17 **13.1. Cramdown.** If any impaired class of Claims fails to accept this Plan as
18 required by Section 1125 of the Bankruptcy Code, or in accordance with voting
19 procedures established by the Court, the Debtor will request that the Court confirm this
20 Plan in accordance with Section 1129(b) of the Bankruptcy Code.

21 **13.2. Objection to Claims.** Objections to a Claim, as to which no objection is
22 pending as of the Effective Date, must be filed by the Claims Objection Bar Date
23 (except for those Claims where a different date for objections is provided for in this Plan
24 or pursuant to a Court order). Objections to such Claims may be filed by the
25 Reorganized Debtor, any Claimant, or any other party in interest.

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1 **13.3. Procedures for Distributions; Unclaimed Distributions of Certain**

2 **Claimants.** Except as otherwise provided for in this Plan, the Plan Documents, or a
3 Final Order of the Court, distributions to be made under this Plan to Claimants holding
4 Allowed Claims shall be made by the Reorganized Debtor by first class, United States
5 mail, postage prepaid (a) to the latest mailing address set forth in a proof of claim filed
6 with the Court by or on behalf of such Claimant, or to such other address as may be
7 provided to the Reorganized Debtor by such Claimant in writing, or (b) if no such proof
8 of claim has been filed, or written notice provided to the Reorganized Debtor, to the
9 mailing address set forth in the schedules filed by the Debtor in this Case. The
10 Reorganized Debtor shall not be required to make any effort to locate or ascertain a
11 different address for the holder of any Claim.

12 **13.4. Modification of Plan.** The Debtor reserves the right, in accordance with
13 the Bankruptcy Code, to amend, modify or withdraw this Plan prior to the entry of the
14 Confirmation Order. After the entry of the Confirmation Order, the Debtor or
15 Reorganized Debtor may, upon order of the Court, amend or modify this Plan in
16 accordance with Section 1127(b) of the Bankruptcy Code, or remedy any defect or
17 omission or reconcile any inconsistency in this Plan in such manner as may be
18 necessary to carry out the purpose and intent of this Plan.

19 **13.5. Payment Dates.** Unless otherwise agreed by the Reorganized Debtor
20 and the recipient of a distribution under this Plan, whenever any payment to be made
21 under this Plan is due on a day other than a Business Day, such payment will instead
22 be made on the next Business Day, with interest to the extent expressly contemplated
23 by this Plan or any applicable agreement or instrument. Unless otherwise agreed by
24 the Reorganized Debtor and the recipient of a distribution under this Plan, (a) cash
25 payments in excess of \$250,000 to be made by the Reorganized Debtor pursuant to this
26 Plan shall be made by wire transfer, provided the payee shall have delivered specific

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1 wire transfer instructions to the Reorganized Debtor not less than five Business Days
2 prior to the date on which such payment is to be made; and (b) all other cash payments
3 to be made by the Reorganized Debtor pursuant to this Plan shall be made, at the
4 option of the Reorganized Debtor, by a check or wire transfer.

5 **13.6. Severability.** In the event of a successful collateral attack on any
6 provision of this Plan (i.e., an attack other than through a direct appeal of the
7 Confirmation Order), the remaining provisions of this Plan shall remain binding on the
8 Debtor, the Reorganized Debtor, all Claimants, all Creditors, and all other parties in
9 interest.

10 **13.7. Tax Identification Numbers.** Prior to receiving any distribution under this
11 Plan all Claimants shall provide the Reorganized Debtor with written notification or
12 confirmation of their respective federal tax identification numbers or social security
13 numbers.

14 **13.8. No Professional Fees or Expenses.** No professional fees or expenses
15 will be paid by the Debtor, the Reorganized Debtor, or the Depository Trustee with
16 respect to any Claim except as specified in this Plan or the Claims Resolution Facility
17 Agreement and as Allowed by Final Order of the Court or District Court, as applicable.

18 **13.9. Post-Confirmation Professional Fees and Expenses.** All professional
19 fees and expenses incurred by the Reorganized Debtor after the Effective Date shall be
20 paid in the ordinary course of business of the Reorganized Debtor without the need for
21 approval of the Court or the District Court. The Court shall retain jurisdiction to resolve
22 any dispute with respect to the payment of any such fees or expenses upon application
23 by the affected professional.

24 **13.10. Headings.** The headings of the sections and paragraphs of this Plan are
25 inserted for convenience only and shall not affect the interpretation hereof.

26 **13.11. Time.** In computing any period of time prescribed or allowed by this Plan,

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1 the day of the act, event, or default from which a designated period of time begins to run
2 shall not be included. The last day of the period so computed shall be included so long
3 as it is a Business Day. When the period of time prescribed or allowed is less than 11
4 days, any day that is not a Business Day shall be excluded in the computation.

5 **13.12. Notices.** All notices or requests in connection with this Plan shall be
6 made in writing and will be deemed to have been given when received by mail
7 addressed to:

8 Archdiocese of Portland in Oregon
9 2838 East Burnside
10 Portland, OR 97214
11 Attn: Director Of Business Affairs

12 **With copies to:**

13 Sussman Shank LLP
14 1000 SW Broadway, Suite 1400
15 Portland, OR 97205
16 Attention: Thomas W. Stillely

17 All notices and requests to a Person or Entity holding any Claim shall be sent to
18 them at their last known address or to the last known address of their attorney of record.
19 The Debtor and any such holder of a Claim may designate in writing any other address
20 for purposes of this Section 13.13, which designation will be effective upon actual
21 receipt by the Debtor or the Reorganized Debtor, or by the holder of the Claim. Any
22 Person or Entity entitled to receive notice under this Plan shall have the obligation to
23 provide the Reorganized Debtor with such Person's or Entity's current address for
24 notice purposes. The Reorganized Debtor shall have no obligation to attempt to locate
25 a more current address in the event any notice proves to be undeliverable to the most
26 recent address which has been provided to the Reorganized Debtor.

27 **13.13. Committee and Future Claimants Representative.** The duties of the
28 Tort Claimants' Committee and Future Claimants Representative will terminate on the
29 Effective Date.

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1 **13.14. Successors and Assigns.** The rights, benefits and obligations of any
2 Person or Entity named or referred to in this Plan will be binding upon, and will inure to
3 the benefit of, the heirs, executors, administrators, successors or assigns of such
4 Person or Entity.

5 **DATED:** November 15, 2005

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

8 */s/ John G. Vlazny*

9 By: Most Reverend John G. Vlazny
Its: Director

10 **SUSSMAN SHANK LLP**

11
12 */s/ Thomas W. Stilley*
13 By: Thomas W. Stilley
Attorneys for Roman Catholic Archbishop of Portland in Oregon,
and successors, a corporation sole

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EXHIBIT "A" TO DEBTOR'S 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 Plan of Reorganization of Roman Catholic Archbishop of Portland in Oregon, and successors, a corporation sole, dated as of November 15, 2005, 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 selected by the Archdiocese.

1 – CLAIMS RESOLUTION FACILITY AGREEMENT

- 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 Unresolved Tort Claims against the Archdiocese, including Future Claims, 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 Unresolved 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 Unresolved Tort Claims, including the Unresolved Present Tort Claims, the Future Claims, and the Supplemental Present Tort Claims.

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

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financial and investment advisors to oversee the investment of the assets in the 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 all Tort Claimants holding Unresolved 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 two separate funds designated the "Present Claims Fund" and the "Future Claims 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.

(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,

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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 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 as needed to pay Present Tort Claims, not to exceed \$_____ in the aggregate, 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 \$_____. As Present Tort Claims are paid by the Facility, 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 Present Tort Claimants;

(c) Sufficient funds as needed to pay Future Claims and Supplemental Present Tort Claims, not to exceed \$_____ in the aggregate, 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

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institution approved by the District Court, in the original amount of \$_____. As Future Claims and Supplemental Present Tort Claims are paid by the Facility, 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 Future Claimants and Supplemental Present Tort Claimants; and,

(d) Such funds as are necessary to ensure that the Reorganized Debtor is able to obtain Insurance Recoveries. As such funds 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) and (c) above. The funds shall 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, and thereafter 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.

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 and District Court, 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.

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

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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 claims against the Insurance Companies.

C. 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.

D. Resolution of Claims. All Tort Claimants shall proceed with litigation of their Tort Claims, at their option, either by binding arbitration or by trial in the District Court. APCRF shall be responsible for defending such Tort Claims and shall possess all rights of the Debtor in defense of such Claims. A Tort Claim will only be Allowed upon entry by the District Court of a Final Order establishing the Allowed amount of such Tort Claim, with appeals to be allowed as a matter of right to the 9th Circuit Court of Appeals, or any other court with jurisdiction over such appeal.

E. 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 with the District Court asserting a Claim against APCRF or such Claim will be forever barred.

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

G. 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 proposed case management orders which will establish further procedures to ensure that provisions are in place to resolve the Tort Claims of all Tort Claimants (the "Case Management Orders"). In that regard, it is anticipated that the Case Management Orders will provide, among other things,

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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.

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

I. 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.

J. 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.

K. 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.

V. 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 from the Present Claims Fund upon such Claims becoming Allowed and the distribution being authorized by the District Court.

(ii) **Future Claimants and Supplemental Present Tort Claimants.** Future Claimants and Supplemental Present Tort Claimants will receive payment of their Claims from the Future Claims Fund upon such Claims becoming Allowed and the distribution being authorized by the District Court.

2. District Court Approval of Distributions. APCRF will endeavor to make application to the District Court every 180 days for authority to pay Allowed Tort Claims that have become Allowed within the previous 180 days. Prior to making

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application to the District Court, APCRF shall determine the amount of funds currently available for a distribution, taking into consideration (i) the alleged amount of all Unresolved Tort Claims, (ii) the amounts previously paid to any Tort Claimant whose Tort Claim is scheduled to be included in the distribution, and (iii) the amount of funds remaining to be paid by the Reorganized Debtor to, or currently on deposit in, the specific fund from which the distribution will be made. APCRF shall provide notice of the application to all known Tort Claimants upon filing such application with the District Court. Upon the District Court's entry of a Final Order approving the distribution, the Depository Trustee shall make the distribution.

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. 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 used to fund the continuing Operating Costs of the Facility, and upon termination of the Facility, if any funds remain in the Present Claims Fund they 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. 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 Supplemental Present 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 Future Claims Fund they shall be distributed to the Reorganized Debtor.

9 – CLAIMS RESOLUTION FACILITY AGREEMENT

5. 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 or the Future Claims 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.

VI. 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 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 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.

10 – CLAIMS RESOLUTION FACILITY AGREEMENT

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 required by this Agreement to the Reorganized Debtor, all known Tort Claimants, and the District Court. The annual accounting 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 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.

VII. GENERAL PROVISIONS.

A. Bankruptcy Court or District Court Approval. Any action requiring Bankruptcy Court or District Court approval shall require the Person or Entity seeking such approval to file an application, motion, or other request with the Bankruptcy Court or District 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 known Tort Claimants by first-class 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

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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 or the District 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.

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

12 – CLAIMS RESOLUTION FACILITY AGREEMENT

Exhibit "A"

Page 12 of 15

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. Amendments. This Agreement may be amended to resolve ambiguities or to correct manifest errors contained herein by an instrument signed by all parties to this Agreement. All other amendments, supplements, and modifications shall require approval of the District Court after notice to the parties and all known Tort Claimants, and such other notice and hearing as the District Court may direct, provided that without the prior written consent of the Reorganized Debtor this Agreement shall not be amended, supplemented, or modified if such amendment, supplement, or modification would, directly or indirectly increase the amount, or change the due date, of any payment to be made by the Reorganized Debtor.

I. 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.

J. 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.

K. 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.

L. 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:

13 – CLAIMS RESOLUTION FACILITY AGREEMENT

Exhibit “A”

Page 13 of 15

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

With copies to:

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

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IN WITNESS WHEREOF, the parties have caused this Agreement to be executed this ____ day of _____ 2005.

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

By: _____
John G. Vlazny, its sole director

ARCHDIOCESE OF PORTLAND CLAIMS RESOLUTION FACILITY, INC.

By: _____
Name: _____, President

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PROMISSORY NOTE

\$_____

(Date)

Portland, Oregon

For value received, the undersigned promises to pay to the order of _____, Trustee of the Depository Trust established pursuant to the Archdiocese of Portland Claims Resolution Facility Agreement, the amount of _____ Dollars (\$_____) (the "Obligation Limit"), or so much thereof as is needed from time to time to pay Allowed Present Tort Claims.

Payments shall become due hereunder, upon demand, at such time, and from time to time, as one or more Present Tort Claims become Allowed Claims pursuant to the Claims Resolution Procedures set forth in the Archdiocese of Portland Claims Resolution Facility Agreement, and the distribution to the holders of such Claim(s) is authorized by the United States District Court for the District of Oregon. As payments are made on this Note, the Obligation Limit shall be reduced in a corresponding amount.

In the event any payment (including, without limitation, any interim or final payment) hereunder is not received by the holder hereof within 10 days of the due date thereof and after the expiration of any applicable cure period, if any, the holder may exercise any one or more of the following remedies as well as any other remedies available at law or in equity:

i) cause the unpaid amount to bear interest at the rate of five percent (5%) per annum; and,

ii) declare all sums which have become due hereunder immediately due and payable.

The undersigned agrees to pay all costs of collecting this note; and if this note is placed in the hands of an attorney for collection, the reasonable fees of such attorney regardless of whether suit or action is commenced; and if suit or action is commenced for the collection of this note, the holder's reasonable attorney's fees as determined by the trial court and by the appellate court in any appeal from the decision of the trial court.

All persons liable, either now or hereafter, for the payment of this note, severally waive presentment, demand, and notice of non-payment hereof, and notices of all kinds and agree that any modification of the terms of payment, extension of time of payment or renewal hereof made at the request of any person liable hereon shall in no way impair their liability.

The undersigned's obligation to make payments hereunder shall cease upon termination of the Archdiocese of Portland Claims Resolution Facility and the Depository Trust.

All initially capitalized terms used in this Note and not otherwise defined herein shall have the meanings assigned in the Plan of Reorganization of Roman Catholic Archbishop of Portland in Oregon, and successors, a corporation sole, dba Archdiocese of Portland in Oregon dated November 15, 2005, as amended, modified or supplemented from time to time in case number 04-37154-el11 in the United States Bankruptcy Court

for the District of Oregon (the "Plan"). All such definitions in the Plan are incorporated herein by reference.

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

By _____
Most Rev. John G. Vlazny
Its Director

This Note is secured by an irrevocable letter of credit.

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PROMISSORY NOTE

\$_____

(Date)

Portland, Oregon

For value received, the undersigned promises to pay to the order of _____, Trustee of the Depository Trust established pursuant to the Archdiocese of Portland Claims Resolution Facility Agreement, the amount of _____ Dollars (\$_____) (the "Obligation Limit"), or so much thereof as is needed from time to time to pay Allowed Future Claims (and Allowed Supplemental Present Tort Claims, if any).

Payments shall become due hereunder, upon demand, at such time, and from time to time, as one or more Future Claims and/or Supplemental Present Tort Claims become Allowed Claims pursuant to the Claims Resolution Procedures set forth in the Archdiocese of Portland Claims Resolution Facility Agreement, and the distribution to the holders of such Claim(s) is authorized by the United States District Court for the District of Oregon. As payments are made on this Note, the Obligation Limit shall be reduced in a corresponding amount.

In the event any payment (including, without limitation, any interim or final payment) hereunder is not received by the holder hereof within 10 days of the due date thereof and after the expiration of any applicable cure period, if any, the holder may exercise any one or more of the following remedies as well as any other remedies available at law or in equity:

i) cause the unpaid amount to bear interest at the rate of five percent (5%) per annum; and,

ii) declare all sums which have become due hereunder immediately due and payable.

The undersigned agrees to pay all costs of collecting this note; and if this note is placed in the hands of an attorney for collection, the reasonable fees of such attorney regardless of whether suit or action is commenced; and if suit or action is commenced for the collection of this note, the holder's reasonable attorney's fees as determined by the trial court and by the appellate court in any appeal from the decision of the trial court.

All persons liable, either now or hereafter, for the payment of this note, severally waive presentment, demand, and notice of non-payment hereof, and notices of all kinds and agree that any modification of the terms of payment, extension of time of payment or renewal hereof made at the request of any person liable hereon shall in no way impair their liability.

The undersigned's obligation to make payments hereunder shall cease upon termination of the Archdiocese of Portland Claims Resolution Facility and the Depository Trust.

All initially capitalized terms used in this Note and not otherwise defined herein shall have the meanings assigned in the Plan of Reorganization of Roman Catholic Archbishop of Portland in Oregon, and successors, a corporation sole, dba Archdiocese of Portland in Oregon dated November 15, 2005, as amended, modified or supplemented

from time to time in case number 04-37154-el11 in the United States Bankruptcy Court for the District of Oregon (the "Plan"). All such definitions in the Plan are incorporated herein by reference.

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

By _____
Most Rev. John G. Vlazny
Its Director

This Note is secured by an irrevocable letter of credit.

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CERTIFICATE OF SERVICE

I certify that on November 15, 2005, I served **by first class mail**, a full and correct copy of the foregoing **DEBTOR'S PLAN OF REORGANIZATION** to the interested parties of record, addressed as follows:

PLEASE SEE ATTACHED LIST OF INTERESTED PARTIES

Dated: November 15, 2005

/s/ Thomas W. Stilley

Thomas W. Stilley, OSB No. 88316
Howard M. Levine, OSB No. 80073
Susan S. Ford, OSB No. 84220
William N. Stiles, OSB No. 65123

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Portland, OR 97205

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c/o Michael Morey P.C.
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