

FOLEY & LARDNER LLP

Thomas F. Carlucci (CA Bar No. 135767)

Tel: (415) 984-9824; tcarlucci@foley.com

Shane J. Moses (CA Bar No. 250533)

Tel: (415) 438-6404; smoses@foley.comAnn Marie Uetz (admitted *pro hac vice*)Tel: (313) 234-7114; auetz@foley.comMatthew D. Lee (admitted *pro hac vice*)Tel: (608) 258-4203; mdlee@foley.comMark C. Moore (admitted *pro hac vice*)Tel: (214) 999-4150; mmoore@foley.com

555 California Street, Suite 1700

San Francisco, CA 94104-1520

*Counsel for the Debtor
and Debtor in Possession***UNITED STATES BANKRUPTCY COURT****NORTHERN DISTRICT OF CALIFORNIA****OAKLAND DIVISION**

In re:

THE ROMAN CATHOLIC BISHOP OF
OAKLAND, a California corporation sole,

Debtor.

Case No. 23-40523

Chapter 11

Judge: Hon. William J. Lafferty

DISCLOSURE STATEMENT FOR DEBTOR'S PLAN OF REORGANIZATION

NOTE: THIS DISCLOSURE STATEMENT IS BEING PRESENTED TO THE COURT FOR APPROVAL, BUT HAS NOT YET BEEN APPROVED BY THE BANKRUPTCY COURT AS CONTAINING ADEQUATE INFORMATION WITHIN THE MEANING OF SECTION 1125(A) OF THE BANKRUPTCY CODE



1 **IMPORTANT INFORMATION ABOUT THIS DISCLOSURE STATEMENT¹**

2 THE ROMAN CATHOLIC BISHOP OF OAKLAND, A CALIFORNIA CORPORATION
3 SOLE, THE DEBTOR AND DEBTOR IN POSSESSION IN THE ABOVE-CAPTIONED CHAPTER
4 11 CASE (THE “DEBTOR” OR “RCBO”) SEEKS CONFIRMATION OF THE *DEBTOR’S PLAN OF*
5 *REORGANIZATION* (THE “PLAN”). A COPY OF THE PLAN IS ATTACHED TO THIS
6 DOCUMENT AS **EXHIBIT A**.

7 THIS DISCLOSURE STATEMENT (THE “DISCLOSURE STATEMENT”), THE PLAN,
8 THE PLAN SUPPLEMENT, THE ACCOMPANYING BALLOTS, AND RELATED MATERIALS
9 ARE BEING FURNISHED BY THE DEBTOR, AS THE PLAN PROPONENT, PURSUANT TO
10 SECTIONS 1125 AND 1126 OF TITLE 11 OF THE UNITED STATES CODE (THE
11 “BANKRUPTCY CODE”) AND RULE 3016 OF THE FEDERAL RULES OF BANKRUPTCY
12 PROCEDURE, IN CONNECTION WITH THE DEBTOR’S SOLICITATION OF VOTES TO
13 ACCEPT THE PLAN.

14 THE PLAN PROVIDES FOR THE REORGANIZATION OF THE DEBTOR’S FINANCIAL
15 AFFAIRS, FOR DISTRIBUTIONS TO CREDITORS HOLDING ALLOWED CLAIMS FROM THE
16 DEBTOR’S ASSETS, THE ASSETS OF CONTRIBUTING NON-DEBTOR CATHOLIC ENTITIES,
17 AND THE CONTRIBUTIONS OF SETTLING INSURERS, IF ANY, AND FOR THE CLAIMS
18 AGAINST NON-SETTLING INSURERS TO BE ASSIGNED TO THE SURVIVORS’ TRUST (AS
19 DEFINED HEREIN). THE CONFIRMATION AND EFFECTIVENESS OF THE PLAN ARE
20 SUBJECT TO MATERIAL CONDITIONS PRECEDENT, SOME OF WHICH MAY NOT BE
21 SATISFIED. THERE IS NO ASSURANCE THAT THESE CONDITIONS WILL BE SATISFIED
22 OR WAIVED.

23 ALL HOLDERS OF CLAIMS AGAINST THE DEBTOR ARE ENCOURAGED TO READ
24 AND CAREFULLY CONSIDER THIS ENTIRE DISCLOSURE STATEMENT, INCLUDING ALL
25 EXHIBITS AND INCLUDING THE “*RISK FACTORS TO BE CONSIDERED*” IN ARTICLE [XIX].

26 IF THE PLAN IS CONFIRMED BY THE BANKRUPTCY COURT AND THE EFFECTIVE
27 DATE OF THE PLAN OCCURS, ALL HOLDERS OF CLAIMS AGAINST THE DEBTOR
28 (INCLUDING, WITHOUT LIMITATION, THOSE HOLDERS OF CLAIMS WHO DO NOT
29 SUBMIT BALLOTS TO ACCEPT OR REJECT THE PLAN OR WHO ARE NOT ENTITLED TO
30 VOTE ON THE PLAN, EXCEPT AS OTHERWISE PROVIDED IN THE PLAN) WILL BE BOUND
31 BY THE TERMS OF THE PLAN AND THE TRANSACTIONS DESCRIBED IN THE PLAN.

32 NO PERSON MAY GIVE ANY INFORMATION ON BEHALF OF THE DEBTOR
33 REGARDING THE PLAN OR THE SOLICITATION OF ACCEPTANCES OF THE PLAN, OTHER
34 THAN THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT, EXCEPT
35 FOR THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS (THE “COMMITTEE”)
36 CONSISTENT WITH ITS OBLIGATIONS ARISING UNDER 11 U.S.C. § 1103(c)(3). ALL OTHER
37 STATEMENTS REGARDING THE PLAN AND THE TRANSACTIONS CONTEMPLATED
38 THEREIN, WHETHER WRITTEN OR ORAL, ARE UNAUTHORIZED.

39 THIS DISCLOSURE STATEMENT IS DESIGNED TO PROVIDE ADEQUATE
40 INFORMATION TO ENABLE HOLDERS OF IMPAIRED CLAIMS AGAINST THE DEBTOR
41 (THAT ARE ENTITLED TO VOTE AS DESCRIBED HEREIN) TO MAKE AN INFORMED
42 JUDGMENT ON WHETHER TO ACCEPT OR REJECT THE PLAN. ALL CREDITORS ARE

43 ¹ Capitalized terms used but not otherwise defined in this Disclosure Statement shall have the meanings ascribed to
44 them in the *Debtor’s Plan of Reorganization* [Docket No. 1444] (the “Plan”).

1 ADVISED AND ENCOURAGED TO READ THIS DISCLOSURE STATEMENT AND THE PLAN
2 IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN. PLAN
3 SUMMARIES AND STATEMENTS MADE IN THIS DISCLOSURE STATEMENT ARE
4 QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN FILED
5 CONTEMPORANEOUSLY HERewith, OTHER EXHIBITS ANNEXED HERETO, AND OTHER
6 DOCUMENTS REFERENCED AS FILED WITH THE BANKRUPTCY COURT PRIOR TO THE
7 END OF THE SOLICITATION PERIOD FOR THE PLAN. NO MATERIALS OTHER THAN THE
8 ACCOMPANYING MATERIALS ATTACHED HERETO OR REFERENCED HEREIN HAVE
9 BEEN APPROVED BY THE BANKRUPTCY COURT OR THE PLAN PROPONENT FOR USE IN
10 SOLICITING ACCEPTANCES OR REJECTIONS OF THE PLAN. SUBSEQUENT TO THE DATE
11 HEREOF, THERE CAN BE NO ASSURANCE THAT: (I) THE INFORMATION AND
12 REPRESENTATIONS CONTAINED HEREIN REMAIN MATERIALLY ACCURATE, OR (II)
13 THIS DISCLOSURE STATEMENT CONTAINS ALL MATERIAL INFORMATION.

14 THERE HAS BEEN NO INDEPENDENT AUDIT OF THE FINANCIAL INFORMATION
15 CONTAINED IN THIS DISCLOSURE STATEMENT OR IN ANY EXHIBIT, EXCEPT AS
16 EXPRESSLY INDICATED IN THIS DISCLOSURE STATEMENT OR IN ANY EXHIBIT. THIS
17 DISCLOSURE STATEMENT WAS COMPILED FROM INFORMATION OBTAINED BY THE
18 DEBTOR FROM NUMEROUS SOURCES BELIEVED TO BE ACCURATE TO THE BEST OF THE
19 DEBTOR'S KNOWLEDGE, INFORMATION, AND BELIEF. THE DEBTOR'S RESPECTIVE
20 PROFESSIONALS HAVE NOT INDEPENDENTLY VERIFIED ALL OF THE INFORMATION
21 SET FORTH IN THIS DISCLOSURE STATEMENT AND ARE NOT RESPONSIBLE FOR ANY
22 INACCURACIES THAT MAY BE CONTAINED IN THIS DISCLOSURE STATEMENT OR THE
23 PLAN.

24 THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS
25 OF THE DATE HEREOF, AND THE DELIVERY OF THIS DISCLOSURE STATEMENT WILL
26 NOT, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THE
27 INFORMATION IS CORRECT AT ANY TIME SUBSEQUENT TO THIS DATE, AND THE
28 DEBTOR UNDERTAKES NO DUTY TO UPDATE THE INFORMATION.

PERSONS OR ENTITIES HOLDING OR TRADING IN OR OTHERWISE PURCHASING,
SELLING, OR TRANSFERRING CLAIMS AGAINST THE DEBTOR SHOULD EVALUATE THIS
DISCLOSURE STATEMENT IN LIGHT OF THE PURPOSE FOR WHICH IT WAS PREPARED,
AND SHOULD BE AWARE THAT ACTUAL DISTRIBUTIONS MAY VARY FROM THE
ESTIMATES CONTAINED HEREIN.

THIS DISCLOSURE STATEMENT AND THE RELATED DOCUMENTS ARE THE ONLY
DOCUMENTS AUTHORIZED BY THE BANKRUPTCY COURT TO BE USED IN CONNECTION
WITH THE SOLICITATION OF VOTES ACCEPTING OR REJECTING THE PLAN. NO
REPRESENTATIONS ARE AUTHORIZED BY THE BANKRUPTCY COURT CONCERNING
THE DEBTOR, THE DEBTOR'S BUSINESS OPERATIONS, THE VALUE OF THE DEBTOR'S
ASSETS, OR THE VALUES OF ANY BENEFITS OFFERED PURSUANT TO THE PLAN, EXCEPT
AS EXPLICITLY SET FORTH IN THIS DISCLOSURE STATEMENT OR ANY OTHER
DISCLOSURE STATEMENT OR OTHER DOCUMENT APPROVED FOR DISTRIBUTION BY
THE BANKRUPTCY COURT. HOLDERS OF CLAIMS SHOULD NOT RELY UPON ANY
REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE ACCEPTANCE OF THE PLAN,
OTHER THAN THOSE SET FORTH IN THIS DISCLOSURE STATEMENT.

THIS DISCLOSURE STATEMENT MAY NOT BE RELIED UPON FOR ANY PURPOSE
OTHER THAN TO DETERMINE WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN,
AND NOTHING STATED IN THIS DISCLOSURE STATEMENT SHALL CONSTITUTE AN
ADMISSION OF ANY FACT OR LIABILITY BY ANY PERSON OR BE ADMISSIBLE IN ANY
PROCEEDING INVOLVING THE DEBTOR OR ANY OTHER PERSON, OR BE DEEMED

DISCLOSURE STATEMENT FOR PLAN OF REORGANIZATION

1 CONCLUSIVE EVIDENCE OF THE TAX OR OTHER LEGAL EFFECTS OF THE PLAN ON THE
2 DEBTOR, ANY RELEASED PARTY, OR HOLDERS OF CLAIMS.

3 THIS DISCLOSURE STATEMENT IS FORWARD-LOOKING. FORWARD- LOOKING
4 STATEMENTS ARE STATEMENTS OF EXPECTATIONS, BELIEFS, PLANS, OBJECTIVES,
5 ASSUMPTIONS, PROJECTIONS, AND FUTURE EVENTS OF PERFORMANCE. AMONG
6 OTHER THINGS, THIS DISCLOSURE STATEMENT CONTAINS FORWARD-LOOKING
7 STATEMENTS WITH RESPECT TO ANTICIPATED FUTURE PERFORMANCE OF THE
8 DEBTOR AND A TRUST TO BE CREATED FOR THE BENEFIT OF HOLDERS OF ABUSE
9 CLAIMS, AS WELL AS ANTICIPATED FUTURE DETERMINATIONS OF CLAIMS AND
10 DISTRIBUTIONS ON CLAIMS. THESE STATEMENTS, ESTIMATES, AND PROJECTIONS
MAY OR MAY NOT PROVE TO BE CORRECT. ACTUAL RESULTS COULD DIFFER
MATERIALLY FROM THOSE REFLECTED IN THESE FORWARD-LOOKING
UNCERTAINTIES DUE TO A WIDE VARIETY OF SIGNIFICANT BUSINESS, LEGAL, AND
ECONOMIC RISKS, INCLUDING, AMONG OTHERS, THOSE DESCRIBED IN THIS
DISCLOSURE STATEMENT. THE PLAN PROPONENT UNDERTAKES NO OBLIGATION TO
UPDATE ANY FORWARD-LOOKING STATEMENT. NEW FACTORS EMERGE FROM TIME
TO TIME AND IT IS NOT POSSIBLE TO PREDICT ALL FACTORS, NOR CAN THE IMPACT
OF ALL FACTORS BE ASSESSED.

11 HOLDERS OF CLAIMS SHOULD NOT CONSTRUE THE CONTENTS OF THIS
12 DISCLOSURE STATEMENT AS PROVIDING ANY LEGAL, BUSINESS, FINANCIAL, OR TAX
13 ADVICE. EACH HOLDER SHOULD CONSULT WITH THEIR OWN LEGAL, BUSINESS,
14 FINANCIAL, AND TAX ADVISORS WITH RESPECT TO ANY MATTERS CONCERNING THIS
DISCLOSURE STATEMENT, THE SOLICITATION OF VOTES TO ACCEPT THE PLAN, THE
PLAN, AND THE TRANSACTIONS CONTEMPLATED BY THE PLAN.

15 **[THIS DISCLOSURE STATEMENT HAS BEEN APPROVED BY ORDER OF THE**
16 **BANKRUPTCY COURT AS CONTAINING ADEQUATE INFORMATION OF A KIND AND**
17 **IN SUFFICIENT DETAIL TO ENABLE HOLDERS OF CLAIMS TO MAKE AN INFORMED**
18 **JUDGMENT WITH RESPECT TO VOTING TO ACCEPT OR REJECT THE PLAN.]**
19 HOWEVER, THE BANKRUPTCY COURT'S APPROVAL OF THIS DISCLOSURE STATEMENT
DOES NOT CONSTITUTE A RECOMMENDATION OR DETERMINATION BY THE
BANKRUPTCY COURT AS TO THE MERITS OF THE PLAN. EACH HOLDER OF A CLAIM
ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN SHOULD READ THIS DISCLOSURE
STATEMENT AND THE PLAN (INCLUDING ALL EXHIBITS AND SCHEDULES TO THE PLAN
AND DISCLOSURE STATEMENT) IN THEIR ENTIRETY BEFORE VOTING.

TABLE OF CONTENTS

Page

ARTICLE I

EXECUTIVE SUMMARY	1
A. Survivors' Trust Assets / Plan Contributions.....	1
B. Comparison to Other Diocesan/Religious Order Cases.....	3
C. Plan Mechanics	4
D. Non-Monetary Commitment to Healing and Reconciliation.....	6

ARTICLE II

GENERAL INFORMATION	6
A. Releases and Exculpations.....	6
B. Summary of Voting Procedures.....	8
1. Vote Solicitation and Deadline.....	8
2. Importance of Your Vote	9
3. Third-Party Release Opt-Out Form for Abuse Claimants.....	9
C. Overview of Chapter 11.....	10
D. Summary of Classification of Claims.....	12
E. Disclosure Statement Enclosures.....	13
1. Order Approving Disclosure Statement	13
2. Notice of Confirmation Hearing.....	13
3. Ballot	13
4. Opt-Out Release Form.....	13

ARTICLE III

QUESTIONS AND ANSWERS ABOUT THE DISCLOSURE STATEMENT AND PLAN.....	13
A. What is Chapter 11?.....	13
B. Why is the Debtor sending me this Disclosure Statement?	14
C. Am I entitled to vote on the Plan?	14
D. What is meant by "Confirmation" and "Effective Date"?	14
E. Does the Plan contain releases and permanent injunctions in favor of the Debtor?	14
F. Does the Plan contain releases and permanent injunctions in favor of Third Parties?.....	14
G. As the Holder of an Abuse Claim, will I be bound by the Third-Party Releases and Third-Party Permanent Injunctions?	15
H. As the Holder of any Claim other than an Abuse Claim, will I be bound by the Third-Party Releases and Third-Party Permanent Injunctions?.....	15
I. What is required for the Unknown Abuse Claims Representative to Opt-Out of the Third-Party Releases and Third-Party Permanent Injunctions?.....	15
J. Are there any Exculpation Provisions contained in the Plan?	15
K. Does the Plan contain Provisions Designed to Foster the Protection of Children from Sexual Abuse?.....	15
L. What is the Effect of the Plan on the Debtor's Ongoing Religious and Charitable Endeavors?	15
M. Is the Debtor Preserving Estate Causes of Action under the Plan?	16

ARTICLE IV

THE DEBTOR AND ITS OPERATIONS.....	16
A. Organization and Central Mission of the Roman Catholic Church	16
B. History of the Diocese of Oakland.....	17
C. Governance, Mission-Service Activities, and Structure of the Diocese of Oakland	18
D. The Debtor's Operations.....	19

1	E.	Mission Alignment Process	20
2	F.	Affiliated Non-Debtor Catholic Entities	20
3		1. The Roman Catholic Welfare Corporation of Oakland	20
4		2. Lumen Christi Academies of the Roman Catholic Diocese of Oakland	21
5		3. The Roman Catholic Cemeteries of the Diocese of Oakland	21
6		4. The Oakland Parochial Fund, Inc	21
7		5. The Catholic Cathedral Corporation of the East Bay	22
8		6. The Oakland Society for the Propagation of the Faith	22
		7. Catholic Charities of the Diocese of Oakland, Inc	22
		8. Catholic Church Support Services (dba Catholic Management Services).....	23
		9. Furrer Properties Inc	23
		10. Adventus	23
		11. Catholic Foundation for the Diocese of Oakland	23
	G.	The Debtor's Mission to Effect Reconciliation and Compensation	24
9	ARTICLE V		
10	THE CHAPTER 11 CASE		26
11	A.	Events Leading to the Chapter 11 Case	26
12	B.	Voluntary Petition	27
13	C.	First Day Relief.....	27
14	D.	Retention of Advisors for the Debtor.....	28
15	E.	The Committee.....	28
16	F.	Further Motions in the Chapter 11 Case	29
17		1. Exclusivity	29
18		2. Removal.....	29
19		3. Unexpired Leases of Nonresidential Real Property	29
20	G.	Mediation	30
21	H.	Bar Dates and Claims Process	30
22		1. Bar Dates	30
23		2. The Claims Review Process	31
24	I.	Litigation Regarding Insurance Coverage for Abuse Claims	32
25	ARTICLE VI		
26	SUMMARY OF THE PLAN		33
27	A.	Classification of Claims Generally	34
28	B.	Classification and Treatment of Claims.....	34
29		1. Class 1 – Secured Claim of RCC	35
30		2. Class 2 – Priority Unsecured Claims	35
31		3. Class 3 – General Unsecured Claims	35
32		4. Class 4 – Abuse Claims	36
33		5. Class 5 - Unknown Abuse Claims.....	36
34		6. Class 6 – Non-Abuse Litigation Claims.....	36
35		7. Class 7A – Abuse Related Contribution Claims Related to Class 4 Claims	37
36		8. Class 7B – Abuse Related Contribution Claims Related to Class 5 Claims	37
37		9. Class 8 – OPF Claims.....	37
38	C.	Unclassified Claims	37
39		1. Administrative Claims.....	38
40	ARTICLE VII		
41	SURVIVORS' TRUST		40
42	A.	Survivors' Trust Liability for Abuse Claims	40
43	B.	Role of the Survivors' Trust	40
44	C.	Appointment and Powers of the Survivors' Trustee.....	40
45		1. Survivors' Trustee as Fiduciary	40

DISCLOSURE STATEMENT FOR PLAN OF REORGANIZATION

1	2. Liquidation of Survivors' Trust Assets.....	40
2	3. Protection of Survivors' Trust Assets.....	41
3	4. Bank Accounts of the Survivors' Trust	41
4	5. Insurance	41
5	6. Taxes	41
6	7. Settlements With Non-Settling Insurers	41
7	D. Property and Funding of the Survivors' Trust	41
8	1. Debtor Cash Contribution	42
9	2. Contributions from Non-Debtor Catholic Entities	42
10	3. Separate Contributions	43
11	4. Livermore Property	43
12	5. Insurance Settlement Agreements	43
13	6. Assignment of Assigned Insurance Interests.....	43
14	7. Use of Survivors' Trust Assets.....	43
15	8. No Insurer Reimbursement Obligation	44
16	E. Unknown Abuse Claims Reserve	44
17	F. Treatment of Abuse Claims	44
18	1. Immediate Distribution and Initial Determination	44
19	2. Distributions to Trust Claimants from the Survivors' Trust	45
20	3. Election of Distribution Option vs. Litigation Option.	45
21	G. Compensation and Reimbursement of Expenses to Survivors' Trustee and Survivors' Trust Professionals.....	46
22	H. Excess Survivors' Trust Assets.....	46
23	I. Indemnification of Debtor, Reorganized Debtor, and Contributing Non-Debtor Catholic Entities.....	47
24	J. Modification of Survivors' Trust Documents.....	47
25	ARTICLE VIII	
26	SETTLING INSURERS.....	47
27	A. No Insurance Settlement Agreements to Date	47
28	B. Insurance Settlement Agreements.....	47
29	C. Sale Free and Clear of Interests of Settling Insurer Policies	47
30	D. Rights Under Insurance Settlement Agreements	48
31	E. Contribution Claims of Settling Insurers	48
32	F. Timing.....	48
33	ARTICLE IX	
34	MATTERS RELATING TO NON-SETTLING INSURERS.....	48
35	A. Preservation of the Rights of Non-Settling Insurers	48
36	B. Scope of Plan Injunctions With Respect to Non-Settling Insurers	51
37	C. Non-Settling Insurers' Contribution Claims Against Settling Insurers	52
38	D. Cooperation with Non-Settling Insurers	52
39	E. Reductions In Non-Settling Insurers' Liability.....	53
40	ARTICLE X	
41	MEANS FOR IMPLEMENTATION OF THE PLAN.....	53
42	A. Revesting.....	53
43	B. Child Protection Measures	53
44	C. CCCEB Settlement	54
45	D. Treatment of Actions and Causes of Action	54
46	E. Continued Existence	55
47	F. The Survivors' Trust.....	55
48	G. Post-Effective Date Prosecution of Non-Abuse Litigation Claims	55
49	H. Bankruptcy Procedure and Transition	56

DISCLOSURE STATEMENT FOR PLAN OF REORGANIZATION

I.	Post-Petition Deposits.....	56
J.	Cancellation of Liens	56
K.	Other Actions	56
L.	General Settlement.....	56
M.	Closing of the Case	57
ARTICLE XI		
	DISPUTED CLAIMS AND CLAIMS DISTRIBUTIONS.....	57
A.	Single Claim.....	57
B.	Objections to Claims	57
C.	Treatment of Disputed Claims	58
D.	Late Filed Claims	58
E.	Claims Estimation	58
F.	No Distribution on Disallowed Claims	58
G.	Timing of Distributions on Allowed Claims	58
H.	Transfers of Claims	59
I.	Prepayment of Claims	59
J.	Delivery of Distributions	59
K.	Unclaimed Distributions	59
L.	No Interest on Claims	59
M.	Provisions Governing Unimpaired Claims	60
N.	Additional Terms Regarding Class 4 and Class 5 Claims	60
ARTICLE XII		
	EFFECTIVE DATE.....	60
A.	Conditions Precedent to Effective Date	60
B.	Waiver of Conditions Precedent to the Effective Date	61
C.	Revocation of the Plan	61
ARTICLE XIII		
	EFFECTS OF PLAN CONFIRMATION AND EFFECTIVE DATE.....	61
A.	Binding Effect of Confirmation	61
B.	Ratification.....	61
C.	Discharge of Claims.....	61
D.	Confirmation Injunction.....	62
E.	Injunction Against Interference with the Plan	62
F.	Exculpation	62
G.	Injunction Related to Exculpation	63
H.	Releases by the Debtor.....	63
I.	Releases by Holders of Abuse Claims	63
J.	Injunction Related to Releases.....	64
K.	Channeling Injunction Preventing Prosecution of Channeled Claims Against Released Parties	64
L.	Provisions Relating to the Channeling Injunction	65
M.	Effective of Channeling Injunction.....	66
ARTICLE XIV		
	RETENTION OF JURISDICTION.....	66
ARTICLE XV		
	TAX CONSEQUENCES OF THE PLAN	66
A.	Federal Income Tax Consequences to Holders of Unsecured Claims	67
B.	Federal Income Tax Consequences to the Debtor	67
C.	Tax Consequences to the Survivors' Trust	67

DISCLOSURE STATEMENT FOR PLAN OF REORGANIZATION

1	ARTICLE XVI	
2	ALTERNATIVES TO THE PLAN.....	68
3	A. Alternative Plan Pursuant to Chapter 11 of the Bankruptcy Code	68
4	B. Dismissal of the Chapter 11 Case	68
5	C. Chapter 7 Liquidation Not a Viable Alternative.....	68
6	D. Appointment of a Chapter 11 Trustee is Not a Viable Alternative.....	69
7	ARTICLE XVII	
8	ACCEPTANCE AND CONFIRMATION OF THE PLAN.....	69
9	A. General Confirmation Requirements	69
10	1. Parties in Interest Entitled to Vote	69
11	2. Classes Impaired Under the Plan.....	69
12	3. Voting Procedures and Requirements	70
13	4. Ballots.....	70
14	B. Confirmation Hearing	70
15	C. Confirmation	70
16	D. Acceptance of Plan	70
17	E. Confirmation Without Acceptance of All Impaired Classes	71
18	F. Best Interests Test	71
19	G. Feasibility.....	72
20	H. Compliance with the Applicable Provisions of the Bankruptcy Code	72
21	ARTICLE XVIII	
22	RISK FACTORS TO BE CONSIDERED.....	73
23	A. Objection to Classifications of Claims	73
24	B. Failure to Satisfy Voting Requirements.....	73
25	C. The Plan May Not Be Accepted or Confirmed.....	73
26	D. The Debtor’s Assumptions and Estimates May Prove Incorrect	73
27	E. Non-Confirmation or Delay in Confirmation of the Plan	74
28	F. Non-Consensual Confirmation	74
29	G. Consent to Third-Party Releases.....	74
30	H. Risk of Non-Occurrence of the Effective Date.....	75
31	I. Non-Settling Insurers May Raise Objections to Confirmation.....	75
32	J. Post-Confirmation Litigation May Not Result in Additional Recovery	75
33	K. Confirmation of the Plan may be Delayed or Denied by the District Court.....	75
34	ARTICLE XIX	
35	BANKRUPTCY RULE 9019 REQUEST	76
36	ARTICLE XX	
37	RECOMMENDATION AND CONCLUSION	76

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

ARTICLE I

EXECUTIVE SUMMARY

The Debtor is responsible for coordinating the mission of the Roman Catholic Church within the geographical boundary of the Diocese of Oakland. Beginning in the late Twentieth Century, it came to light that some people working for and associated with the Roman Catholic Church – priests, bishops, laypersons, and volunteers – had been sexually abusing children and vulnerable adults for decades. This crisis shocked the world. It also exposed Church institutions worldwide, including the Debtor, to significant tort liability. As will be described in greater detail, the Debtor filed bankruptcy as a means of managing its liability for these depraved actions against some of the most vulnerable members of society.

Providing fair and equitable compensation for survivors of Abuse, and reorganizing to enable the Debtor to continue its mission to serve the needs of the faithful within the Diocese of Oakland, are the focal points of the Plan. The tragedy of the Abuse by those purporting to do the missionary work of the Church is impossible to overstate. Instead of fulfilling this mission, these perpetrators inflicted harm and suffering. The Abuse was and is inexcusable. It not only deeply impacted the survivors, but it also affected the faithful and the community the Debtor serves.

A. Survivors' Trust Assets / Plan Contributions

To compensate the victims and survivors of sexual abuse, the Plan establishes a Survivors' Trust funded with the Survivors' Trust Assets. The Survivors' Trustee will liquidate the Survivors' Trust Assets and distribute the proceeds to the Holders of Abuse Claims and Unknown Abuse Claims, pursuant to the procedures contained in the Survivors' Trust Distribution Plan to be filed with the Plan Supplement and described herein.²

On the Plan's Effective Date (the date after confirmation when the Plan becomes Effective), the Plan will create a Survivors' Trust for the purpose of paying distributions to Holders of Class 4 and Class 5 Claims, which are the two Classes of Abuse Claims under the Plan. The Survivors' Trust will be funded with (a) \$103 million in cash contributed by the Debtor, (b) a contribution of real estate which the Debtor believes is worth between approximately \$43 million and \$81 million (or more), and (c) \$14.25 million in cash contributed by RCWC contingent on the number of Releases it secures from those Holders of Class 4 Claims and Class 5 Claims who have asserted liability against RCWC in connection with an Abuse Claim.³ The Debtor will also contribute and assign to the Survivors' Trust the rights and interests of the Debtor in the Non-Settling Insurer Policies.

More specifically, the Survivors' Trust will receive the following contributions from the Debtor and RCWC (together, the "Contributing Entities") on the following schedule:

- On the Effective Date:
 - From the Debtor: \$63.0 million in cash
 - From the Debtor (via Adventus): the Livermore Property
 - From RCWC: \$2.0 million in cash

² Distributions to Holders of Abuse Claims may be subject to fee agreements between Holders of Abuse Claims and their legal counsel. The Debtor has no information on any such agreements. Legal counsel to Holders of Abuse Claims are obligated to comply with Rules 1.5 and 1.5.1 of the California Rules of Professional Conduct and Cal. Bus. & Prof. Code § 6147 in connection with any fees charged to Holders of Abuse Claims.

³ Provided, however, if less than 100% of all RCWC Claimants grant RCWC a release pursuant to Section 13.9 of the Plan, then the RCWC Cash Contribution, and each of its installment payments, shall be reduced by a percentage proportional to the percentage of RCWC Claimants who opt out of granting RCWC such Release.

DISCLOSURE STATEMENT FOR PLAN OF REORGANIZATION

- On the first anniversary of the Effective Date: \$10.0 million from the Debtor and \$3.0 million from RCWC;
- On the second anniversary of the Effective Date: \$10.0 million from the Debtor and \$3.0 million from RCWC;
- On the third anniversary of the Effective Date: \$10.0 million from the Debtor and \$3.0 million from RCWC; and,
- On the fourth anniversary of the Effective Date: \$10.0 million from the Debtor and \$3.25 million from RCWC.

The Debtor Cash Contribution to the Survivors' Trust will be facilitated in part by a \$55 million loan from the RCC. The remaining Debtor Cash Contribution will come from unrestricted cash including unrestricted cash raised from the sale of real estate owned by the Debtor. The RCWC Cash Contribution will come from unrestricted cash including unrestricted cash raised from the sale of real estate owned by RCWC, and is based on the number of Abuse Claims asserting liability against it that do not affirmatively "opt out" of the third-party releases.

The Contributing Entities' Cash contributions to the Survivors' Trust are anticipated to be not less than \$117.25 million. The Livermore Property is worth between \$43 million and up to approximately \$81 million or more if it is entitled for residential development, such that the sale of the Livermore Property by the Survivors' Trustee could contribute such amount following its sale to the Survivors' Trust Assets. Adventus holds title to the Livermore Property. The Livermore Property is located at 3658 Las Colinas Road, Livermore, CA. The property consists of approximately 122.5 acres of vacant land with no on-site improvements. It is currently zoned for agricultural use. The Debtor's estimated valuation of the Livermore Property assumes the property is entitled for the construction of single family homes. The Debtor has engaged with City of Livermore officials and staff regarding the entitlement process for many years. The Debtor shall also contribute any proceeds held by the Debtor or the Reorganized Debtor on account of any Insurance Settlement Agreements finalized and effectuated prior to the Effective Date, if any, and the Assigned Insurance Interests, all as set forth in Article VIII and Sections 9.3.5 and 9.36 of the Plan. RCWC will make a similar contribution of Assigned Insurance Interests alongside its Cash Contribution. Contributions of any kind by the Contributing Entities are referred to as the "Contributing Entities' Contributions," the cash component of which is the "Contributing Entities' Cash Contributions."

The Plan provides that Non-Settling Insurers may become Settling Insurers, and provides for settlement proceeds resulting therefrom to be used to further supplement the Survivors' Trust. To the extent no settlement with a particular Non-Settling Insurer is achieved, the Plan establishes a framework for post-confirmation litigation for Trust Claimants seeking recovery from Non-Settling Insurers.

The Debtor engaged in extensive and tireless mediation with the Committee and the Insurers over the Insurance Assignment. The Debtor and Insurers have reached agreement on a term sheet that would allow the Debtor to assign its rights and obligations under the Abuse Insurance Policies, but not the Policies themselves, to the Survivors' Trust upon the Effective Date. The Plan – chiefly, but not exclusively, Article VIII of the Plan – reflect, in the Debtor's view, the agreed-upon term sheet.

The Plan further provides that other Non-Debtor Catholic Entities (in addition to Adventus and RCWC), such as religious orders, may make contributions and receive treatment similar to Adventus and RCWC. All such parties (including Adventus and RCWC) are referred to as the "Contributing Non-Debtor Catholic Entities." Collectively, the Cash, property, and insurance contributions to the Survivors' Trust from all parties are referred to herein as the "Survivors' Trust Assets."

On the Effective Date, the Survivors' Trust will segregate \$5.0 million of the Initial Debtor Contribution into the Unknown Abuse Claims Reserve for the benefit of Holders of Class 5 Claims.

DISCLOSURE STATEMENT FOR PLAN OF REORGANIZATION

B. Comparison to Other Diocesan/Religious Order Cases

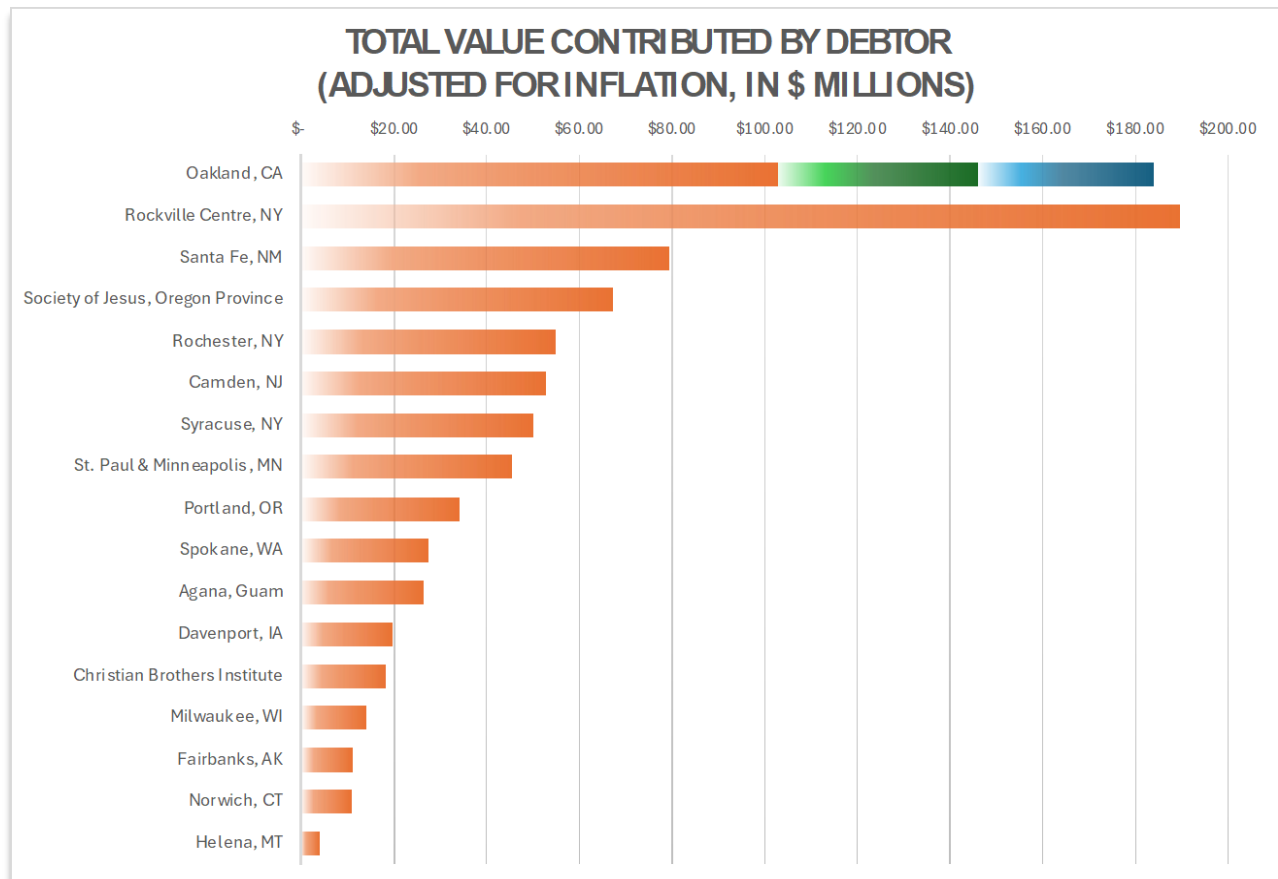
The Debtor believes the treatment proposed in the Plan is fair and equitable to its creditors and represents a greater recovery—on a claimant-by-claimant basis—based on contributions from the Debtor itself when compared with prior, similar bankruptcy cases.

The following chart demonstrates potential average per-Claim distributions assuming: 1) stated values of the Contributing Entities' Cash Contributions plus the stated range of value for the Livermore Property, and 2) approximately 345 unique Abuse Claims will ultimately receive distributions:

Contributing Entities' Cash Contribution	Livermore Property Value	Total Debtor/RCWC Contribution Value	Average Per-Claim Distribution
\$117.25 million	NONE	\$117.25 million	\$339,855
\$117.25 million	\$43.0 million	\$160.25 million	\$464,492
\$117.25 million	\$81.0 million	\$198.25 million	\$574,637

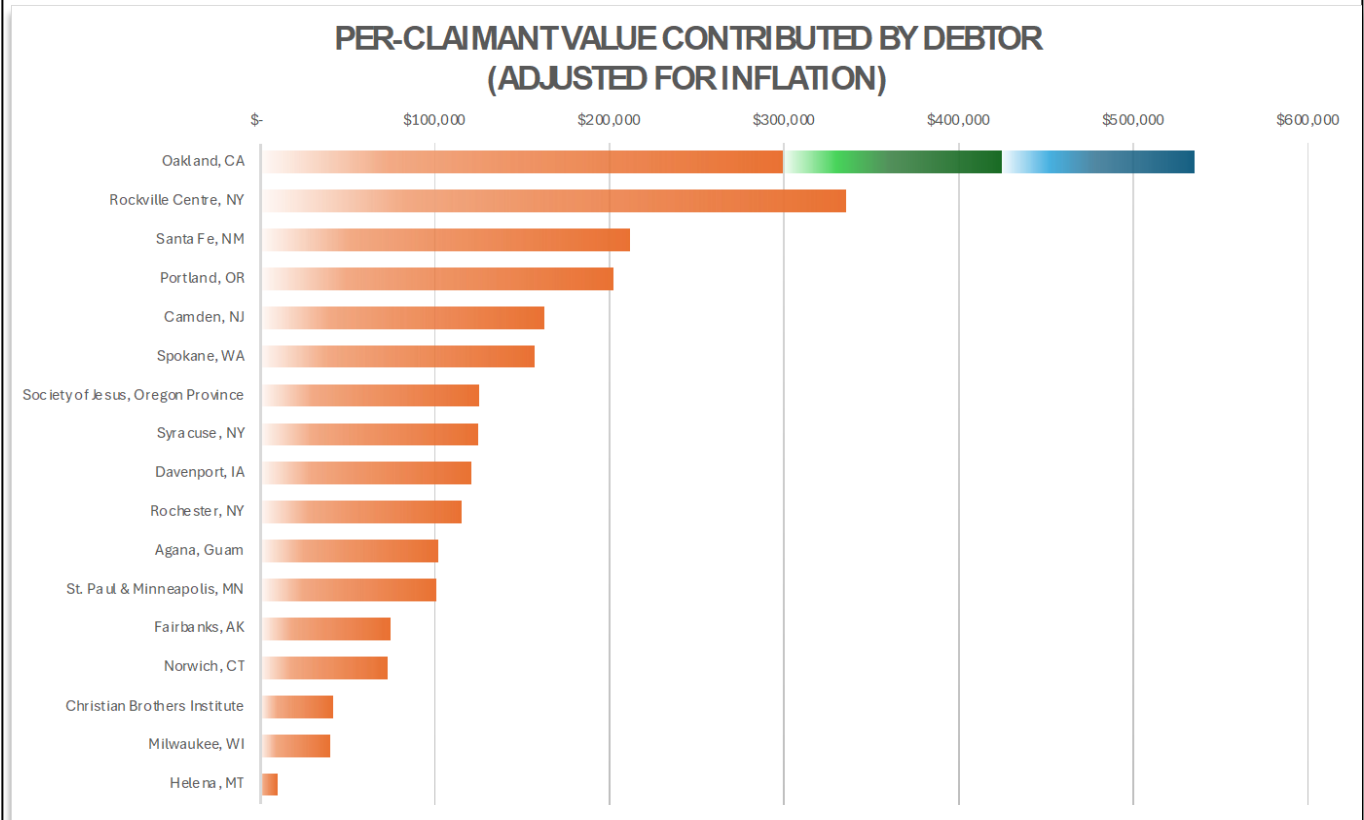
In addition, these potential average per-Claim distributions do not include 1) the value of the Assigned Insurance Interests and potential associated recoveries, nor 2) additional possible contributions from other Contributing Non-Debtor Catholic Entities besides RCWC.

The first chart below compares the Debtor Contributions to other cases with confirmed or proposed plans of reorganization, with the green portion assuming the low range of value for the ultimate sale of the Livermore Property, and the blue portion assuming the high value for same; *provided however*, that



the debtor-funded recovery shown for *Rockville Centre* includes contributions on the Effective Date from separately incorporated parishes.

The second chart below reflects projected per-claimant average values assuming 345 Abuse Claims receive Distributions from the Survivors' Trust.



C. Plan Mechanics

The Plan provides the option for Abuse Claimants to elect to receive an Immediate Distribution within 30 days of the Effective Date in the amount of \$50,000. If an Abuse Claimant elects to receive an Immediate Distribution, all recovery on their Abuse Claim is limited to the Immediate Distribution. For the avoidance of doubt, an Abuse Claimant who elects to receive an Immediate Distribution shall not be permitted to seek any additional recovery on account of the Abuse Claim from any other party, including Non-Settling Insurers. Correspondingly, Abuse Claims of Claimants that elect the Immediate Distribution will not be scored or subject to Claim objections.

After the Effective Date, the Abuse Claims Reviewer will score all remaining Abuse Claims (defined as “Trust Claims”) and issue a letter to each Holder of such Claims (“Trust Claimants”) regarding the scoring of their specific Claim (the “Initial Determination”). The purpose of the scoring is to calculate the value of projected distributions. The Initial Determination will include a projected total recovery for the Trust Claimant based on the anticipated Survivors’ Trust Assets available for distribution.

All Trust Claimants will have 90 days from issuance of the Initial Determination to elect one of two paths as to their Trust Claim: 1) acceptance of a distribution solely from the Survivors’ Trust (the “Distribution Option”), or 2) pursuit of litigation that could yield recovery from an insurer, if any (the

DISCLOSURE STATEMENT FOR PLAN OF REORGANIZATION

1 “Litigation Option”). Claimants that do not make an election will be deemed to have chosen the
2 Distribution Option.

3 Regardless of which path they choose, Trust Claimants also get 30 days to request review of the
4 Initial Determination by a neutral decisionmaker (the “Neutral Determination”). The higher of the Initial
5 Determination or Neutral Determination (if sought) shall be the “Final Determination.”

6 On the 121st day following issuance of the Initial Determinations by the Abuse Claims Reviewer,
7 the Survivors’ Trustee will know: 1) how many Trust Claimants chose the Distribution Option, and 2)
8 how many Trust Claimants chose the Litigation Option. Following resolution of the last review of an
9 Initial Determination by the neutral decisionmaker, the Survivors’ Trustee will know the total number of
10 points of Trust Claims and be able to project anticipated distributions to Trust Claimants.

11 At that point:

12 For Trust Claimants that chose the Distribution Option:

- 13 • The Survivors’ Trustee will make his Initial Distribution, which shall be comprised of
14 such Trust Claimant’s pro-rata share of the Survivors’ Trust Assets existing on that
15 date, less reasonable reserves for the Survivors’ Trust. This will likely not include the
16 proceeds from the sale of the Livermore Property.
- 17 • Following sale of the Livermore Property (if it did not occur prior to the Initial
18 Distribution), the Survivors’ Trustee will make his Second Distribution, which shall be
19 comprised of such Trust Claimant’s pro-rata share of the proceeds thereof, less
20 reasonable reserves for the Survivors’ Trust.

21 For Trust Claimants that chose the Litigation Option:

- 22 • The Survivors’ Trust shall reserve the amount of the projected distribution based on
23 the Final Determination pending the outcome of the litigation.
- 24 • The Trust Claimant shall be allowed to resume or institute (as appropriate) litigation
25 against the Survivors’ Trust (as successor-in-interest to the Debtor) to establish liability
26 and damages for the Trust Claimant’s Abuse Claim.
 - 27 ○ If the litigation yields a judgment against the Survivors’ Trust that is lower than the
28 Final Determination, the judgment amount controls. Any excess in the reserve will
be reallocated for payment to all Trust Claimants.
 - If the litigation yields a judgment against the Survivors’ Trust that is higher than
the Final Determination, the Final Determination controls.
- If the litigation yields a judgment covered by insurance, the amount of such judgment
shall be paid by the Survivors’ Trust directly to such Trust Claimant following
recovery.
- Following resolution of each Litigation Option case, the Survivors’ Trustee will make
an Initial Litigation Distribution to each such Litigation Claimant in an amount equal
to the lesser of: 1) such Trust Claimant’s Final Determination, or 2) the Survivors’
Trust judgment liability, both amounts being subject to reasonable reserves.

Following resolution of the last Trust Claim of the last Trust Claimant that chose the Litigation Option, the Survivors' Trustee will make his Final Distribution, which shall be comprised of *all* Trust Claimants' pro-rata shares of all remaining Survivors' Trust Assets, including reserves.

D. Non-Monetary Commitment to Healing and Reconciliation

The final key aspect of the Plan is the continuation of the Debtor's Mission to Effect Reconciliation and Compensation, which constitutes its non-monetary commitment pursuant to the Plan. Bishop shares the conviction of His Holiness Pope Francis, expressed on February 2, 2015, that "everything possible must be done to rid the Church of the scourge of the sexual abuse of minors and to open pathways of reconciliation and healing for those who were abused ..." As such the Bishop, on behalf of himself and the Debtor, pledges and agrees to continue the good work outlined in Article IV(G), below.

The abuse of children and vulnerable adults has no place in the Diocese of Oakland, specifically, or the Roman Catholic Church, generally. The Debtor will do everything in its power to prevent such abuse.

ARTICLE II

GENERAL INFORMATION

On May 8, 2023, the Petition Date), the Debtor filed a voluntary chapter 11 petition with the Bankruptcy Court. Since the Petition Date, the Debtor has remained in possession of its assets and has continued to own, operate, and manage its affairs pending the approval of a plan of reorganization in accordance with the provisions of the Bankruptcy Code.

On May 23, 2023, the U.S. Trustee appointed the Committee in this Chapter 11 Case pursuant to section 1102 of the Bankruptcy Code. The Committee is comprised of individuals who assert claims of sexual abuse against the Debtor. The individual members of the Committee are represented by counsel that collectively represent approximately forty-five percent (45%) of all Abuse Claimants who have asserted Abuse Claims against the Debtor.

The Plan sets forth, among other things, the proposed treatment of Claims and other interests in accordance with the Bankruptcy Code. This Disclosure Statement is intended to explain the Plan and provide such information to Holders of Claims as may be deemed material, important, and necessary so that they may make reasonably informed decisions in exercising their right to vote for acceptance of the Plan. A copy of the Plan is included with this Disclosure Statement as **Exhibit A**. If the Plan and this Disclosure Statement are not consistent, the terms of the Plan control. Capitalized terms used in this Disclosure Statement but not otherwise defined herein shall have the meanings ascribed to them in the Plan.

The Plan provides for the financial restructuring of the Debtor and the resolution of all, or substantially all, Claims against the Debtor, including, without limitation, the resolution of all Abuse Claims against the Debtor.

A. Releases and Exculpations

The Contributions set forth in the Plan are the result of extensive negotiations regarding, among other things, the extent of liability faced by each entity, the ability of each entity to pay, and insurance coverage available for the types of Claims being satisfied through the Survivors' Trust. In exchange for the contributions to the Survivors' Trust, (a) the Debtor and Reorganized Debtor, (b) the Contributing Non-Debtor Catholic Entities, (c) the Settling Insurers, if any, and (d) each of the foregoing Persons'

DISCLOSURE STATEMENT FOR PLAN OF REORGANIZATION

1 respective Related Persons shall receive the benefit of certain releases, exculpation, and injunctions, which
2 are summarized below, and set forth more specifically later in this Disclosure Statement and in the Plan.

3 **Exculpation.** The Plan provides certain exculpation
4 provisions which are typical and customary in chapter 11 plans. The
5 provisions provide that the (a) the Exit Facility Lender, (b) the
6 Debtor, including the Churches, (c) the Reorganized Debtor,
7 including the Churches, (d) the Committee, (e) the Committee's
8 members, (f) each Contributing Non-Debtor Catholic Entity, (g) the
9 College of Consulters of the Diocese of Oakland and each of its
10 members, (h) The Diocese of Oakland Finance Council and each of
11 its members, (i) the Presbyteral Council of the Diocese of Oakland
12 and each of its members, (j) the Meditators, (k) the Unknown Abuse
13 Claims Representative, and (l) for each of the foregoing, their
14 respective officers, directors, agents, employees, equity holders,
15 attorneys, financial advisors, accountants, representatives, and other
16 duly authorized employed Professionals in this Bankruptcy Case,
17 will be released from certain of their acts and omissions that
18 occurred from the Petition Date through Effective Date, or in
19 preparation of the Chapter 11 Case. None of these parties will be
20 exculpated from claims arising from the gross negligence, willful
21 misconduct, fraud, or breach of the fiduciary duty of loyalty.

22 **Releases.** The Plan provides that certain parties, including
23 the Contributing Non-Debtor Catholic Entities, will be granted
24 releases and a channeling injunction regarding certain claims,
25 including all Abuse Claims. If the Plan is confirmed, Abuse
26 Claimants will not be able to recover directly from or pursue further
27 litigation against such parties, including the Contributing Non-
28 Debtor Catholic Entities, and Abuse Claimants' recoveries on
account of their Abuse Claims will be limited by the terms of the
Plan.

1 **Injunctions.** The Plan provides for certain injunctions,
2 including a channeling injunction which will channel certain
3 Claims, including all Abuse Claims against the Debtor or any of the
4 Contributing Non-Debtor Catholic Entities, into the Survivors'
5 Trust. This means that any holder of a Claim that is channeled will
6 no longer be permitted to pursue their Claim except as set forth in
7 the Plan.

8 The exculpations, releases, and injunctions contained in the Plan are an integral part of the Debtor's
9 overall restructuring efforts and were an essential element of the negotiations among the parties and in
10 obtaining the support of the Debtor and the Contributing Non-Debtor Catholic Entities for the Plan. Each
11 Holder of an Abuse Claim has the ability to exempt itself from the releases and channeling injunction
12 provisions of the Plan relating to the Contributing Non-Debtor Catholic Entities by affirmatively
13 withholding consent or "opting out" of such releases and injunctions on the Abuse Claim Ballot. Opting
14 out of the releases for Contributing Non-Debtor Catholic Entities, specifically RCWC, does not change
15 the proposed treatment for any Holder of an Abuse Claim. As described above, however, it may change
16 the amount contributed by RCWC to the Survivors' Trust Assets.

17 **You may be deemed to grant releases to third parties under the Plan. Consenting Abuse**
18 **Claimants under the Plan are deemed to have released the Debtor and the Contributing Non-Debtor**
19 **Catholic Entities pursuant to Section 13.9 of the Plan, and Consenting Abuse Claims are subject to**

1 a channeling injunction pursuant to Section 13.12 of the Plan. A Consenting Abuse Claimant is any
2 Holder of an Abuse Claim who has not either (i) affirmatively indicated on their Opt-Out Release
3 Form that they are withholding their consent to the releases and injunctions provided for in the
4 Plan with respect to the Non-Debtor Catholic Entities or (ii) Filed a timely objection to confirmation
5 of the Plan indicating that they are withholding their consent to the releases and injunctions
6 provided for in the Plan with respect to the Non-Debtor Catholic Entities.

7 Holders of Class 4 or Class 5 Abuse Claims that do not affirmatively opt-out of the release
8 and injunction provisions set forth in the Plan, in each case, will be deemed to consent to these terms.

9 If the Plan is confirmed by the Bankruptcy Court and the Effective Date occurs, all Holders
10 of Claims against the Debtor, including all Abuse Claimants, will be bound by the terms of the
11 Plan and the transactions contemplated thereby, including the release provisions contained therein
12 (including Holders of Claims who do not submit Ballots to accept or reject the Plan or who are not
13 entitled to vote on the Plan, but excluding Holders of Abuse Claims who are entitled to, and
14 affirmatively do, opt out of the release and channeling injunction provisions contained in the Plan).

15 The Plan further provides that the Holders of Allowed Administrative Expense Claims, Priority
16 Tax Claims, Non-Tax Priority Claims, Professional Fee Claims, Secured Claims, and General Unsecured
17 Claims will be paid in full as set forth herein, that all Abuse Claims will be channeled to the Survivors'
18 Trust, that the Debtor will be able to restructure its financial affairs, and that the Reorganized Debtor will
19 be able to continue the mission and ministry of the Church, including through its work with the elderly,
20 poor, incarcerated, vulnerable populations, and the Catholic community as a whole, and to address the
21 spiritual needs of those harmed by the Abuse crisis.

22 In the opinion of the Debtor, the treatment of Claims under the Plan provides an opportunity for
23 greater recovery for Creditors than that which is likely to be achieved under other alternatives.
24 Accordingly, the Debtor believes that confirmation of the Plan is in the best interests of, and
25 provides the highest and most expeditious recoveries to, Holders of Claims against the Debtor. All
26 creditors entitled to vote, therefore, are urged to vote to accept the Plan.

27 **B. Summary of Voting Procedures**

28 **1. Vote Solicitation and Deadline.**

To be counted, your Ballot must be received, pursuant to the following instructions, by
Kurtzman Carson Consultants, LLC dba Verita Global ("Verita"), on or before **5:00 p.m. (prevailing
Pacific Time) on _____, 2024** (the "Voting Deadline"):

If by first class mail, overnight courier or hand delivery:

The Roman Catholic Bishop of Oakland – Ballot Processing c/o Verita
222 N. Pacific Coast Highway, 3rd Floor
El Segundo, CA 90245

By electronic, online submission:

Please visit <https://www.veritaglobal.net/rcbo/>. Click on the "E-Ballot"
section of the Debtor's website and follow the directions on your Ballot to
submit your E-Ballot. If you choose to submit your Ballot via Verita's E-
Ballot system, you should not also return a hard (paper) copy of your
Ballot.

IMPORTANT NOTE: You will need a unique E-Ballot ID Number that will be

DISCLOSURE STATEMENT FOR PLAN OF REORGANIZATION

provided with your Ballot.

IF YOU HOLD A CLAIM ENTITLED TO VOTE:

Please (i) complete the information requested on the Ballot; (ii) sign, date, and indicate your vote to accept or reject the Plan; and (iii) return the completed Ballot in the enclosed pre-addressed, postage-paid envelope, or by one of the other methods described above, so that it is actually received by Verita on or before the Voting Deadline.

DO NOT RETURN ANY INVOICES, DEBT INSTRUMENTS, NOTES, OR CERTIFICATES THAT YOU MAY HAVE WITH YOUR BALLOT.

ANY BALLOTS RECEIVED AFTER THE VOTING DEADLINE WILL NOT BE COUNTED, NOR WILL ANY BALLOTS RECEIVED BY TELECOPY OR EMAIL BE ACCEPTED.

IF YOU HAVE QUESTIONS REGARDING THE BALLOT, DID NOT RECEIVE A RETURN ENVELOPE WITH YOUR BALLOT, DID NOT RECEIVE AN ELECTRONIC COPY OF THE DISCLOSURE STATEMENT AND THE PLAN, OR NEED PHYSICAL COPIES OF THE BALLOT OR OTHER ENCLOSED MATERIALS, PLEASE CONTACT THE DEBTOR'S SOLICITATION AND CLAIMS AGENT, VERITA, BY EMAIL AT RCBOINFO@VERITAGLOBAL.COM OR BY CALLING (888)-733-1425 (U.S./CANADA) OR (310)-751-2631 (INTERNATIONAL) AND REQUESTING TO SPEAK WITH A MEMBER OF THE DEBTOR'S BALLOTING TEAM.

2. Importance of Your Vote.

Your vote is important. The Bankruptcy Court defines acceptance by a Class of Claims as acceptance of at least two-thirds in amount and a majority in number of Allowed Claims in the Class that vote. Only the Ballots of those Holders of Claims who actually vote are counted for purposes of determining whether a Class voted to accept the Plan. Your failure to vote will leave to others the decision to accept or reject the Plan.

3. Third-Party Release Opt-Out Form for Abuse Claimants

If you are the Holder of an Abuse Claim in Class 4 or Class 5, the materials included with your Ballot include an Opt-Out Release Form. If you wish to opt-out of the release provided under the Plan to non-debtor parties, your completed Opt-Out Release Form must be actually received, pursuant to the following instructions, by Verita, on or before **5:00 p.m. (prevailing Pacific Time) on _____, 2024** (the "Release Opt-Out Deadline"):

If by first class mail, overnight courier or hand delivery:

The Roman Catholic Bishop of Oakland – Ballot Processing c/o Verita
222 N. Pacific Coast Highway, 3rd Floor
El Segundo, CA 90245

By electronic, online submission:

Please visit <https://www.veritaglobal.net/rcbo/>. Click on the "E-Ballot" section of the Debtor's website and follow the directions on your Ballot to submit your E-Ballot. If you choose to submit your Ballot via Verita's E-Ballot system, you should not also return a hard (paper) copy of your Ballot.

DISCLOSURE STATEMENT FOR PLAN OF REORGANIZATION

IMPORTANT NOTE: You will need a unique Release Opt-Out ID Number that will be provided with the Opt-Out Release Form.

IF YOU HOLD AN ABUSE CLAIM, YOU WILL BE DEEMED TO CONSENT TO THE THIRD-PARTY RELEASE IN THE PLAN AND DESCRIBED IN SECTION III.F AND ARTICLE XIII, BELOW, UNLESS YOU RETURN A COMPLETED OPT-OUT RELEASE FORM, WITH THE OPT-OUT BOX CHECKED, BY THE RELEASE OPT-OUT DEADLINE. ANY OPT-OUT RELEASE FORMS RECEIVED AFTER THE RELEASE OPT-OUT DEADLINE WILL NOT BE EFFECTIVE.

C. Overview of Chapter 11

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. Under chapter 11, a debtor is authorized to reorganize its business for the benefit of itself and its creditors. In addition to permitting rehabilitation of a debtor, another goal of chapter 11 is to promote equality of treatment for similarly situated creditors and interest holders with respect to any distribution of a debtor's assets.

The commencement of a chapter 11 case creates an estate that comprises all of the legal and equitable interests of the debtor as of the filing date. The Bankruptcy Code provides that the debtor may continue to operate its business and remain in possession of its property as a "debtor in possession." Upon filing a petition for chapter 11 relief and during the pendency of a case, the Bankruptcy Code imposes an automatic stay against creditors' attempts to collect or enforce, through litigation or otherwise, claims against the debtor. The automatic stay provisions of section 362 of the Bankruptcy Code, unless modified by court order, will generally prohibit or restrict attempts by creditors to collect or enforce any claims that arose prior to the commencement of the chapter 11 case against the debtor.

The Bankruptcy Code provides for the formation of an official committee of unsecured creditors in a chapter 11 case to represent the interests of Creditors in the case. On May 23, 2023, the United States Trustee appointed the Committee in the Chapter 11 Case to represent the interests of the Debtor's unsecured creditors, including Holders of Abuse Claims. Each of the members of the Committee asserted a claim for sexual abuse against the Debtor.

The principal objective of a chapter 11 reorganization is the confirmation of a plan of reorganization. The plan sets forth the means for satisfying the claims of creditors and other stakeholders. The plan and a disclosure statement that contains information necessary to allow creditors, shareholders, and members to evaluate the plan are sent to creditors, shareholders and members whose claims or interests are impaired, who then vote to accept or reject the plan.

A class of claims is entitled to vote to accept or reject a plan if the class is "impaired" by the plan. Section 1124 of the Bankruptcy Code provides generally that a claim is impaired if the legal, equitable, or contractual rights of the claim are altered.

A plan may be confirmed under section 1129(a) of the Bankruptcy Code if each class of claims or interests is not impaired by the plan or if each class has voted to accept the plan. Votes will be counted only with respect to claims: (a) that are listed on the debtor's schedules other than as disputed, contingent, or unliquidated; or (b) for which a proof of claim was filed on or before the claim filing deadline set by the Bankruptcy Court for the filing of proofs of claim. However, any vote by a holder of a claim will not be counted if the claim has been disallowed or is the subject of an unresolved objection, absent an order from the Bankruptcy Court allowing the claim for voting purposes. A class of claims has accepted a plan if voting creditors that hold at least two-thirds in amount and more than one-half in number of the allowed voting claims in the class have voted to accept the plan. Pursuant to Bankruptcy Rule 3018(a), Class 4 Claims shall be estimated at \$1.00 for voting purposes only. The actual amount payable on account of Class 4 or Class 5 Claims will be determined pursuant to the Survivors' Trust Distribution Plan.

DISCLOSURE STATEMENT FOR PLAN OF REORGANIZATION

1 A holder of a Disputed Claim is not entitled to vote on the Plan unless such Claim is temporarily
2 Allowed by the Debtor, or by an order of the Bankruptcy Court, in an estimated amount that it deems
3 proper for the purpose of voting to accept or reject the Plan. In other words, only holders of Allowed
4 Claims that are in Class 3 (General Unsecured Claims), Class 4 (Abuse Claims), Class 5 (Unknown Abuse
5 Claims) Class 6 (Non-Abuse Litigation Claims), or Class 8 Claim (OPF Claim) may vote to accept or
6 reject the Plan. A Claim (a) to which an objection has been Filed by the Debtor or any other party in
7 interest that is pending at the time of the Confirmation Hearing, or (b)(i) that is listed on the Debtor's
8 Schedules as disputed, unliquidated, or contingent, and (ii) with respect to which a superseding proof of
9 claim has not been Filed, is not an Allowed Claim for voting purposes, unless the Claim is settled by
10 agreement or the Bankruptcy Court Allows the Claim (in whole or in part) by Final Order. Upon request
11 of a party in interest, the Bankruptcy Court may temporarily Allow or estimate a Disputed Claim for the
12 purpose of voting on the Plan. In addition, a vote may be disregarded if the Bankruptcy Court determines
13 that the acceptance or rejection of the Plan by the Claim Holder is not solicited or procured in good faith
14 or in accordance with the provisions of the Bankruptcy Code.

15 If an impaired class votes to reject the plan, the proponent of the plan may seek to "cram down"
16 the plan by confirming it under section 1129(b) of the Bankruptcy Code. A plan proponent may cram
17 down a plan upon a rejecting class only if at least one impaired class has voted to accept the plan, the plan
18 does not discriminate unfairly, and the plan is fair and equitable with respect to each impaired class that
19 has not voted to accept the plan. **The Debtor believes that the Plan will satisfy the foregoing**
20 **requirements as to any rejecting Class of Claims and can therefore be confirmed despite any such**
21 **rejection by any Class.**

22 Voting on the Plan by each Holder of a Claim in an Impaired Class is important. After carefully
23 reviewing the Plan and Disclosure Statement, each Holder of a Claim should vote on the enclosed ballot
24 either to accept or reject the Plan. Any ballot that does not appropriately indicate acceptance or rejection
25 of the Plan will not be counted. A ballot that is not received by the deadline will not be counted. If a
26 ballot is lost, damaged, or missing, a replacement ballot may be obtained by contacting the Debtor's
27 Claims and Noticing Agent, Verita, by email at RCBOInfo@veritaglobal.com or by calling (888)-733-
28 1425 (U.S./Canada) or (310)-751-2631 (international) and requesting to speak with a member of the
solicitation team.

Class 3 (General Unsecured Claims), Class 4 (Abuse Claims), Class 5 (Unknown Abuse Claims),
Class 6 (Non-Abuse Litigation Claims) and Class 8 (OPF Claim) are Impaired under the Plan and are
entitled to vote on the Plan.

Class 1 (RCC Secured Claim) and Class 2 (Priority Unsecured Claims) are Unimpaired under the
Plan, projected to receive payment in full, and are conclusively deemed to accept the Plan. Accordingly,
they are not entitled to vote. Class 7A (Contribution and Indemnification Claims Related to Class 4
Claims) and Class 7B (Contribution and Indemnification Claims Related to Class 5 Claims) are Impaired
under the Plan, will not receive any distributions, and conclusively deemed to reject the Plan. Accordingly,
they are not entitled to vote.

Section 1129(a) of the Bankruptcy Code establishes several conditions for the confirmation of a
plan. These conditions are too numerous to be fully explained here. Parties are encouraged to seek
independent legal counsel to answer any questions concerning the chapter 11 process. Among the
conditions for plan confirmation is that either each holder of an impaired claim must accept the plan, or
the plan must provide at least as much value as would be received upon liquidation of a debtor's estate
under chapter 7 of the Bankruptcy Code. The Debtor believes the Plan satisfies all the applicable
requirements of section 1129(a) of the Bankruptcy Code.

The Bankruptcy Court has scheduled a Confirmation Hearing to consider approving the Plan
commencing on _____, 2024 at ____:____.m. (prevailing Pacific Time) at the United States Bankruptcy
Court for the Northern District of California, United States Courthouse, 1300 Clay Street, Courtroom 220,

DISCLOSURE STATEMENT FOR PLAN OF REORGANIZATION

Oakland, CA 94612. The Confirmation Hearing may be adjourned from time to time without further notice other than by announcement in the Bankruptcy Court on the scheduled hearing date or upon the Debtor filing a notice of adjournment.

D. Summary of Classification of Claims

Detailed elsewhere in this Disclosure Statement are descriptions of the technical aspects of the classification of Claims, the relative allocations of assets to Holders of such Claims, the methodology as to how such assets are to be distributed, the risks inherent in the proposed Plan, and the applicable bankruptcy and tax consequences of the Plan. However, a broad overview of what each class of creditors is likely to receive under the Plan will be helpful for your consideration of whether you wish to accept or reject the Plan.

The following is a summary of the classification of all Claims under the Plan. This summary is qualified in its entirety by reference to the Plan:

Class	Class Description	Status	Voting Rights
Class 1	RCC Secured Claim	Unimpaired	Non-voting Deemed to accept
Class 2	Priority Unsecured Claims, other than non-classified claims set forth in Article III	Unimpaired	Non-voting Deemed to accept
Class 3	General Unsecured Claims	Impaired	Eligible to vote
Class 4	Abuse Claims	Impaired	Eligible to vote
Class 5	Unknown Abuse Claims	Impaired	Eligible to vote via the Unknown Abuse Claims Representative
Class 6	Non-Abuse Litigation Claims	Impaired	Eligible to vote
Class 7A	Contribution and Indemnification Claims Related to Class 4 Claims	No recovery	Non-voting Deemed to reject
Class 7B	Contribution and Indemnification Claims Related to Class 5 Claims	No recovery	Non-voting Deemed to reject
Class 8	OPF Claim	Impaired	Eligible to vote

As discussed in the Liquidation Analysis attached hereto as **Exhibit B**, the Debtor estimates that recoveries for Holders of Abuse Claims in Class 4 and Class 5 under the Plan will be greater than if the Debtor were to liquidate under chapter 7 of the Bankruptcy Code because the total amount of assets available for Distribution is greater under the Plan than in liquidation under chapter 7. The Cash Contributions and the Assigned Insurance Interests provided by the Contributing Non-Debtor Catholic Entities will not be available to the Estate under chapter 7. The Debtor also believes that theoretical Distributions under a chapter 7 case would likely be delayed due to the time it will take a chapter 7 trustee to assess the Debtor's assets, review and analyze Claims, and evaluate and litigate claims against third parties. The cost of litigation to determine the value of the Abuse Claims asserted against the Debtor alone would cost tens of millions of dollars. Holders of Allowed Claims entitled to vote to accept or reject the Plan should review the Liquidation Analysis (including all footnotes thereto and documents referenced therein) in assessing whether to vote to accept or reject the Plan.

DISCLOSURE STATEMENT FOR PLAN OF REORGANIZATION

1 **E. Disclosure Statement Enclosures**

2 Accompanying this Disclosure Statement are the following enclosures:

3 1. **Order Approving Disclosure Statement.**

4 A copy of the Order of the Bankruptcy Court dated _____, 2024, in which the
5 Bankruptcy Court approved this Disclosure Statement and, among other things, establishing procedures
6 for voting on the Plan, scheduling the Confirmation Hearing, and setting the deadline for objecting to
7 confirmation of the Plan (the “Disclosure Statement Order”).

8 2. **Notice of Confirmation Hearing.**

9 A copy of the notice of the deadline for submitting ballots to accept or reject the Plan and, among
10 other things, the date, time and place of the Confirmation Hearing, and the deadline for filing objections
11 to confirmation of the Plan (the “Confirmation Hearing Notice”).

12 3. **Ballot.**

13 Ballot(s) (and return envelope) for each respective Class entitled to vote, for voting to accept or
14 reject the Plan. See Article VI(B) below for an explanation of which Holders of Claims are entitled to
15 vote. The Ballot for Holders of Class 4 Claims includes the Immediate Distribution election.

16 4. **Opt-Out Release Form.**

17 A form giving each Holder of Claims in Class 4 or Class 5 the right to affirmatively opt out of the
18 Releases provided under the Plan. Any Holder of a Claim who does not, on or before the Voting Deadline,
19 affirmatively opt out of the Releases by returning their Opt-Out Release Form after checking the
20 appropriate box on the Opt-Out Release Form indicating they opt not to grant the Releases provided in
21 the Plan shall be deemed to have granted the Releases provided under the Plan.

22 **ARTICLE III**

23 **QUESTIONS AND ANSWERS ABOUT THE DISCLOSURE STATEMENT AND PLAN**

24 **A. What is Chapter 11?**

25 Chapter 11 is a form of bankruptcy under the Bankruptcy Code that involves a court-supervised
26 reorganization of a debtor’s assets and liabilities. It is most used by businesses. The commencement of
27 a Chapter 11 case creates an “estate” comprised of any and all the legal and equitable interests of the
28 debtor as of the date of filing of its bankruptcy petition. The Bankruptcy Code provides that the Chapter
11 debtor may continue to operate and remain in possession of its property as a “debtor-in-possession.”

Under Chapter 11, a debtor is authorized to reorganize for the benefit of itself and its creditors.
The principal objective of a Chapter 11 case is the confirmation and consummation of a Chapter 11 plan.
A plan sets forth the means for satisfying claims against a debtor. The Confirmation of a plan of
reorganization by a bankruptcy court binds the debtor, any issuer of securities under a plan of
reorganization, any person acquiring property under a plan of reorganization, any creditor of a debtor, and
any other person or entity as may be ordered by the bankruptcy court in accordance with the applicable
provisions of the Bankruptcy Code. Subject to certain limited exceptions, a confirmation order discharges
a debtor from any debt that arose before the confirmation of such plan and provides for the treatment of
such debt in accordance with the terms of the confirmed plan of reorganization. Certain creditors of a
debtor are permitted to vote to accept or reject the plan.

DISCLOSURE STATEMENT FOR PLAN OF REORGANIZATION

B. Why is the Debtor sending me this Disclosure Statement?

Before soliciting acceptances of a Chapter 11 plan, section 1125 of the Bankruptcy Code requires the preparation of a disclosure statement containing adequate information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment regarding acceptance of the Plan, and requires the debtor to share such disclosure statement with all creditors whose votes on the plan are being solicited. On [____], 2024, the Bankruptcy Court entered an Order (the “Disclosure Statement Order”), [Docket No. ____], that approves this Disclosure Statement as containing adequate information within the meaning of section 1125 of the Bankruptcy Code and that establishes certain dates, deadlines, and procedures in connection with the proposed Confirmation of the Plan.

C. Am I entitled to vote on the Plan?

Your ability to vote on the Plan depends on what type of Claim or Claims that you hold. Pursuant to section 1122(a) of the Bankruptcy Code, each category of Claims has been classified in a given “Class,” as set forth in Articles II – IV of the Plan. The following Classes of Claims are entitled to vote on the Plan:

Class	Class Description	Status	Voting Rights
Class 3	General Unsecured Claims	Impaired	Eligible to vote
Class 4	Abuse Claims	Impaired	Eligible to vote
Class 5	Unknown Abuse Claims	Impaired	Eligible to vote via the Unknown Abuse Claims Representative
Class 6	Non-Abuse Litigation Claims	Impaired	Eligible to vote
Class 8	OPF Claim	Impaired	Eligible to vote

All other Classes of Claims are not entitled to vote and will not receive Ballots in connection with solicitation.

D. What is meant by “Confirmation” and “Effective Date”?

“Confirmation” refers to the Bankruptcy Court’s approval of the Plan. Confirmation of the Plan does not guarantee that you will receive the distribution indicated under the Plan. After Confirmation of the Plan, there are conditions that need to be satisfied or waived so that the Plan can become effective. Distributions to Holders of Allowed Claims will only be made on or after the date the Plan becomes effective—the “Effective Date.”

E. Does the Plan contain releases and permanent injunctions in favor of the Debtor?

Yes. The Plan contains releases and permanent injunctions that relate to and affect the rights, Claims, and/or Causes of Action that Holders of Claims, including Holders of Abuse Claims, may have against the Debtor or Reorganized Debtor. Before you vote, you should review the entire Disclosure Statement and Plan, including, but not limited to, its releases and injunctions.

F. Does the Plan contain releases and permanent injunctions in favor of Third Parties?

Yes. The Plan also contains releases and injunctions that relate to and affect the rights, Claims, and/or Causes of Action that “Releasing Parties” may have against entities who are not the Debtor or the Reorganized Debtor, as provided for in Article XIII of the Plan (the “Third-Party Releases and Third-”).

Party Permanent Injunctions”). As discussed below, Holders of Abuse Claims who vote to accept the Plan, or who do not affirmatively opt out of the releases provided by the Plan by checking the appropriate box on the Opt-Out Release Form indicating that they opt not to grant the releases set forth in the Plan, are Releasing Parties. Before you vote, you should review the entire Disclosure Statement, Plan, and any Plan Supplement, including, but not limited to the provisions concerning the Third-Party Releases and Third-Party Permanent Injunctions.

G. As the Holder of an Abuse Claim, will I be bound by the Third-Party Releases and Third-Party Permanent Injunctions?

All Holders of Claims, including Holders of Abuse Claims who vote to accept the Plan, or who do not affirmatively opt out of the releases provided by the Plan by checking the appropriate box on the Opt-Out Release Form indicating that they opt not to grant the releases set forth in the Plan and returning such form to Debtor’s claims and noticing agent, will be bound by the Third-Party Releases and Third-Party Permanent Injunctions.

H. As the Holder of any Claim other than an Abuse Claim, will I be bound by the Third-Party Releases and Third-Party Permanent Injunctions?

Holders of Claims other than Class 4 or Class 5 Claims are not subject to the Third-Party Releases and Third-Party Permanent Injunctions. They will not be releasing claims against any non-debtors.

I. What is required for the Unknown Abuse Claims Representative to Opt-Out of the Third-Party Releases and Third-Party Permanent Injunctions?

The Unknown Abuse Claims Representative shall cast a single Ballot on behalf of all Class 5 Claims and shall receive a single Opt-Out Release Form for all Class 5 Claims. To the extent the Unknown Abuse Claims Representative submits a Ballot or an Opt-Out Release Form on behalf of Class 5 Claims, they shall do so according to the same procedures and deadlines as Holders of Class 4 Claims.

J. Are there any Exculpation Provisions contained in the Plan?

Yes. The Plan also contains provisions (the “Exculpation Clause,” as set forth and defined in the Plan in Article 13.6) exculpating or limiting the liability of certain parties, including the Debtor, the Reorganized Debtor, the Committee, and numerous other parties (the “Exculpated Parties,” as set forth and defined in the Plan in Article 1.1.50). The Exculpation Clause may affect the rights, Claims, and/or Causes of Action of Holders of Claims, including Holders of Abuse Claims, in relation to the Exculpated Parties.

K. Does the Plan contain Provisions Designed to Foster the Protection of Children from Sexual Abuse?

Yes. The Plan’s Non-Monetary Commitment to Healing and Reconciliation reinforce and continue the Debtor’s existing policies and procedures, as described herein, for the protection of children and vulnerable adults.

L. What is the Effect of the Plan on the Debtor’s Ongoing Religious and Charitable Endeavors?

The Debtor is reorganizing under Chapter 11 of the Bankruptcy Code. Following Confirmation, the Plan will be consummated on the Effective Date. On and after the Effective Date, the Reorganized Debtor will continue its charitable, non-profit operations and, except as otherwise provided by the Plan, may use, acquire, or dispose of property and compromise or settle any Non-Abuse Litigation Claims without supervision or approval by the Bankruptcy Court, free of any restrictions of the Bankruptcy Code

1 or Bankruptcy Rules. Additionally, upon the occurrence of the Effective Date, all actions contemplated
2 by the Plan will be deemed authorized and approved.

3 **M. Is the Debtor Preserving Estate Causes of Action under the Plan?**

4 Yes, except to the extent such rights, Claims, Estate Causes of Action, defenses, and counterclaims
5 are otherwise dealt with in the Plan or are expressly and specifically released in connection with the Plan,
6 the Confirmation Order, or any settlement agreement approved during the Chapter 11 Case, the Plan
7 provides that, as of the Effective Date, the Reorganized Debtor reserves any and all rights, Claims, Estate
8 Causes of Action, defenses, and counterclaims of or accruing to the Debtor or Reorganized Debtor,
9 whether or not litigation relating thereto is pending on the Effective Date.

10 **ARTICLE IV**

11 **THE DEBTOR AND ITS OPERATIONS**

12 **A. Organization and Central Mission of the Roman Catholic Church**

13 The Roman Catholic Church follows an episcopal governance structure led by bishops who preside
14 over formal jurisdictions, or geographic areas, known as dioceses. The Pope, who serves as the Bishop
15 of Rome, is the global, spiritual leader of the Roman Catholic Church whose jurisdiction is called the Holy
16 See.

17 Each diocese is led by a bishop or archbishop who is responsible for reporting to the Holy See
18 regarding the diocese's religious and administrative functions. A diocese supports, serves, and provides
19 administrative functions to, among others, local churches (commonly known as "parishes") and various
20 other Catholic entities.⁴ Bishops perform their canonical duties in accord with the Code of Canon Law
21 ("Canon Law"), which is the ecclesiastical law of the Roman Catholic Church.

22 Canon Law is the oldest continual legal system in the western world. Under Canon Law, a diocese
23 is "a portion of the people of God which is entrusted to a bishop for him to shepherd with the cooperation
24 of the presbyterium...." (Code of Canon Law, c. 369). As such, each diocese within the Roman Catholic
25 Church is inherently *territorial*, comprised of a specific geographic area and the faithful within it. A
26 diocese conducts its civil affairs for the practice of the Roman Catholic Church within that geographic
27 area and for the faithful within the area.

28 Also under Canon Law, every diocese is divided into distinct parts, known as parishes, which are
ecclesiastical entities consisting of communities of the faithful whose pastoral care is entrusted to a pastor
(*i.e.*, a priest) whom the bishop appoints to serve the parish to which he is assigned. CIC, cc. 374 §1, 515
§1.

Each diocese, and each parish within a diocese, is a separate public juridic person. *Id.*, cc. 573,
515 §3. The administration of property belonging to a juridic person pertains to its administrator, such as
the diocesan bishop over the property of a diocese, and the priest over the property of a parish. *Id.*, cc.
393, 532. Each such administrator is obligated to acquire, hold, administer, and/or alienate such property

⁴ There is another type of organization within the Catholic community known as a religious order. Religious orders
are largely autonomous and governed by the statutes and constitutions of the particular order. The priests, religious
women and brothers of religious orders do not normally report directly to or take ultimate direction from diocesan
bishops. The principal authority for supervising, reassigning or punishing members of religious orders are the
superiors of those orders.

1 in accordance with Canon Law (*id.*, c. 1257), which requires that property held by any juridic person—
2 diocese, parish, or otherwise—must be used for the purposes of the Roman Catholic Church. The bishop
3 is responsible for administering the property belonging to the diocese, and each pastor is responsible for
4 being the exclusive administrator of the property belonging to his parish. Similarly, the pastoral care of
the faithful across the entire diocese is entrusted to the bishop, whereas the pastoral care of the faithful
within each particular parish is entrusted to the pastor for the parish.

5 Clergy (or ordained clerics of the diocese) carry out the diocese’s spiritual mission through
6 celebration of the sacraments, provision of pastoral services to the laity (the non-ordained faithful of the
7 diocese), and performance of corporal and spiritual works of mercy for not only the laity but also for the
larger public. There are three levels of clergy within the Roman Catholic Church: the episcopate,
composed of bishops; the presbyterate, composed of priests ordained by bishops; and the diaconate,
composed of deacons who assist bishops and priests in a variety of ministerial roles.

8 The mission of the Roman Catholic Church is to share God’s love and mercy with all people. The
9 Roman Catholic Church does this through its charitable operations, as well as in the countless churches
10 where Catholics come together to worship across the world. The Roman Catholic Church also engages
diplomatic institutions like the United Nations in defense of human dignity for all people and in pursuit
of the common good.

11 **B. History of the Diocese of Oakland**

12 The Holy See established the Diocese of Oakland in 1962 from the eastern territory of the
13 Archdiocese of San Francisco. The territory of the Debtor spans roughly 1,467 square miles and
14 encompasses two counties, Alameda and Contra Costa. The Debtor is situated along the eastern shore of
the San Francisco Bay and the Debtor estimates it serves nearly 550,000 resident Catholics and assists
approximately 260,000 people through its ministry and charitable services.

15 On January 27, 1962, the Most Rev. Floyd Lawrence Begin, auxiliary bishop of the Debtor of
16 Cleveland, Ohio, was named the first Bishop of Oakland. His installation took place on April 28,
1962. The Debtor has had four other bishops, with its incumbent and fifth bishop, Most Reverend Michael
C. Barber, SJ (“Bishop Barber” or the “Bishop”) having been appointed on May 25, 2013.

17 The charitable history of the Debtor is born out of missionary origins. In 1772, Franciscan Friar
18 Juan Crespi celebrated Mass with Spanish explorers next to a swamp in what would become downtown
19 Oakland. Almost 25 years after that first Mass, Franciscan Fermín de Francisco Lasuén de Arasqueta
20 founded Mission San José. The mission was the only parish on the coast opposite San Francisco for the
next 64 years. In 1861, the now amalgamated parish of St. Mary of the Immaculate Conception opened.
In 1869, St. Paul’s parish in San Pablo was the second to open in the present diocese and was the first
parish in what is now Contra Costa County.

21 In 1840, the Holy See erected the “Diocese of the Two Californias” to recognize the growth of the
22 provinces of Alta and Baja California. In 1848, Alta California was ceded to the United States and the
23 Holy See split the Diocese of the Two Californias into American and Mexican sections, and the American
section was renamed the Diocese of Monterey.

24 In 1853, the Holy See established the Archdiocese of San Francisco from the northern territory of
25 the Diocese of Monterey. The territory that would eventually become the Diocese of Oakland was, at that
time, situated within the eastern part of the Archdiocese of San Francisco.

C. Governance, Mission-Service Activities, and Structure of the Diocese of Oakland

The Debtor is a corporation sole organized under the laws of the State of California. The Debtor conducts its civil affairs under the laws of the State of California and the United States of America, and in accordance with Canon Law.

None of the parish churches (the “Churches”) within the diocese are separately incorporated entities under California law. To the extent that the Bishop holds goods belonging to a parish—including, for example, real and personal property—he does so in trust for the benefit of the applicable Church.

Bishop Barber has led the Debtor since he was ordained to the episcopacy and installed as Bishop of Oakland on May 25, 2013. Bishop Barber has been an ordained priest for almost 40 years and has served as a missionary abroad, a professor of theology, a seminary spiritual director and, from 1991-2018, as a chaplain and officer in the U.S. Navy.

Bishop Barber is assisted in the management of the Debtor by both clergy and lay administrators and staff, including the Diocesan Chancellor, Vicar General and Chief Financial Officer. As of the Petition Date, the Debtor employed approximately 30 full-time and 42 part-time employees at the Debtor’s central services office, which is also known as the “Chancery.” The Chancery is located in downtown Oakland.

The diocese has 80 parishes and missions and is home to 159 diocesan priests, 160 religious priests, 35 extern priests, and 118 permanent deacons.

The Churches play a central role in the lives of Catholics living within the Debtor by administering key aspects of the Catholic Faith, including: baptism, education, communion, Mass, confirmation, marriage, and bereavement, including last rites, funeral services and grief support. In this way, the Churches provide the critical connection between the Debtor and the faithful from the beginning of life to the end.

The Debtor serves one of the most ethnically diverse areas in the nation, where approximately 70% of residents of Alameda County and approximately 59% of residents of Contra Costa County identify as non-White. Alameda County, in particular, is home to more Asian residents than any other race or ethnicity. The Debtor runs ethnic pastoral centers that serve communities from Brazil, China, Eritrea, Ethiopia, Fiji, India, Indonesia, Kenya, Korea, Laos, Nigeria, Poland, Tonga and Vietnam. For some new arrivals in Alameda and Contra Costa counties, the Roman Catholic Church is their community focal point, a place they can find support and oftentimes necessary resources to begin their lives in the United States.

Sunday celebrations within the Churches are celebrated in approximately 17 languages, with the most common being English, Spanish, and Vietnamese. A number of Churches celebrate Mass using multiple languages.

The Debtor provides resources, programming, spiritual leadership, and other key services and support to local Catholics and the East Bay community at large, including substantial support for the poor and for minority communities. The ministry of the Debtor is therefore critical to not only the faithful within the diocese, but also to the public-at-large, including non-Catholics.

Most of the Churches in the diocese provide some sort of lay outreach to the poor in their local community, e.g., St. Vincent de Paul, food pantries, temporary shelters and ministry to the sick. Lay associations have also formed to engage on issues of immigrant rights, economic development, peace building, and restorative justice.

Over one third of the Churches in the diocese are involved in some sort of grassroots faith-based community organizing. This collaboration is most evident in the Debtor's work for affordable and emergency housing and community organizing. In Contra Costa, eight Churches actively participate with the Interfaith Council of Contra Costa ("I4C"), which is an interfaith coalition of congregations joining together to promote social justice in their community. I4C member congregations also provide shelter and social services to homeless families on a rotating basis. For instance, Christ the King in Pleasant Hill provides shelter, food, and volunteer counselors to homeless families every winter. West Contra Costa County and South Alameda County have similar interfaith coalitions that involve many Churches.

Chaplains serve five hospitals in the diocese. The remaining hospitals without assigned chaplains are served by the Churches that include the hospitals within the geographic boundaries of their respective parish. Most of those have established programs involving laity who visit Catholic patients daily and who also visit shut-ins and individuals in convalescent facilities. There are 101 nursing homes and similarly licensed care facilities that are served by the Debtor.

Each Church is encouraged to have a committee whose specific task is outreach to the sick and housebound within the parish. Training for these individuals is provided at the parish level. Pastoral care for doctors and nurses and other health care workers is ordinarily provided through the chaplains who service the institutions where those individuals are working.

D. The Debtor's Operations

The Debtor's revenue streams include parish assessment revenue, which is dependent on donations by parishioners through their respective Church; and the Bishop's Ministries Appeal ("BMA"), an annual fundraising campaign that supports the Churches and diocesan ministries and programs. Funds raised through the BMA are solicited specifically and restricted to fund the particular ministries and programs that the BMA was designed to support and facilitate, including faith formation and evangelization, Catholic Youth Organization sports, formation of priests to serve parishioners, care of the retired priests, and meeting the unexpected needs of schools and Churches. In the ordinary course of business, the Debtor also receives, among other revenue, rental revenue, events/programming revenue, revenue from CTN, management fees, and unrestricted gifts, grants, and bequests (collectively, "Other Chancery Revenues").

The Debtor provides support to and sometimes administers, among others, local Churches and parish schools and other charitable, educational, and religious-service affiliates critical to the ministry of the Roman Catholic Church within the Debtor.

The Debtor has a December 31st year end. On an unaudited based, for fiscal year 2022, ended December 31, 2022, the Debtor had total revenue of approximately \$21.1 million. Of this amount, approximately \$5.5 million was from parish assessments, \$2.7 million was from the BMA and \$2.3 million was from other gifts, grants and bequests. Other revenue totaled approximately \$10.6 million, consisting of rental income, insurance revenue, program revenue and income and dividends, among other sources. The Debtor had total operating expenses of \$20.0 million, resulting in income from operations of \$1.1 million before other non-operating income and expenses.

On an unaudited based, for fiscal year 2023, ended December 31, 2023, the Debtor had total revenue of approximately \$19.0 million. Of this amount, approximately \$6.5 million was from parish assessments, \$2.4 million was from the BMA and \$2.5 million was from other gifts, grants and bequests. Other revenue totaled approximately \$7.6 million, consisting of rental income, net insurance revenue, program revenue and income and dividends, among other sources. The Debtor had total operating expenses of \$35.2 million (including professional fees), resulting in losses from operations of \$16.24 million before other non-operating income and expenses.

DISCLOSURE STATEMENT FOR PLAN OF REORGANIZATION

1 **E. Mission Alignment Process**

2 In November 2020, Bishop Barber called for the formulation of a task force to assess how to meet
3 the challenges of declining Mass attendance, underutilized parish facilities and the declining number of
4 priests serving in the Diocese of Oakland. In March 2021, the Debtor formed a task force called the
Mission Alignment Process (MAP) Commission (the “Commission”). The Commission is composed of
15 members representing laity and clergy of the Debtor.

5 The Commission began meeting in April 2021 to evaluate and guide the Debtor in a process of
6 self-reflection and renewal. Data from the Churches, parishioners, schools, priests, and diocesan
7 demographics was analyzed and a presentation was developed for the presbyterate of the Debtor. This
8 data included facts about parish-by-parish Mass attendance, the historical decline in priests serving in
9 parish ministry, and projections of a decline in the number of future priests under 70 years old for parish
10 ministry. Over a period of 14 months, a series of additional meetings with clergy and parish and school
11 lay leadership at the regional and deanery level were held and input was sought for dealing with these
12 challenges and increasing focus on Bishop Barber’s three priorities – emphasizing the Sunday experience
13 of the Holy Eucharist, practicing the corporal and spiritual works of mercy, and forming missionary
14 disciples.

15 In November 2022 Bishop Barber arranged 14 meetings of priests to discuss the feedback from
16 the regional and deanery consultative meetings and to deliberate on a path forward for each deanery. This
17 path forward included consideration of clustering, merging, or closing of Churches. A cluster is where
18 two or more Churches remain separate and retain their names but share one or more priests and one
19 administration. A merger is where two or more parishes are combined to form one new parish while
20 consolidating membership, property and finances. Closures include selling, renting or using parish
21 properties for other purposes.

22 The work of the MAP Commission continues, and the Plan constitutes an extension of its work.
23 The information gained through the MAP has assisted the Debtor through its Chapter 11 Case in evaluating
24 resources to settle claims while ensuring that the Roman Catholic Church in the Diocese of Oakland can
25 emerge as an even more vibrant and faith-filled community.

26 **F. Affiliated Non-Debtor Catholic Entities**

27 Through common missions, the Debtor is affiliated with certain entities separately incorporated
28 under California law and which are not debtors in this Chapter 11 Case (each such affiliated incorporated
entity a “Non-Debtor Catholic Entity,” and collectively, the “Non-Debtor Catholic Entities”).

29 Analogous to a corporate headquarters, the Debtor provides certain administrative services to
30 optimize functional area expertise, staffing and centralized purchasing (e.g., in areas of background checks
31 and other human resource functions, accounting, and group purchasing of insurance) and programmatic
32 support services to certain Non-Debtor Catholic Entities in support of their religious, educational and
33 charitable missions. Each Non-Debtor Catholic Entity operates independently and accounts for its
34 operations separately.

35 **1. *The Roman Catholic Welfare Corporation of Oakland***

36 RCWC is a nonprofit religious corporation that oversees 32 elementary schools and two high
37 schools. The Catholic schools fulfill the threefold mission of Catholic education to (1) proclaim the
38 Gospel, (2) build community, and (3) serve the faithful and non-believers alike. RCWC initiates,
39 administers, and supervises the educational program and evangelization goals in the Catholic schools
40 located in the Debtor for which it has oversight responsibility. RCWC also coordinates accreditation,
41 policy development, curriculum, testing, and training for the approximately 1,400 teachers serving in those
42 schools. All the RCWC schools’ real property is owned by RCWC. All schools are accredited by the

Western Association of Schools and Colleges, and Catholic schools generally have separate administration from the Churches. Each school collects revenues, pays expenses, and conducts other operational and financial matters of the school.

RCWC has its own board and has at all times maintained its own, separate bank accounts and had its own financial statements. RCWC participates in the Debtor's benefits and insurance plans. RCWC relies upon the Oakland Parochial Fund, Inc. to manage its investments.

2. *Lumen Christi Academies of the Roman Catholic Diocese of Oakland*

Formally established in 2018 by Bishop Barber, the Lumen Christi Academies ("LCA") were formed with the goal of creating an independent network of peer Catholic schools generally serving lower income, urban students. It is LCA's charter to establish new governance models and pursue academic innovation, efficient operations, and sustained investment in the professional development of teachers and principals, all while delivering the highest quality Catholic education to its students. At present, LCA is comprised of five culturally diverse elementary schools (*i.e.*, preschool through 8th grade) across the Oakland and Contra Costa County area.

LCA participates in the Debtor's benefits and insurance plans. It has at all times maintained its own board and separate bank accounts and had its own financial statements.

3. *The Roman Catholic Cemeteries of the Diocese of Oakland*

The Roman Catholic Cemeteries of the Diocese of Oakland ("RCC"), a California corporation, operates and administers all cemetery, mausoleum and mortuary services in the diocese. RCC operates and administers six diocesan cemeteries, five diocesan mortuaries, two mausoleums and one crematory. RCC owns no real property and all real property necessary to carry out its activities (burial, entombment, and related services) is leased from the Debtor pursuant to ground leases or other appropriate lease forms. RCC is obligated to provide for Catholic burial of the deceased, and to provide "perpetual care." This obligation is central to the operating structure of the RCC cemeteries and is part of the contractual arrangements for every interment.

Funds from every interment are set aside for a permanent maintenance fund to be held, invested, and used to provide perpetual care. RCC has at all times segregated its funds from those of the Debtor and has at all times maintained separate accounts. RCC holds and invests such segregated funds and also bears the related obligation to provide perpetual care for the deceased.

RCC has its own board and audited financial statements. RCC participates in the Debtor's benefits and insurance plans. RCC relies upon the Oakland Parochial Fund, Inc. to manage its investments.

4. *The Oakland Parochial Fund, Inc.*

The Oakland Parochial Fund, Inc. ("OPF") is a separately incorporated, non-regulated investment fund organized for the purpose of offering the Churches and certain Affiliated Non-Debtor Catholic Entities some administration and accounting functions and the opportunity, but not the obligation, to professionally invest their funds. OPF serves as a non-profit fund manager for investments of the Churches and RCWC (through its component schools), to the extent they choose to participate.

OPF has its own board and audited financial statements. It has at all times maintained its own, separate investment accounts, and has its own bank account. OPF relies on the Debtor for finance and accounting services related to the closing of books and maintaining its accounting records.

1 **5. *The Catholic Cathedral Corporation of the East Bay***

2 The Catholic Cathedral Corporation of the East Bay (“CCCEB”) was formed, along with Christ
3 the Light Cathedral Corporation (“CLCC”), to conduct activities related to replacing the prior diocesan
4 cathedral, which was rendered seismically unsound by the 1989 Loma Prieta earthquake and ultimately
5 demolished. CLCC’s purpose was to raise funds necessary for the costs of construction of a cathedral
6 center and land acquisition in connection therewith. All monies and properties gifted to CLCC were and
7 are restricted by the donors for use only in connection with the cathedral center. These monies and
8 properties are to be used only for this purpose by either CLCC or CCCEB.

9 Construction of the new cathedral, known as Cathedral of Christ the Light (the “Cathedral”) commenced in May 2005. The Cathedral project included a mausoleum, a chancery to serve
10 administrative offices, rectory, other administrative and services offices, conference facilities, and an open
11 plaza (collectively, with the Cathedral, the “Cathedral Center”).

12 CCCEB holds legal title to the land and improvements constituting the Cathedral Center and will
13 continue to do so and to operate and maintain it. The Debtor leases space in the administrative offices
14 from CCCEB and provides finance and accounting services and support for CCCEB. CCCEB has at all
15 times maintained its own, separate bank accounts and had its own financial statements.

16 In addition to donations and gifts, construction of the Cathedral Center was funded, in part, through
17 funds loaned to CCCEB by the Debtor. As of the Petition Date, CCCEB owed the Debtor \$41,856,598.19
18 (the “CCCEB Note”) on account of funds loaned to it, which amount remains outstanding. As discussed
19 below, the Plan contemplates that the Debtor will receive fee simple title to the Cathedral Center, together
20 with all improvements thereon and all tangible personal property owned by CCCEB and located on or
21 used in connection with the operation of the Cathedral Center, in full and complete satisfaction of all
22 obligations under the CCCEB Note.

23 **6. *The Oakland Society for the Propagation of the Faith***

24 The Oakland Society for the Propagation of the Faith (“SPOF”) provides support for Catholic
25 missionaries. SPOF is one of the four Pontifical Mission Societies, known in some countries as Missio.
26 This group of Catholic missionary societies is under the canonical jurisdiction of the Congregation for the
27 Evangelization of Peoples (Rome, Italy) and the Bishop of Rome (the Pope). Since 1922, the Pontifical
28 Mission Societies has been the Roman Catholic Church’s official support organization for overseas
mission. SPOF seeks to foster an even deeper spirit of universal mission. It strives to inform Catholics
of the life and the needs of the Roman Catholic Church in the missions and to encourage prayer and
financial help for those mission churches.

 Through the offerings from Catholics worldwide, the SPOF provides ongoing support for the
pastoral and evangelizing programs of the Roman Catholic Church in Africa, Asia, the Pacific Islands and
remote regions of Latin America. This includes aid for religious communities in education,
evangelization, seminarians and catechist formation, catechetical work and the construction of churches
and chapels. Support is also provided for health care, social services, communication and transportation
needs for disaster and emergency relief when necessary.

 SPOF relies on the Debtor for finance and accounting services related to the closing of books and
maintaining its accounting records. SPOF has at all times maintained its own, separate bank accounts and
had its own financial statements.

7. *Catholic Charities of the Diocese of Oakland, Inc.*

 Catholic Charities of the Diocese of Oakland, Inc., dba Catholic Charities of the East Bay
 (“CCEB”) is a California not-for-profit corporation. CCEB is the social service arm of the Debtor. CCEB

helps vulnerable communities within Alameda and Contra Costa Counties by supporting children, youth, families, and seniors and immigrants from crisis to stability to well-being.

Founded in 1935, CCEB provides hope and healing to vulnerable children, youth and families in Alameda and Contra Costa Counties through compassionate services that transform lives and foster self-sufficiency. CCEB works to address the root causes of poverty and issues of social justice. CCEB heeds the call of the Pope to serve the vulnerable and services people in need regardless of religious belief, race, national origin, gender or sexual orientation.

As the social service arm of the Debtor, CCEB is a nationally-recognized leader in healing trauma and providing evidence-based mental health services and restorative practices. CCEB is also nationally accredited through the New York-based Council on Accreditation, demonstrating the implementation of best practice standards in the field of human services in all aspects of CCEB's programs, services, management and administration.

CCEB has at all times maintained its own, separate bank accounts and had its own financial statements.

8. *Catholic Church Support Services (dba Catholic Management Services)*

Catholic Church Support Services ("CCSS"), established January 1, 2014, is a California nonprofit religious corporation that operates under the trade name of Catholic Management Services. CCSS provides management services to Catholic dioceses throughout the United States, including Puerto Rico, generally regarding their funeral and cemetery enterprises. CCSS provides general managerial administration of the day-to-day operations of cemeteries, including marketing and branding support, business development, and process and systems reviews under management services agreements.

CCSS has its own board and audited financial statements and has at all times maintained its own, separate bank accounts. CCSS participates in the Debtor's benefits and insurance plans.

9. *Furrer Properties Inc.*

Furrer Properties Inc. ("Furrer"), a California corporation and wholly-owned subsidiary of the Debtor, is used by the Debtor to hold title in its real estate. Furrer holds select real estate assets that derive rental property income from cemeteries, a four-unit rental property, and parking lot in Oakland. Its financials are consolidated in the audited financials of the Debtor. Furrer maintains a separate bank account administered by its agent, a property management company.

10. *Adventus*

Adventus, a California nonprofit public benefit corporation, is used by the Debtor to hold title in some limited real estate. Adventus' financials are consolidated into the audited financials of the Debtor. Adventus has always maintained a separate bank account. As noted above, Adventus is contributing the Livermore Property, real property having a street address of 3658 Las Colinas Road, Livermore, California, with the legal description set forth in the applicable exhibit to the Plan, to the Survivors' Trust Assets.

11. *Catholic Foundation for the Diocese of Oakland*

Catholic Foundation for the Diocese of Oakland ("Foundation") was formed in 2014 for the purpose of fundraising for the Debtor's one and only diocesan-wide capital campaign initiated that year. It is currently in the process of being wound down as the campaign concluded and funds raised and collected have nearly all been distributed.

G. The Debtor's Mission to Effect Reconciliation and Compensation

The needs of survivors of clergy sexual abuse (the "Abuse Survivors") and the protection of children have long been priorities of the Debtor. Since the 1990s, the Debtor has provided counseling, therapy, support and outreach to Abuse Survivors.

More than a decade before the U.S. Conference of Catholic Bishops adopted in the Spring of 2002 the *Charter for the Protection of Children and Young People* (the "USCCB Charter"), the Debtor established a "Sensitive Issues Committee" to assist the bishop in reviewing and handling allegations of sexual abuse by persons acting in the name of the Roman Catholic Church. During that time, the Sensitive Issues Committee assisted in the evaluation of the credibility of claims and made recommendations to the bishop regarding assistance to Abuse Survivors, including monetary assistance, counseling and pastoral care.

Following the USCCB Charter's adoption, the Sensitive Issues Committee was renamed the Diocesan Review Board in 2003 and again updated to the Minor Diocesan Review Board in 2022 (the "MDRB"). The MDRB actively functions today. Its five lay members (including an Abuse Survivor and business consultant, a former district attorney, a social worker, a retired educational administrator, and a lay pastoral associate) and three clergy members meet at least quarterly to assess allegations and make recommendations on the handling of those allegations of sexual abuse of children and vulnerable adults by clergy. This consultative body is critical to the work of the Debtor to address crimes against children and vulnerable adults. As with the Sensitive Issues Committee, the MDRB works with Bishop Barber to analyze and properly respond to claims so credibility can be determined and acted upon in the best interest of the Abuse Survivor.

In line with the Charter and the mission and teachings of the Roman Catholic Church, the Debtor offers (i) counseling, treatment, and programming for those who both claim to have been and have been credibly found to be survivors of abuse by members of the clergy along with (ii) safe environment scanning training and classes for prevention. These programs (collectively, the "Abuse Survivors' Assistance and Safe Environment Programs") are important and necessary to the Debtor's ongoing obligations and to its moral and ethical responsibility to support Abuse Survivors.

In 2004, the Debtor began developing specific training and background check programs that provide a safe environment for parishioners and visitors to diocesan facilities ("Safe Environment"). Through its Safe Environment programs, the Debtor ensures and requires the training of all adults – whether volunteer or employed – who serve in the Debtor. The Debtor gives rigorous attention to training materials and teaches adult parish and school leaders to facilitate the training program. Processes are also in place to refer anyone with claims regarding clergy sexual abuse to law enforcement and Debtor representatives for assistance.

All volunteers and employees over age 18 in any parish, school, or other diocesan site, regardless of ministry, must be trained every three years in safe environment. All children in Catholic school or parish faith formation programs must also be trained annually to recognize and report abuse. As part of this process, the Office of Safe Environment conducts annual statistical audits of each location in the diocese and trains the coordinators annually to ensure the policies are met and followed.

The Office of Safe Environment has continually improved the content of its trainings and, as online platforms became available, former Bishop Cummins approved their use. In 2016, Bishop Barber moved the training program to an online synchronous platform provided by The National Catholic Risk Retention Group known as "Virtus," an international leader in abuse awareness training. The Debtor now has local safe environment coordinators in every parish and school.

The Debtor also operates an Office for Victims Assistance ("OVA") and employs a Victims Assistance Coordinator ("VAC") to directly address the needs of Abuse Survivors and coordinate support

1 services for them. The goals of the OVA, as administered by the VAC, are to support Abuse Survivors
2 and their families through counseling, spiritual direction, and support groups. The OVA also arms Church
3 leaders with the tools to develop support, promote healing, and empower Abuse Survivors in the diocesan
4 community.

5 Through the OVA, and the hotline established by the Debtor, counseling and spiritual direction
6 are offered to Abuse Survivors of clergy abuse and their families and the Debtor is committed to reporting,
7 investigating, and responding to such claims. The Debtor also pays for Abuse Survivors to receive
8 psychological counseling and related medical treatment, including medications where appropriate
9 (“Abuse Survivors’ Assistance”).

10 Abuse Survivors’ Assistance is available for any requesting individual who makes an allegation
11 of abuse by clergy or non-clergy affiliated with the Debtor. In some cases, the Debtor makes these
12 programs available to family members who have been affected by the abuse of a loved one.

13 Abuse Survivors’ Assistance is administered by psychologists, psychiatrists, licensed clinical
14 social workers, and licensed marriage and family therapists selected by the recipient (each a “Counselor”).
15 Before engaging a Counselor, the Debtor requires the Counselor to provide evidence that he or she is a
16 state-licensed mental health professional with at least a master’s degree in a relevant field. The Debtor
17 recommends Counselors who have a background in trauma therapy but does not require that background.
18 The Counselors are not employed by or otherwise affiliated with the Debtor.

19 Education on the issue of clergy sexual abuse is also a cornerstone of the Debtor’s mission to
20 address and eradicate this problem. The Debtor actively educates clergy, Church employees and the
21 community around the realities of clergy sexual abuse through workshops and presentations aimed at
22 bringing awareness to the problem. This forum also provides opportunities for Abuse Survivors to tell
23 their stories to help effect change regarding clergy sexual abuse. The Debtor’s ministry also includes
24 Abuse Survivors working together with priests and deacons regarding what it means to be sexually abused
25 by a member of the clergy.

26 Ultimately, the Debtor understands that in order to address the problem of clergy sexual abuse, it
27 must amplify the voice of Abuse Survivors and provide necessary resources to the public to understand
28 when and how to report incidents of abuse. The Debtor’s website (www.oakdiocese.org) has five main
sections: Debtor, Bishop, Ministries, Giving and Survivors. The Survivors section contains five pages
full of resources, information and links to policies and procedures to further the cause of identifying,
addressing, reporting and responding to clergy sexual abuse. The website contains, among other things:

- a. Contact information for the VAC, Chancellor and the number/email for the dedicated
Survivor Advocacy Hotline;
- b. Information regarding the Debtor’s Minor Diocesan Review Board and steps for reporting
abuse;
- c. A parish infographic detailing the steps the Debtor will take to respond to and investigate
a claim of clergy sexual abuse;
- d. Access to the Virtus registration and login in both English and Spanish, as well as retraining
instructions, so that safe environment training can be easily accomplished;
- e. Policies related to *Background Screening and Training*, *Sexual Misconduct*, and *Minors
Volunteering or Working with Younger Children*;
- f. Links to the *Code of Conduct Involving Interactions with Minors and Vulnerable Adults*
(in both Spanish and English), *Live Scan Requests* (for both employees and volunteers),

DISCLOSURE STATEMENT FOR PLAN OF REORGANIZATION

1 *Approved Safe Environment Curriculum for Children and Youth*, the forms for both schools
2 and churches regarding their *Safe Environment Reporting*, the *USCCB Charter for the*
3 *Protection of Children and Young People* and the *On Site Safe Environment Training*
4 *Schedule*; and

- 5 g. The “Credibly Accused List” of diocesan priests, religious order priests, deacons and
6 brothers (as well as some priests from other dioceses who had worked in the Debtor) who
7 have been credibly accused of the sexual abuse of minors.

8 The Debtor, through its programs, offices, coordinators and trainings, is committed to serving
9 those affected by historical clergy sexual abuse and to prevent future abuse from occurring. The Debtor is
10 bound by the USCCB Charter, a comprehensive set of procedures originally established by the United
11 States Conference of Catholic Bishops in June 2002, and modified in 2005, 2011, and most recently in
12 2018. The purpose of the USCCB Charter is to address allegations of sexual abuse of minors by Catholic
13 clergy. The USCCB Charter also includes guidelines for reconciliation, healing, accountability, and
14 prevention of future acts of abuse.

15 Finally, the Debtor continues to support the No More Secrets Ministry (“NMSM”), which was
16 formed by survivors of clergy sexual abuse in 2000 with the mission to provide an opportunity for personal
17 sharing, prayerful reflection, and spiritual renewal. NMSM has joined forces with the VAC and Licensed
18 Clinical Social Workers, to further support survivors. to launch a new initiative called “**Lifting Survivors’**
19 **Voices at the Oakland Diocese.**” Its work has been ongoing for nearly a quarter of a century.

20 ARTICLE V

21 THE CHAPTER 11 CASE

22 A. Events Leading to the Chapter 11 Case

23 In the State of California, there have been two “open window” periods allowing individuals under
24 civil law to bring claims for childhood sexual abuse which otherwise were barred due to the expiration of
25 the statute of limitations (prescription). In 2002, the California Legislature permitted certain expired
26 claims of childhood sexual abuse not only against the perpetrators but also against third-party defendants
27 (like the Churches) for a one-year period starting January 1, 2003 (the “First Legislation”). The Debtor
28 paid approximately \$56,000,000 to 52 plaintiffs in settlement of claims brought as part of the First
Legislation.

On October 13, 2019, Governor Gavin Newsom signed into law California Assembly Bill No. 218
21 (“AB 218”). AB 218 revived the statute of limitations for individuals to file civil lawsuits for childhood
22 sexual abuse. The passage of AB 218 allowed certain individuals to bring what had been time-barred
23 claims against individuals and entities for such claims through and including December 31, 2022. As of
24 May 4, 2023, there were approximately 332 separate, active lawsuits or mediation demands pending
25 against the Debtor filed by plaintiffs alleging sexual abuse by clergy or others associated with the Debtor
26 (the “State Court Actions”).

27 The Debtor had neither the financial means nor the practical ability to litigate all of the abuse
28 claims in state court. The Debtor commenced this Chapter 11 Case to allow all of the abuse claims to be
asserted and addressed in a single forum – the Bankruptcy Court – and to ensure that all meritorious abuse
claims be paid on a fair and equitable basis pursuant to an approved chapter 11 plan.

The Plan propounded by the Debtor will fairly and equitably compensate abuse survivors and will
also enable the Debtor to continue its mission to serve the needs of the faithful within the Diocese of

DISCLOSURE STATEMENT FOR PLAN OF REORGANIZATION

Oakland, and to continue to provide social services to numerous underserved people and groups in the East Bay, regardless of their religious faith.

B. Voluntary Petition

On May 8, 2023 (the “Petition Date”), the Debtor filed a voluntary petition for chapter 11 bankruptcy relief under the Bankruptcy Code [Docket No. 1]. An immediate effect of the filing of the Chapter 11 Case was the imposition of the automatic stay under section 362 of the Bankruptcy Code, which, with limited exceptions, enjoined the commencement or continuation of: (1) all collection efforts by creditors; (2) enforcement of liens against any assets of the Debtor; and (3) all litigation against the Debtor.

The Debtor continues to operate its ministry and manage its properties as a debtor-in-possession under sections 1107(a) and 1108 of the Bankruptcy Code. No trustee has been appointed in this Chapter 11 Case.

C. First Day Relief

On the Petition Date, the Debtor filed a number of motions and other pleadings (the “First Day Motions”), the most significant of which are described below. The First Day Motions were proposed to ensure the Debtor’s orderly transition into this Chapter 11 Case, to allow the Debtor to work with other stakeholders to achieve a plan of reorganization that will fairly and equitably compensate abuse survivors and will also enable the Debtor to continue its mission to serve the needs of the faithful within the diocese; preserving the confidentiality of abuse survivors through special noticing procedures; continuing the ministry of the Roman Catholic Church to the nearly 550,000 Catholics in the diocese; maintaining employee compensation; maintaining the good will and morale of the priests, lay employees and others who work on the programs and services provided by the Debtor; preserving and maximizing the Debtor’s insurance assets to help provide fair and equitable compensation to abuse survivors; and maintaining services for those Catholics and non-Catholics alike who benefit from the many critical services provided by the charitable, educational and other service organizations affiliated with the Debtor.

The First Day Motions included:

- *Motion for an Order Authorizing and Approving Special Noticing and Confidentiality Procedures* [Docket No. 6];
- *Motion for Interim and Final Orders Authorizing the Debtor to (I) Pay Certain Prepetition Invoices for Abuse Survivors’ Assistance and Safe Environment Programs, and (II) Continue its Prepetition Practice of Paying for Abuse Survivors’ Assistance and Safe Environment Programs* [Docket No. 8];
- *Motion for Interim and Final Orders Authorizing the Debtor to (I) Pay Prepetition Employee Wages, Salaries, Benefits and Other Related Items; (II) Reimburse Prepetition Employee Business Expenses; (III) Continue Employee Benefit Programs; and (IV) Pay All Costs and Expenses Incident to the Foregoing* [Docket No. 13];
- *Motion for an Order Establishing Adequate Assurance Procedures with Respect to Debtor’s Utility Providers* [Docket No. 14];
- *Motion for Interim and Final Orders Authorizing the Debtor to (I) Continue Existing Insurance Coverage and Satisfy Obligations Related Thereto, and (II) Renew, Amend, Supplement, Extend or Purchase Insurance Policies in the Ordinary Course of Business* [Docket No. 15]; and

DISCLOSURE STATEMENT FOR PLAN OF REORGANIZATION

- *Motion for Interim and Final Orders Authorizing the Debtor to (I)(A) Continue Existing Cash Management System, (B) Honor Certain Prepetition Obligations Related to the Use Thereof, (C) Continue Intercompany Arrangements, (D) Maintain Existing Bank Accounts and Business Forms, and (E) Continue Use of Existing Credit Card Accounts; and (II) Waive Certain Requirements of 11 U.S.C. 345(b) [Docket No. 16].*

The First Day Motions were granted, with certain adjustments or modifications to accommodate points identified by the Bankruptcy Court, United States Trustee for Region 17 (the “U.S. Trustee”) and other parties in interest.

D. Retention of Advisors for the Debtor

Soon after the commencement of the Chapter 11 Case, the Debtor obtained Bankruptcy Court approval of the retention of:

- (1) Foley & Lardner LLP as the Debtor’s general bankruptcy counsel (*see* [Docket No. 145]);
- (2) Alvarez & Marsal North America, LLC as the Debtor’s restructuring advisor and expert consultants regarding Abuse Claims (*see* [Docket No. 191]);
- (3) Kurtzman Carson Consultants LLC as the Debtor’s claims and noticing agent (*see* [Docket No. 40]) and administrative advisor (*see* [Docket No. 146]); and
- (4) Breall & Breall LLP as the Debtor’s special insurance counsel (*see* [Docket No. 434]).

Subsequently, the Debtor also obtained Bankruptcy Court approval of the retention of VeraCruz Advisory, LLC as financial consultant to the Debtor (*see* [Docket No. 1167]). The Debtor has also retained ordinary course professionals pursuant to the *Order (I) Authorizing the Retention and Payment, Effective as of the Petition Date, of Professionals Utilized by the Diocese in the Ordinary Course of Business and (II) Granting Related Relief* [Docket No. 263].

E. The Committee

On May 23, 2023, the U.S. Trustee appointed the Committee in this Chapter 11 Case pursuant to section 1102 of the Bankruptcy Code.

The Committee consists of the following members: (1) John-Norman Kalama Houo Ka Ikaika Cobb; (2) Scott Brian Drescher; (3) Jason Jaye; (4) Jenna McCarthy; (5) Kelly O’Lague; (6) David Sheltraw; (7) Judy Roberts; (8) Sherry Waterworth; and (9) Steven Woodall.

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

The Committee has obtained Bankruptcy Court approval of the retention of:

- (1) Lowenstein Sandler LLP as lead counsel to the Committee (*see* [Docket No. 205]);
- (2) Keller Benvenuti Kim LLP as local counsel to the Committee (*see* [Docket No. 204]);

DISCLOSURE STATEMENT FOR PLAN OF REORGANIZATION

- (3) Berkeley Research Group, LLC for the Committee (*see* [Docket No. 330]);
- (4) Burns Bair LLP as special insurance counsel to the Committee (*see* [Docket No. 372]);
- (5) Stout Risius Ross, LLC as expert consultant on valuation of Abuse Claims (*see* [Docket No. 510]); and
- (6) Douglas Wilson Companies as real estate consultant to the Committee (*see* [Docket No. 1332]).

F. Further Motions in the Chapter 11 Case

1. Exclusivity

During the first 120 days of a chapter 11 reorganization, a debtor retains the exclusive right to submit a plan of reorganization and solicit votes for the plan. The exclusive period may be extended by the bankruptcy court for periods not to exceed eighteen months in total. The Debtor has sought and been granted four such extensions [Docket Nos. 388, 702, 1088 and 1306]. Presently, the period during which the Debtor has the exclusive right to file a chapter 11 plan, as provided in 11 U.S.C. § 1121(b) and (c)(2), is extended through and including November 8, 2024, and the period during which the Debtor has the exclusive right to solicit acceptance of a chapter 11 plan, as provided in 11 U.S.C. § 1121(c)(3), is hereby extended to January 8, 2025 (the “Exclusive Solicitation Period”). During the Exclusive Solicitation Period, no competing plan may be filed.

2. Removal

On August 1, 2023, the Debtor filed *Debtor’s Motion for Entry of an Order, Pursuant to Bankruptcy Rules 9006 and 9027, Enlarging the Period Within Which the Debtor May Remove Actions Pursuant to 28 U.S.C. § 1452* [Docket No. 318] (the “First Motion”). Section 1452 permits the removal of civil action claims that are related to a bankruptcy case and Rule 9027 creates the time period within which notices of removal must be filed. The Debtor requested an extension of this period to provide it with additional time to determine whether to remove certain pending civil actions related to this Chapter 11 Case. The Bankruptcy Court entered an order approving the Debtor’s requested extension on August 22, 2023 [Docket No. 387], and entered orders approving the Debtor’s subsequent requested extensions on February 2, 2024 [Docket No. 840] and August 23, 2024 [Docket No. 1305]. Presently, the removal period during which the Debtor may file notices of removal of claims or causes of action in a civil proceeding – including the State Court Actions – is extended through and including February 3, 2025.

3. Unexpired Leases of Nonresidential Real Property

A debtor must assume or reject unexpired leases of nonresidential real property by the earlier of (a) 120 days from the date of the petition, or (b) the date on which the bankruptcy court confirms the plan of reorganization, at which time a debtor will be considered to have rejected the leases. A debtor, upon a showing of cause, may request that the bankruptcy court extend the time period in which the debtor must make the decision by a period of 90 days. 11 U.S.C. § 365(d)(4)(B). In this Chapter 11 Case, the Debtor has sought and been granted four such extensions with respect to certain leases, including the unexpired lease for the Debtor’s use of the Cathedral Center (See Docket Nos. 367, 421, 640, 703, 883, 925, 1011, 1328, and 1345.) Presently, the time period within which the Debtor may assume or reject the Cathedral Lease is extended through and including April 1, 2025, in accordance with section 365(d)(4) of the Bankruptcy Code.

1 **G. Mediation**

2 On December 19, 2023, the Debtor and the Committee jointly filed the *Joint Motion for Entry of*
3 *an Order Referring Parties to Mediation, Appointing Mediators and Granting Related Relief* [Docket No.
4 705] (the “Mediation Motion”). On January 22, 2024, the Court entered an order referring the parties to
5 mediation, appointing the mediators agreed by the parties, and identifying the matters for mediation, both
as between the Debtor and the Committee, and between the Debtor and its insurers [Docket No. 810] (the
“Mediation Order”). The matters for mediation and the specifics of the mediation process are more fully
set forth in the Mediation Order.

6 The Committee and the Debtor each met individually with mediators Judge Christopher Sontchi
7 and Jeff Krivis, exchanged initial proposals, and participated in the first round of mediation on March 18
8 and 19, 2024. Additional in-person mediation sessions were held on April 15-16, May 13-14, and June
9 18-19. Counsel for the Debtor and Committee held virtual one-hour meetings approximately each week
10 in July. Further in-person mediation sessions with the Committee were held on August 13, September 10-
11 and 30, October 1 and 16-17, 2024. These sessions resulted in multiple proposals from each side
12 culminating in multiple written term sheets and/or proposals submitted by the Debtor and responses from
13 the Committee.

14 The Debtor commenced mediation with the Insurers in June 2024. Debtor’s counsel met
15 independently with mediators Judge Randall Newsome and Tim Gallagher in March to prepare for the
16 mediation related to the Insurance Coverage Litigation (as defined below). Mediation sessions with both
17 the Committee and insurers were held in-person on June 18-19 and October 22. A virtual mediation was
18 held on October 31. The Debtor and the Insurers held a virtual mediation session on November 6. All
19 Insurers were represented at each mediation session. Throughout this process, the parties have expressed
20 their respective positions and expectations and have submitted information and mediation statements to
the insurance mediators.

21 **H. Bar Dates and Claims Process**

22 **1. Bar Dates**

23 On May 22, 2023, the Debtor filed its schedules of assets and liabilities, identifying the assets and
24 liabilities of its Estate [Docket No. 54] (as amended, restated or modified from time to time, the
25 “Schedules”), and also a statement of financial affairs [Docket No. 54] (as amended, restated or modified
26 from time to time, the “Statement”). The Debtor updated the Schedules with amendments on June 8, 2023
27 [Docket No. 102], June 21, 2023 [Docket No. 161] and December 22, 2023 [Docket No. 720]. The Debtor
28 updated the Statement with amendments on June 8, 2023 [Docket No. 103] and December 14, 2023
[Docket No. 693].

In addition, pursuant to an order dated July 25, 2023 [Docket No. 293] (the “Bar Date Order”), the
Bankruptcy Court established the following bar dates for the filing of Proofs of Claim in this Chapter 11
Case:

- i. the general bar date (the “General Bar Date”) for all Claims, except as noted below,
of September 11, 2023 at 5:00 p.m. (prevailing Pacific Time);
- ii. a governmental bar date (the “Governmental Bar Date”) for all Governmental Units
(as defined in section 101(27) of the Bankruptcy Code) of November 6, 2023 at
5:00 p.m. (prevailing Pacific Time);
- iii. a bar date for Claims amended or supplemented by the Debtor’s amended
Schedules of on or before the later of (a) the General Bar Date or the Governmental
Bar Date (as applicable); and (b) 5:00 p.m. (prevailing Pacific Time) on the date

DISCLOSURE STATEMENT FOR PLAN OF REORGANIZATION

that is thirty (30) days after the date on which the Debtor provides notice of previously unfiled schedules or an amendment or supplement to the schedules (the “Amended Schedules Bar Date”); and

- iv. a bar date for any Claims arising from or relating to the rejection of executory contracts or unexpired leases (the “Rejection Damages Bar Date” and, together with the General Bar Date, Governmental Bar Date, and Amended Schedules Bar Date, the Bar Dates”) of on or before the later of (a) the General Bar Date or the Governmental Bar Date (as applicable) and (b) 5:00 PM (prevailing Pacific Time) on the date that is thirty (30) days after the entry of the order authorizing the rejection of such executory contract or unexpired lease.

The Debtor provided notice of the Bar Dates as required by the Bar Date Order as reflected in various Certificates and Supplemental Certificates of Service, *see, e.g.* Docket Nos. 333, 360, 385, and 419, and the *Certificate of Counsel Regarding Compliance with Certain Provisions in the Bar Date Order* [Docket No. 334].

The Bar Date Order contemplated the submission by Claimants asserting Abuse Claims of an optional supplement providing additional facts and background information regarding their abuse, including the alleged perpetrator, location, frequency, and other circumstances. Claimants were also asked to submit any filed state-court pleadings, if any. All of the information submitted in any proofs of claim alleging an Abuse Claim or the optional supplement attached thereto was (and remains) subject to strict confidentiality procedures and protections. The Debtor has taken every step within its power to protect this information.

2. The Claims Review Process

The vast majority of non-duplicate Abuse Claims (approximately 91%) included the optional supplement in one form or another alongside the proof of claim form itself. As part of the Chapter 11 Case, the Debtors, with the assistance of its advisors, conducted a thorough review of the Abuse Claims and optional supplements filed by Claimants asserting such claims. This review included the identification of duplicate claims (most of which were either filed by multiple sets of counsel for a given claimant and are identical or amend a previously filed claim to provide the optional supplement); claims that predate the formation of the Debtor in 1962; claims that assert liability of a third party, such a religious order; claims that lack sufficient information for the Debtor to ascertain its own liability; claims that were previously settled, such as in connection with the First Legislation; or claims that did not correspond to a filed state-court complaint. The Debtor’s review was intended to identify objective facts or circumstances asserted in the Abuse Claims, as well as any gaps in same, and allowed the Debtor, in many cases, to use its own records to fill those gaps.

As of October 11, 2024, 422 Abuse Claims were filed pursuant to the Bar Date Order. Of that number, 31 filed Abuse Claims are duplicative of other, timely filed claims. An additional 5 Abuse Claims were filed after the Bar Date, no motion to deem such claims as timely has been filed, and accordingly, such claims are untimely. After accounting for duplicative, untimely claims, 386 “unique” (non-duplicative, timely) claims remain. Of these 386 unique claims, the Debtor believes, based on various factors identified in its review of the Abuse Claims, approximately 320 Abuse Claims exist that will ultimately be entitled to distributions from the Survivors’ Trust. However, the Debtor has not filed any objections to claims as of the filing of the Plan and understands that the provisions of the Survivors’ Trust Distribution Plan will ultimately control which Claimants receive distributions and in what amount. Nothing in the Plan or this Disclosure Statement attempts to disallow any Allowed Claims or seeks a determination regarding allowance.

Many of the Abuse Claims are asserted to be of six-figure or seven-figure amounts, and many are listed as having an unknown amount. The Abuse Claims present unique complexities of confidentiality,

DISCLOSURE STATEMENT FOR PLAN OF REORGANIZATION

1 valuation, procedure, and appropriate and equitable treatment of Claims. After the Debtor's careful
2 evaluation of all filed Claims with the assistance of the Debtor's advisors, the Debtor is confident that the
3 Plan establishes protocols to ensure that Allowed Abuse Claims are compensated through an expedited,
4 uniform claims process.

5 **I. Litigation Regarding Insurance Coverage for Abuse Claims**

6 The portfolio of insurance policies providing coverage for sexual abuse claims, maintained by the
7 Debtor over a period of several decades, is an essential asset of the Estate. This insurance coverage is a
8 critical part of the Debtor's Plan. Prior to the Petition Date, the Debtor tendered through its broker both
9 the Debtor's defense and indemnity of the claims asserted against the Debtor under the applicable
10 insurance policies to the associated carriers that issued those policies (the "Defendant Carriers").

11 Those Defendant Carriers that issued primary insurance policies received tender on behalf of the
12 Debtor and have agreed to provide a defense to the claims falling within the coverage period of each
13 primary insurance Defendant Carrier's insurance policy. However, the primary insurance Defendant
14 Carriers have failed to confirm they have any obligation to indemnify the Debtor for these claims. Those
15 Defendant Carriers that issued excess or umbrella policies received the tender on behalf of the Debtor
16 but improperly denied or failed to confirm coverage (including, without limitation, failure to provide both
17 defense and/or indemnity) including failure to recognize the exhaustion or substantial likelihood of
18 exhaustion of underlying insurance through payment, liquidation or other means and thereby requiring the
19 excess insurance to drop down and provide defense and/or indemnity to the Debtor.

20 As of the filing of this Chapter 11 Case, despite the Debtor's continuing efforts to obtain coverage
21 from the Defendant Carriers, the Defendant Carriers have reserved their rights to deny coverage and have
22 not agreed to indemnify the Debtor for any liability determinations. Some of the Defendant Carriers
23 agreed to reimburse the Debtor's defense costs for claims falling within the coverage periods of those
24 Defendant Carriers' insurance policies, but have not confirmed, and have reserved rights regarding, any
25 an indemnity obligation for those claims.

26 Because the Debtor and the Defendant Carriers were unable to reach a resolution regarding
27 coverage, on June 22, 2023, the Debtor initiated an adversary proceeding, captioned *The Roman Catholic*
28 *Bishop of Oakland v. Pacific Indemnity, et al.*, Adv. Pro. 23-04028 (the "Pacific Adversary"), and filed a
complaint for declaratory relief and breach of contract, seeking to liquidate the Debtor's claims against
numerous of its historical insurers [Docket No. 2]. On August 30, 2023, the Debtor initiated an additional
adversary proceeding, captioned *The Roman Catholic Bishop of Oakland v. Am. Home Assurance Co., et*
al., Adv. Pro. 23-04037, and filed a complaint seeking declaratory relief and alleging breach of contract
against two additional insurers [Docket No. 1] (the "American Home Adversary") and, together with the
Pacific Adversary, the "Insurance Coverage Litigation").

Following an initial round of motions to dismiss in the Pacific Adversary, the Debtor filed its
second amended complaint in the Pacific Adversary on December 18, 2023 (Adv. Pro. 23-04028, [Docket
No. 161]), and its first amended complaint in the American Home Adversary on December 19, 2023 (Adv.
Pro. 23-04037, [Docket No. 13]). On January 12, 2024, the Debtor filed its third amended complaint in
Adv. Pro. 23-04028 [Docket No. 163] (the "Third Amended Complaint"). In response to the Third
Amended Complaint, the defendant insurers variously filed two motions to dismiss [Adv. Pro. 23-04028,
Docket Nos. 173, 175], a motion to dismiss and/or for more definite statement [*id.*, Docket No. 171]
(collectively, the "Motions to Dismiss"), and two answers [*id.*, Docket Nos. 164, 165].

The defendant insurers filed motions to withdraw the reference as to the Pacific Adversary on
February 2, 2024 (Adv. Pro. 23-04028 [Docket Nos. 188, 189]) and the American Home Adversary on
March 21, 2024 (Adv. Pro. 23-04037 [Docket No. 26]). The two adversary proceedings are now
consolidated before Judge Corley in the District Court, under District Court Case No. 3:24-cv-00709-JSC
(the "District Court Insurance Case").

DISCLOSURE STATEMENT FOR PLAN OF REORGANIZATION

1 The Motions to Dismiss were heard by the District Court on July 11, 2024. The District Court
2 granted the Motions to Dismiss with leave to amend, but in doing so made it clear that the action would
3 be moving forward. In fact, the District Court ordered that discovery in the cases continue even while the
4 Debtor prepared the amendment directed by the District Court, emphasizing that “discovery is open now.”
5 District Court Insurance Case, Transcript of July 11, 2024, Hearing [Docket No. 103], at 36:22.) In
6 response to a request from certain insurer defendants that discovery not go forward pending an amended
7 complaint, the District Court stated: “You know what your reservation of rights are, what your potential
8 defenses are, so you know what discovery you need to do. I don't -- we're not slowing this down for the
9 pleading. Not going to do that.” *Id.*, at 37:17 – 38:8.

10 The Debtor filed further amended complaints on September 12, 2024 (*id.*, [Docket Nos. 111, 112])
11 and October 7, 2024 (*id.*, [Docket No. 125]) (District Court Insurance Case Docket Nos. 111 and 125,
12 collectively, the “Current Amended Complaints”) following a court-ordered meet and confer regarding
13 the sufficiency of allegations. A further case management conference in the District Court is scheduled
14 to take place on November 14, 2024.

15 The Debtor is optimistic the District Court Insurance Case will proceed swiftly. At the case
16 management conference held April 18, 2024, the District Court allowed discovery to commence, directed
17 the parties to complete initial disclosures, and authorized the Debtor to proceed with a motion for partial
18 summary judgment regarding the implications of the prior settlements from the First Legislation. The
19 Debtor issued written discovery requests to the insurer defendants on May 24, 2024. The Debtor has met
20 and conferred with the Defendant Carriers and exchanged letters regarding the Debtor’s written discovery
21 and the Defendant Carriers’ responses and objections thereto. Some Defendant Carriers claim to have
22 produced all responsive documents, while the Debtor still awaits document productions from some
23 Defendant Carriers. The Debtor continues to review these responses and pursue documents. The Debtor
24 has also responded to written discovery requests served by certain Defendant Carriers and is working to
25 respond to written discovery requests from other Defendant Carriers.

26 On May 29, 2024, the Debtor sent separate supplemental tender letters to the insurer defendants in
27 the District Court Insurance Case, demanding they provide a defense for certain additional claims covered
28 by various policies issued to RCBO. Additionally, on May 30, 2024, the Debtor served separate policy
limits demand letters on behalf of RCBO to all the insurer defendants (except the California Insurance
Guarantee Association (“CIGA”). These letters demanded that each insurer indemnify RCBO in the
amount of the policy limits for each applicable insurance policy, and that each Insurer respond within 30
days confirming it would do so. The Debtor has received responses, although none included agreement
to indemnify the Debtor as requested and as required by the insurance policies.

29 The Debtor believes there is substantial value in the insurance policies that it purchased over many
30 decades. These assets are an important resource to further the Debtor’s goals of compensating Holders of
31 Abuse Claims. Any pre-Confirmation proceeds the Debtor wins in judgments in the Insurance Coverage
32 Litigation, or obtains through a negotiated resolution, will infuse the Estate with unrestricted cash assets,
33 which can be used to, among other things, contribute to Survivors’ Trust Assets. If the Insurance Coverage
34 Litigation is unresolved upon confirmation of the Plan, the Insurance Coverage Litigation will be
35 transferred to the Liquidating Trust as part of the Assigned Insurance Interests. Subsequently, the
36 Survivors’ Trust will receive any proceeds of the Insurance Coverage Litigation, further augmenting
37 recoveries for Holders of Abuse Claims.

38 ARTICLE VI

39 SUMMARY OF THE PLAN

40 The Debtor submits that the treatment of creditors under the Plan is more favorable than the
41 treatment creditors would receive if the Chapter 11 Case were converted to a case under chapter 7 of the

42 DISCLOSURE STATEMENT FOR PLAN OF REORGANIZATION

Bankruptcy Code. Therefore, the Debtor submits that the Plan is in the best interests of all creditors and the Debtor recommends acceptance of the Plan by Holders of Claims in Class 3 (General Unsecured Claims), Class 4 (Abuse Claims), Class 5 (Unknown Abuse Claims), Class 6 (Non-Abuse Litigation Claims) and Class 8 (OPF Claim).

The summary of significant elements of the Plan below is provided for the convenience of all parties. The summary does not describe every element of the Plan and is not intended as a substitute for a thorough and complete review of the Plan. This summary is subject to, and is qualified in its entirety by reference to, the full text of the Plan. All creditors are encouraged to review the Plan and this Disclosure Statement, including Exhibits, in their entirety for a more complete understanding of the Plan's provisions and impact upon creditors. To the extent any term or provision in this Disclosure Statement is inconsistent with a term or provision of the Plan, the term or provision of the Plan shall control.

A. Classification of Claims Generally

Section 1123 of the Bankruptcy Code provides that a plan of reorganization shall designate classes of Claims against a debtor. Section 1122 of the Bankruptcy Code further requires that each class of Claims contain only claims that are "substantially similar" to each other. The Debtor believes that it has classified all Claims in compliance with the requirements of Section 1122 and 1123. However, it is possible that the Holder of a Claim may challenge such classification and that the Bankruptcy Court may find that a different classification is required for the Plan to be confirmed. In such event, the Debtor would, to the extent permitted by the Bankruptcy Court, modify the classifications in the Plan as required and use the acceptances received in this solicitation for the purpose of obtaining the approval of a Class or Classes of which the accepting Holder is ultimately deemed to be a member. Any such reclassification could adversely affect the Class of which such Holder was initially a member, or any other Class under the Plan, by changing the composition of such Class and the vote required of that Class for approval of the Plan. Furthermore, a reclassification of Claims may necessitate a re-solicitation.

B. Classification and Treatment of Claims

All classified Claims have been placed into one of eight separate Classes. The Plan affirmatively states whether each Class of Claims is Impaired or Unimpaired and whether such Class is entitled to vote. Additionally, some Claims are left unclassified. The separate Classes are described in detail within this Disclosure Statement and in the Plan.

Class	Class Description	Status	Voting Rights
Class 1	RCC Secured Claim	Unimpaired	Non-voting Deemed to accept
Class 2	Priority Unsecured Claims, other than non-classified claims set forth in Article III	Unimpaired	Non-voting Deemed to accept
Class 3	General Unsecured Claims	Impaired	Eligible to vote
Class 4	Abuse Claims	Impaired	Eligible to vote
Class 5	Unknown Abuse Claims	Impaired	Eligible to vote via the Unknown Abuse Claims Representative
Class 6	Non-Abuse Litigation Claims	Impaired	Eligible to vote

Class	Class Description	Status	Voting Rights
Class 7A	Contribution and Indemnification Claims Related to Class 4 Claims	No recovery	Non-voting Deemed to reject
Class 7B	Contribution and Indemnification Claims Related to Class 5 Claims	No recovery	Non-voting Deemed to reject
Class 8	OPF Claim	Impaired	Eligible to vote

1. **Class 1 – Secured Claim of RCC**

Classification: Class 1 shall consist of the Allowed Secured Claim of RCC.

Treatment: Except to the extent RCC agrees to less favorable treatment of its Claim, in full and final satisfaction, settlement, release, and discharge of and in exchange for its Allowed Secured Claim, RCC shall receive reinstatement under § 1124 of the Bankruptcy Code.

Voting: Class 1 is Unimpaired under the Plan. Each Holder of a Class 1 Claim is conclusively presumed to have accepted the Plan under § 1126(f) of the Bankruptcy Code and is not entitled to vote on the Plan.

2. **Class 2 – Priority Unsecured Claims**

Classification: Class 2 shall consist of all Allowed Priority Unsecured Claims, other than non-classified claims set forth in Article III of the Plan and described in Section V.C below.

Treatment: Except to the extent a Holder of an Allowed Priority Unsecured Claim agrees to less favorable treatment of such Claim, in full and final satisfaction, settlement, release, and discharge of and in exchange for such Allowed Priority Unsecured Claim, each such Holder shall receive payment in Cash in an amount equal to such Allowed Priority Unsecured Claim, payable on or as soon as reasonably practicable after the later of (a) the Effective Date, (b) the date when such Priority Unsecured Claim becomes an Allowed Priority Unsecured Claim, or (c) the date on which the Holder of such Priority Unsecured Claim and the Debtor or Reorganized Debtor, as applicable, shall otherwise agree in writing.

Voting: Class 2 is Unimpaired under the Plan. Each Holder of a Class 2 Claim is conclusively presumed to have accepted the Plan under § 1126(f) of the Bankruptcy Code and is not entitled to vote on the Plan.

3. **Class 3 – General Unsecured Claims**

Classification: Class 3 shall consist of all Allowed General Unsecured Claims. Class 3 does not include Abuse Claims.

Treatment: Except to the extent a Holder of an Allowed General Unsecured Claim (including an Allowed Rejection Claim) agrees to less favorable treatment, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed General Unsecured Claim, each such Holder shall receive payment in Cash from the general operating revenues of the Reorganized Debtor in an amount equal to such Allowed General Unsecured Claim, payable no later than the later of (a) the date that is one year after the Effective Date, (b) the date that is 21 days after the date when such General Unsecured Claim becomes an Allowed General Unsecured Claim, or (c) the date on which the Holder of such General Unsecured Claim and the Reorganized Debtor shall otherwise agree in writing.

DISCLOSURE STATEMENT FOR PLAN OF REORGANIZATION

Voting: Class 3 is Impaired under the Plan. Each Holder of a Class 3 Claim is entitled to vote to accept or reject the Plan.

4. **Class 4 – Abuse Claims**

Classification: Class 4 shall consist of all Allowed Abuse Claims, other than Unknown Abuse Claims. As stated above, approximately 386 non-duplicative, timely Abuse Claims have been asserted against the Debtor and the Contributing Non-Debtor Catholic Entities through proofs of claim filed in the Chapter 11 Case.

Treatment: The Plan creates the Survivors' Trust to fund payments to Holders of Allowed Abuse Claims entitled to such payments under the Plan and the Survivors' Trust Documents. Except to the extent a Holder of an Allowed Abuse Claim agrees to less favorable treatment of such Claim, in full and final satisfaction, settlement, release, and discharge of and in exchange for such Allowed Abuse Claim, each such Holder shall receive their allocable share of the Survivors' Trust Assets at the time and in the manner set forth in the Survivors' Trust Documents. It is intended that any payment on an Allowed Abuse Claim will constitute payment for damages on account of personal physical injuries or sickness arising from an occurrence, within the meaning of Section 104(a)(2) of the Tax Code.

The Plan provides for the establishment of the Survivors' Trust to fund distributions to Holders of Class 4 and Class 5 Claims. The Survivors' Trust shall be funded as provided in Article IX of the Plan. Distributions from the Survivors' Trust shall be made to Holders of Class 4 and Class 5 Claims on a fair and equitable basis, pursuant to and in accordance the Survivors' Trust Agreement and other Survivors' Trust Documents, including the Survivors' Trust Distribution Plan. Holders of Class 4 and Class 5 Claims may recover their Claims from the Survivors' Trust and/or through the Litigation Option as described in Article VII herein and in Article IX of the Plan.

Voting: Class 4 Claims are Impaired under the Plan. Each Holder of a Class 4 Claim is entitled to vote to accept or reject the Plan.

5. **Class 5 - Unknown Abuse Claims**

Classification: Class 5 shall consist of all Allowed Unknown Abuse Claims.

Treatment: The Unknown Abuse Claims Reserve shall be established on the Effective Date pursuant to the Survivors' Trust Documents. Except to the extent a Holder of an Allowed Unknown Abuse Claim agrees to less favorable treatment of such Claim, in full and final satisfaction, settlement, release, and discharge of and in exchange for such Allowed Abuse Claim, each such Holder shall receive their allocable share of the Unknown Abuse Claims Reserve at the time and in the manner set forth in the Survivors' Trust Documents. It is intended that any payment on an Allowed Unknown Abuse Claim will constitute payment for damages on account of personal physical injuries or sickness arising from an occurrence, within the meaning of section 104(a)(2) of the Tax Code.

Voting: Class 5 Claims are Impaired under the Plan. The Unknown Abuse Claims Representative is entitled to vote to accept or reject the Plan on behalf of all Holders of Class 5 Claims and shall submit a single ballot on behalf of all such Holders.

6. **Class 6 – Non-Abuse Litigation Claims**

Classification: Class 6 shall consist of all Allowed Non-Abuse Litigation Claims.

Treatment: The Plan creates the Non-Abuse Litigation Reserve to fund payments to Holders of Allowed Non-Abuse Litigation Claims in accordance with Section 12.7 of the Plan. Except to the extent a Holder of an Allowed Non-Abuse Litigation Claim agrees to less favorable treatment of such

Claim, in full and final satisfaction, settlement, release, and discharge of and in exchange for such Allowed Non-Abuse Litigation Claim, each such Holder shall receive their allocable share of the Non-Abuse Litigation Reserve.

Voting: Class 6 Claims are Impaired under the Plan. Each Holder of a Class 6 Claim is entitled to vote to accept or reject the Plan.

7. **Class 7A – Abuse Related Contribution Claims Related to Class 4 Claims**

Classification: Class 7A shall consist of all Abuse Related Contribution Claims against the Debtor arising out of a Class 4 Claim.

Treatment: Any Holder of a Class 7A Claim who is also a Contributing Non-Debtor Catholic Entity shall be deemed to have waived its Class 7A Claim against the Debtor, Reorganized Debtor, the Estate, the Survivors' Trust, and any Settling Insurer in exchange for the Release and Exculpation provided by the Plan. Any Holder of a Class 7A Claim who is not a Contributing Non-Debtor Catholic Entity shall have its Class 7A Claim Disallowed.

Voting: Class 7A Claims are Impaired under the Plan. Holders of Class 7A Claims shall not receive a distribution under the Plan and are therefore deemed to reject the Plan.

8. **Class 7B – Abuse Related Contribution Claims Related to Class 5 Claims**

Classification: Class 7B shall consist of all Abuse Related Contribution Claims against the Debtor arising out of a Class 5 Claim.

Treatment: Any Holder of a Class 7B Claim who is also a Contributing Non-Debtor Catholic Entity shall be deemed to have waived its Class 7B Claim against the Debtor, Reorganized Debtor, the Estate, the Survivors' Trust, and any Settling Insurer in exchange for the Release and Exculpation provided by the Plan. Any Holder of a Class 7B Claim who is not a Contributing Non-Debtor Catholic Entity shall have its Class 7B Claim Disallowed.

Voting: Class 7B Claims are Impaired under the Plan. Holders of Class 7B Claims shall not receive a distribution under the Plan and are therefore deemed to reject the Plan.

9. **Class 8 – OPF Claims**

Classification: Class 8 shall consist of the Allowed OPF Claim.

Treatment: Except to the extent OPF agrees to less favorable treatment, in full and final satisfaction, settlement, release, and discharge of and in exchange for the Allowed OPF Claim, the Reorganized Debtor shall pay the Allowed Class 8 Claim in full and in Cash, without interest. Payment on the Allowed OPF Claim shall commence on or before the date that is ten (10) years after the Effective Date. Payments shall be made on a schedule and on such terms as may be agreed by the Reorganized Debtor and OPF, provided, however, the Allowed OPF Claim shall be paid in full no later than the date that is thirty (30) years after the Effective Date.

Voting: Class 8 Claims are Impaired under the Plan. Each holder of a Class 8 Claim is entitled to vote to accept or reject the Plan.

C. **Unclassified Claims.**

The following Claims shall not be classified under the Plan but shall be entitled to the treatment set forth in Article III of the Plan.

DISCLOSURE STATEMENT FOR PLAN OF REORGANIZATION

1 1. **Administrative Claims**

2 a. *Administrative Expense Claims.* Administrative Expense Claims are Claims for
3 costs or expenses incurred in the administration of the Debtor's Chapter 11 Case, which are Allowed under
4 section 503(b) of the Bankruptcy Code. In accordance with section 1123(a)(1) of the Bankruptcy Code,
5 Administrative Expense Claims have not been classified and are treated as described in Section 3.1 of the
6 Plan.

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

21 (ii) **Administrative Expense Claims Bar Date.** Except as provided for in the
22 Plan or in any order of the Bankruptcy Court, and subject to Section 503(b)(1)(D) of the
23 Bankruptcy Code, Holders of Administrative Expense Claims, other than a Fee Claim or a Claim
24 for U.S. Trustee Fees, accruing on or before the Confirmation Date must file and serve on the
25 Debtor requests for the payment of such Claims not previously Allowed by a Final Order in
26 accordance with the procedures specified in the Confirmation Order, on or before the
27 Administrative Expense Claims Bar Date, or such Claims shall be automatically Disallowed,
28 forever barred from assertion, and unenforceable against the Debtor or the Reorganized Debtor,
the Estate, or their property without the need for any objection or further notice to, or action, order,
or approval of the Bankruptcy Court, and any such Claims shall be deemed fully satisfied, released,
and discharged. Administrative Expense Claims representing obligations incurred by the Debtor
or Reorganized Debtor (as applicable) after the date and time of the entry of the Confirmation
Order shall not be subject to application to the Bankruptcy Court and may be paid by the Debtor
or Reorganized Debtor (as applicable) in the ordinary course of business and without Bankruptcy
Court approval.

29 b. *Priority Tax Claims.* Priority Tax Claims are Claims of a Governmental Unit for
30 certain types of taxes, duties, or penalties set forth in Section 507(a)(8) of the Bankruptcy Code. In
31 accordance with section 1123(a)(1) of the Bankruptcy Code, Priority Tax Claims have not been classified
32 and are treated as described in Section 3.2 of the Plan.

33 (i) The Debtor does not anticipate any Priority Tax Claims will exist as of the
34 Effective Date. To the extent any do exist, the legal and equitable rights of the Holders of Priority
35 Tax Claims are Unimpaired under the Plan.

36 (ii) The legal and equitable rights of Holders of Priority Tax Claims are
37 Unimpaired under the Plan. Except to the extent a Holder of an Allowed Priority Tax Claim agrees
38 to less favorable treatment, each Holder of an Allowed Priority Tax Claim shall receive on account
of and in full and complete settlement, release and discharge of, and in exchange for, such Allowed
Priority Tax Claim, cash in an amount equal to such Allowed Priority Tax Claim on, or as soon
thereafter as is reasonably practicable, the later of: (a) the Effective Date, to the extent such Claim

DISCLOSURE STATEMENT FOR PLAN OF REORGANIZATION

1 is an Allowed Priority Tax Claim on the Effective Date; (b) the first Business Day after the date
2 that is 30 days after the date such Priority Tax Claim becomes an Allowed Priority Tax Claim; and
3 (c) the date such Allowed Priority Tax Claim is due and payable in the ordinary course as such
4 obligation becomes due; provided, however, that the Debtor and Reorganized Debtor each reserves
5 the right to prepay all or a portion of any such amounts at any time under this option without
6 penalty or premium.

7
8 c. *Fee Claims.* Fee Claims are Claims under sections 328, 330, 331, 503, or 1103 of
9 the Bankruptcy Code for compensation of a Professional or other Entity for services provided to the Debtor
10 or Committee, or expenses incurred in the course of providing services to the Estate, during the Chapter
11 11 Case. In accordance with section 1123(a)(1) of the Bankruptcy Code, Fee Claims have not been
12 classified and are treated as described in Section 3.3 of the Plan.

13 (i) All Professionals or other Entities requesting the final allowance and
14 payment of a Fee Claim for services rendered during the period from the Petition Date to and
15 including the Effective Date shall File final applications for allowance and payment of such Fee
16 Claims no later than the first Business Day that is 45 days after the Effective Date.

17 (ii) Objections to any Fee Claim must be filed and served on the Reorganized
18 Debtor and the applicable Professional no later than the first Business Day that is 30 days after the
19 filing of the final fee application that relates to the Fee Claim (unless otherwise agreed by the
20 Debtor or the Reorganized Debtor, as applicable, and the Professional requesting allowance and
21 payment of a Fee Claim).

22 (iii) An Allowed Fee Claim, including any amounts previously held back by
23 Order of the Bankruptcy Court, shall be paid in full, in cash, in such amounts as are Allowed by
24 the Bankruptcy Court no later than the first Business Day that is 21 calendar days after the entry
25 of a Final Order Allowing the Fee Claim. The Reorganized Debtor can pay compensation for
26 services rendered or reimbursement of expenses incurred by its own Professionals after the
27 Effective Date in the ordinary course and without the need for Bankruptcy Court approval.

28 (iv) Unless otherwise directed by the Bankruptcy Court, all Professionals filing
final fee applications are required to comply with the *Order Appointing Fee Examiner and
Establishing Procedures for Review of Interim and Final Fee Applications Filed by Estate
Professionals* [Docket No. 1122] entered in the Chapter 11 Case, including any subsequent
amendments.

d. *Cure Claims.* Cure Claims are monetary Claims arising out of the Debtor's
default(s) under any Executory Contract or Unexpired Lease that the Debtor has assumed under section
365 of the Bankruptcy Code. Cure Claims shall be paid in full in accordance with, and at such times as
are set forth in, Section 7.2.2 of the Plan.

e. *U.S. Trustee Fees.* U.S. Trustee Fees include all fees and charges assessed against
the Debtor under 28 U.S.C. § 1930, together with interest, if any, under 31 U.S.C. § 3717.

(i) To the extent any U.S. Trustee Fees have become due before the Effective
Date and have not previously been paid, then such fees shall be paid pursuant to 11 U.S.C. §
1129(a)(12) and 28 U.S.C. § 1930. Any U.S. Trustee Fees relating to the period from and after
the Effective Date shall be paid as provided in Section 12.8.4 of the Plan.

(ii) The requirement to pay U.S. Trustee Fees is subject to any amendments to
28 U.S.C. § 1930(a)(6) that Congress makes retroactively applicable to confirmed chapter 11
cases. The Reorganized Debtor shall have the exclusive right to pursue any cause of action, right
to reimbursement for overpayment, or similar interest of the Debtor in amounts paid pursuant to

DISCLOSURE STATEMENT FOR PLAN OF REORGANIZATION

ARTICLE VII

SURVIVORS' TRUST

A. Survivors' Trust Liability for Abuse Claims.

As provided in Section 9.1 of the Plan, on the Effective Date, the Survivors' Trust shall be established in accordance with the Survivors' Trust Documents. The Survivors' Trust will, upon its creation, and without limitation: (1) assume liability for all Abuse Claims, including without limitation Unknown Abuse Claims, of the Debtor, Contributing Non-Debtor Catholic Entities, and any Settling Insurers; and (2) receive, hold, administer, liquidate, and distribute the Survivors' Trust Assets in accordance with the Plan and the Survivors' Trust Documents.

B. Role of the Survivors' Trust

The Survivors' Trust shall administer, process, settle, resolve, liquidate, satisfy, and make Trust Distributions in such a way that Holders of Abuse Claims are treated equitably and in a substantially similar manner, subject to the applicable terms of the Plan Documents and the Survivors' Trust Documents. From and after the Effective Date, (i) the Abuse Claims and Unknown Abuse Claims against the Debtor and (ii) Claims against any Settling Insurer for or relating to insurance coverage in connection with such Claims shall be channeled to the Survivors' Trust pursuant to the Channeling Injunction set forth in Section 13.12 of the Plan and may be asserted only and exclusively against the Survivors' Trust.

The Survivors' Trust shall have no liability for Non-Abuse Litigation Claims. Holders of Non-Abuse Litigation Claims shall have no recourse to the Survivors' Trust with respect to such Claims.

C. Appointment and Powers of the Survivors' Trustee

On the Confirmation Date, the Bankruptcy Court shall appoint the Survivors' Trustee to serve in accordance with, and who shall have the functions and rights provided in, the Survivors' Trust Documents. Any successor Survivors' Trustee shall be appointed in accordance with the terms of the Survivors' Trust Documents. For purposes of the Survivors' Trustee performing his or her duties and fulfilling his or her obligations under the Survivors' Trust and the Plan, the Survivors' Trust and the Survivors' Trustee shall be deemed to be "parties in interest" within the meaning of Section 1109(b) of the Bankruptcy Code.

The Survivors' Trustee shall have such powers and duties as are set forth in the Survivors' Trust Documents, including without limitation the following:

1. Survivors' Trustee as Fiduciary. The Survivors' Trustee shall be deemed to be a fiduciary of the Survivors' Trust under the terms of the Survivors' Trust Agreement and shall have all rights, powers, authority, responsibilities, and benefits under California law specified in the Plan and as reflected in the Survivors' Trust Agreement, including commencing, prosecuting or settling causes of action, enforcing contracts, and asserting Claims, defenses, offsets and privileges. If there is any inconsistency or ambiguity between the Confirmation Order and the Survivors' Trust Agreement with respect to Trustee's authority to act, the provisions of the Survivors' Trust Agreement shall control.

2. Liquidation of Survivors' Trust Assets. The Survivors' Trustee shall liquidate and convert to Cash the Survivors' Trust Assets, make timely distributions, and not unduly prolong the duration of the Survivors' Trust. The Survivors' Trustee may also abandon any property which the Survivors' Trustee determines in the Survivors' Trustee's reasonable discretion to be of *de minimus* value or of more burden than the value of the Survivors' Trust.

DISCLOSURE STATEMENT FOR PLAN OF REORGANIZATION

1 3. Protection of Survivors' Trust Assets. The Survivors' Trustee shall protect and enforce the
2 rights in and to the Survivors' Trust Assets under the Survivors' Trust Documents.

3 4. Bank Accounts of the Survivors' Trust. The Survivors' Trustee may open and maintain
4 bank accounts on behalf of the Survivors' Trust to deposit funds in and draw checks on the bank accounts
5 as appropriate under the Survivors' Trust Documents. Notwithstanding anything herein to the contrary,
6 the Survivors' Trustee may open and maintain bank accounts on behalf of the Survivors' Trust after
7 Confirmation but before the Effective Date.

8 5. Insurance. The Survivors' Trustee shall obtain all reasonably available insurance coverage
9 with respect to any property that is, or may in the future become, a Survivors' Trust Asset.

10 6. Taxes. The Survivors' Trustee may request an expedited determination of taxes of the
11 Survivors' Trust under Section 505(b) of the Bankruptcy Code for all returns filed for, or on behalf of, the
12 Survivors' Trust for all taxable periods through the dissolution of the Survivors' Trust.

13 7. Settlements With Non-Settling Insurers. The Survivors' Trustee shall be authorized to enter
14 into consensual settlements with one or more Non-Settling Insurers on and after the Effective Date,
15 covering some or all of the Abuse Claims insured thereby, provided that such settlements shall not impair
16 the rights of any other Non-Settling Insurers, including those rights set forth herein. Approval
17 requirements, if any, for such settlements shall be as specified in the Survivors' Trust Agreement. No
18 settlement (whether in the Plan or otherwise) as among any of the Debtor, its Estate, the Survivors' Trust,
19 and Holder of an Abuse Claim, and the Settling Insurers, including payment obligations, shall bind a Non-
20 Settling Insurer in any way without its consent.

21 **D. Property and Funding of the Survivors' Trust**

22 As stated in the Executive Summary (Article I above), the Survivors' Trust shall be funded with
23 (i) aggregate Cash contributions from the Debtor and Reorganized Debtor (as applicable) of \$103 million,
24 (ii) any Cash contributions from a Contributing Non-Debtor Catholic Entity pursuant to Section 9.3.2 of
25 the Plan, (iii) title to the Livermore Property, on an as-is, where-is basis, (iv) any proceeds held by the
26 Debtor or the Reorganized Debtor on account of Insurance Settlement Agreements as set forth in this Section
27 9.3, and (v) the Assigned Insurance Interests. These are the Survivors' Trust Assets. Each is detailed below.

28 The Survivors' Trust Assets may be supplemented from time to time from: (a) any payment by a
Settling Insurer pursuant to an Insurance Settlement Agreement; (b) any Assigned Insurance Interest
Proceeds; (c) proceeds of Litigation Awards; (d) proceeds of Outbound Contribution Claims; and (e) any
other proceeds which the Survivors' Trust may obtain pursuant to the terms of the Plan.

On the Effective Date, all Survivors' Trust Assets shall vest in the Survivors' Trust, and the Debtor,
Reorganized Debtor, Contributing Non-Debtor Catholic Entities, and Settling Insurers shall be deemed for
all purposes to have transferred all of their respective interests in the Survivors' Trust Assets to the
Survivors' Trust. On the Effective Date, or as soon as practicable thereafter, the Reorganized Debtor, any
other Released Party, and Settling Insurers, as applicable, shall take all actions reasonably necessary to
transfer any Survivors' Trust Assets to the Survivors' Trust. Upon the transfer of control of Survivors' Trust
Assets in accordance with this paragraph, the Debtor, Reorganized Debtor, Contributing Non-Debtor
Catholic Entities, and the Settling Insurers shall have no further interest in the Survivors' Trust Assets except
as otherwise explicitly provided in the Plan.

The transfer to, vesting in and assumption by the Survivors' Trust of the Survivors' Trust Assets as
contemplated by the Plan shall, as of the Effective Date, discharge all obligations and liabilities of and bar
any recovery or action against the Released Parties for or in respect of all Abuse Claims (including Unknown
Abuse Claims). The Confirmation Order shall provide for such discharge. The Survivors' Trust shall, as of
the Effective Date, assume sole and exclusive responsibility and liability for all Abuse Claims against the

DISCLOSURE STATEMENT FOR PLAN OF REORGANIZATION

Released Parties, and such Claims shall be paid by the Survivors' Trust from the Survivors' Trust Assets or as otherwise directed in the Survivors' Trust Documents. From and after the Effective Date, all Abuse Claims against the Released Parties shall be considered Channeled Claims subject to the Channeling Injunction under Section 105(a) of the Bankruptcy Code and the provisions of the Plan and the Confirmation Order. From and after the Effective Date, the Released Parties shall not have any obligation with respect to any liability of any nature or description arising out of, relating to, or in connection with any Abuse Claims.

The Debtor Cash Contribution and any Non-Debtor Catholic Entity Contributions are not, and shall not be construed as, a discharge and/or release of any Abuse Claim (including any Unknown Abuse Claim) covered or alleged to be covered under any of the Non-Settling Insurer Policies. Notwithstanding the foregoing, the Debtor and any Contributing Non-Debtor Catholic Entity shall have no further financial obligations under the Plan or the Plan Documents to Holders of Allowed Abuse Claims, including Allowed Unknown Abuse Claims, other than the obligations required to be paid to the Survivors' Trust in Section 9.3 of the Plan.

1. Debtor Cash Contribution. On the Effective Date of the Plan, the Debtor shall transfer \$63 million in good and available funds to the Survivors' Trust using wiring instructions provided by the Survivors' Trustee (the "Initial Debtor Contribution"). The Initial Debtor Contribution will consist of (i) approximately \$53 million in Cash received through the Exit Facility (See Exhibit D), and (ii) approximately \$10 million in non-restricted Cash held by the Debtor. The Survivors' Trust shall also receive Cash from the Debtor as set forth below (collectively, the "Additional Debtor Contributions" and together with the Initial Debtor Contribution, the "Debtor Cash Contribution");

- a. On the date that is one year after the Effective Date, the Debtor shall transfer \$10 million in good and available funds to the Survivors' Trust using wiring instructions provided by the Survivors' Trustee.
- b. On the date that is one year after the Effective Date, the Debtor shall transfer \$10 million in good and available funds to the Survivors' Trust using wiring instructions provided by the Survivors' Trustee.
- c. On the date that is three years after the Effective Date, the Debtor shall transfer \$10 million in good and available funds to the Survivors' Trust using wiring instructions provided by the Survivors' Trustee.
- d. On the date that is four years after the Effective Date, the Debtor shall transfer \$10 million in good and available funds to the Survivors' Trust using wiring instructions provided by the Survivors' Trustee.

2. Contributions from Non-Debtor Catholic Entities. Any Non-Debtor Catholic Entity against whom the Holder of a Class 4 Claim has asserted liability in connection with an Abuse Claim may become a Contributing Non-Debtor Catholic Entity by contributing Cash or other assets to the Survivors' Trust in exchange for Releases by such Holders of Class 4 Claims.

- a. **Roman Catholic Welfare Corporation of Oakland.** RCWC shall contribute Cash to the Survivors' Trust in an aggregate amount that is contingent on the number of Releases it secures from those Holders of Class 4 Claims and Class 5 Claims who have asserted liability against RCWC in connection with an Abuse Claim ("RCWC Claimants"). RCWC shall transfer a total of \$14,250,000.00 (the "RCWC Cash Contribution") to the Survivors' Trust, as follows: \$2,000,000.00 on the Effective Date, \$3,000,000.00 on the date that is one year after the Effective Date, \$3,000,000.00 on the date that is two years after the Effective Date, \$3,000,000.00 on the date that is three years after the Effective Date, and

DISCLOSURE STATEMENT FOR PLAN OF REORGANIZATION

\$3,250,000.00 on the date that is four years after the Effective Date; provided, however, if less than 100% of all RCWC Claimants grant RCWC a release pursuant to Section 13.9 of the Plan, then the RCWC Cash Contribution, and each of its installments set forth in this Section 9.3.2.2, shall be reduced by a percentage proportional to the percentage of RCWC Claimants who opt out of granting RCWC such release. To illustrate, if 80% of RCWC Claimants grant RCWC a release pursuant to Section 13.9 of the Plan, RCWC need only contribute 80% of the aggregate RCWC Cash Contribution, or \$11,400,000.00, to the Survivors' Trust, in installments of \$1,600,000.00 on the Effective Date, \$2,400,000.00 on the first, second, and third anniversaries of the Effective Date, and \$2,600,000.00 on the fourth anniversary of the Effective Date. See **Exhibit E**, RCWC Courier Letter.

b. **Other Contributing Non-Debtor Catholic Entities.** Should any other Non-Debtor Catholic Entity become a Contributing Non-Debtor Catholic Entity between the filing of the Plan and the date of the filing of the Plan Supplement, the Plan Supplement shall set forth the amount of Cash contributed by any such Non-Debtor Catholic Entity (or, if the Contribution is not in Cash, the nature and approximate Cash-value of the contribution by any such Non-Debtor Catholic Entity) and shall set forth the extent to which such Non-Debtor Catholic Entity's contribution is conditioned on the number of Releases it receives from Holders of Class 4 and Class 5 Claims asserting liability against such Non-Debtor Catholic Entity in connection with an Abuse Claim.

c. **Release by Holders of Class 5 Claims.** For purposes of calculating the percentage of releases under Section 13.9 of the Plan a Non-Debtor Catholic Entity receives, the Unknown Abuse Claims Representative shall count as a single Holder, and each Holder of a Class 4 Claim shall count as a single Holder.

3. Separate Contributions. Any contribution to the Survivors' Trust by a Contributing Non-Debtor Catholic Entity shall be in addition to and separate from the Debtor Cash Contribution

4. Livermore Property. The Debtor, through its affiliate Adventus, shall transfer ownership of the Livermore Property to the Survivors' Trust on the Effective Date. Adventus shall be treated as a Contributing Non-Debtor Catholic Entity under the Plan.

5. Insurance Settlement Agreements. In addition to the Debtor Cash Contribution, any Cash received by the Debtor on or before the Effective Date in connection with an Insurance Settlement Agreement shall be transferred to the Survivors' Trust on the Effective Date. After the Effective Date, the Survivors' Trust may enter into such Insurance Settlement Agreements as in its business judgment and in accordance with the Survivors' Trust Documents it deems necessary and beneficial to the Survivors' Trust.

6. Assignment of Assigned Insurance Interests. On the Effective Date, the Insurance Assignment described in Article VIII of the Plan shall become effective.

7. Use of Survivors' Trust Assets. The Survivors' Trust Assets shall be used in accordance with and for the purposes set forth in the Survivors' Trust Documents, including without limitation to pay Abuse Claims, reasonable expenses of the Survivors' Trust, and to pursue the Coverage Action or other actions to recover from Non-Settling Insurers. Notwithstanding anything herein to the contrary, no monies, choses in action, and/or assets comprising the Survivors' Trust Assets that are transferred, granted, assigned, or otherwise delivered to the Survivors' Trust shall be used for any purpose other than in accordance with the Plan and the Survivors' Trust Documents.

DISCLOSURE STATEMENT FOR PLAN OF REORGANIZATION

8. No Insurer Reimbursement Obligation. The Non-Settling Insurers shall not be liable for or obligated to reimburse any contribution to the Plan made by the Debtor and its Estate, nor shall the Survivors' Trust be authorized to seek such recovery.

E. Unknown Abuse Claims Reserve

The Unknown Abuse Claims Reserve is a Cash reserve maintained by Survivors' Trust established on the Effective Date pursuant to the Survivors' Trust Documents for the benefit of Holders of Class 5 Claims, or Unknown Abuse Claims.

Upon the Effective Date, the Survivors' Trust shall segregate \$5,000,000.00 (Five Million Dollars and Zero Cents) of the Initial Debtor Contribution into the Unknown Abuse Claims Reserve. The Unknown Abuse Claims Reserve shall be maintained for the greater of (i) four years after the Effective Date, and (ii) resolution of all Unknown Abuse Claims submitted to the Survivors' Trustee within four years after the Effective Date. On that date, the remaining funds in the Unknown Abuse Claims Reserve will be de-segregated and returned to the Survivors' Trust's general accounts, and neither the Debtor, Reorganized Debtor, Survivors' Trust, nor any Settling Insurer shall have any more liability for any Unknown Abuse Claim.

F. Treatment of Abuse Claims.

1. Immediate Distribution and Initial Determination.

Before the Effective Date, Abuse Claimants may elect to receive a one-time immediate distribution of \$50,000 from the Survivors' Trust (as defined in the Plan, the "Immediate Distribution"). If a Holder of an Abuse Claim elects to receive the Immediate Distribution, the payment will be made within 30 days of the Effective Date. After receipt of the Immediate Distribution, the Holder of an Abuse Claim shall not be entitled to any further distributions from the Survivors' Trust and shall not be entitled to pursue to Abuse Claim against the Non-Settling Insurers or any other party.

After the Effective Date, every Abuse Claim held by an Abuse Claimant who has not elected to receive an Immediate Distribution (the "Trust Claims") shall be reviewed and scored by the Abuse Claims Reviewer in order to determine the distribution to each such Holder in accordance with the terms of the Survivors' Trust Documents.

a. The Abuse Claims Reviewer shall provide a determination of the distribution to which each Holder of each Trust Claim is entitled (the "Initial Determination"), in accordance with the terms of the Survivors' Trust Documents. Each Holder of a Trust Claim will receive a notice containing the Initial Determination, including a projected recovery based on the anticipated available assets of the Survivors' Trust at the time of the Initial Determination.

b. Within thirty (30) days of receipt of the notice of the Initial Determination, each Holder of a Trust Claim shall have the right to request an appeal of the Initial Determination to a neutral decisionmaker (the "Neutral"), who shall provide a subsequent determination (the "Neutral Determination"), as provided for in the Survivors' Trust Documents.

c. The Neutral Determination shall be the "Final Determination" for purposes of such Holder's distributions from the Survivors' Trust.

d. For the avoidance of doubt, no determination will be made in the Chapter 11 Case concerning the alleged dollar value of an Abuse Claim for purposes of unsettled Insurance. Neither the Claims Reviewer's or Survivors' Trustee's review of an Abuse Claim and determination of qualification, nor the Survivors' Trust's estimation of claims or payment of distributions, shall constitute a trial, an adjudication on the merits, or evidence of liability or damages in any litigation with the Non-Settling

1 Insurer or any other Person.

2 2. Distributions to Trust Claimants from the Survivors' Trust.

3 Subject to the Survivors' Trust Documents, the Plan provides that the following procedures will
4 govern distributions to Trust Claimants from the Survivors' Trust:

5 a. Within 30 days of the Neutral's completion of all Neutral Determinations, the
Survivors' Trustee shall make a projection of anticipated distributions to each Holder of a Trust Claim.

6 b. The Survivors' Trustee will make an initial distribution (the "Initial Distribution")
7 to each Trust Claimant, except for those Trust Claimants who elect the Litigation Option (defined
8 below). The Initial Distribution shall be comprised of each such Trust Claimants' *pro rata* share of the
Survivors' Trust Assets existing on that date, less reasonable reserves for the Survivors' Trust, to be
9 determined by the Survivors' Trustee in accordance with the Survivors' Trust Documents (the "Initial
Reserve"). The Survivors' Trustee may, but need not, wait until the liquidation of the Livermore Property
to make the Initial Distribution.

10 c. Upon the receipt of additional contributions into the Survivors' Trust, including
11 from sales of real property owned by the Survivors' Trust, the Survivors' Trustee shall make further
12 distributions (the "Additional Distributions") to the Holders of Trust Claims in accordance with this
Section of the Plan and the Survivors' Trust Documents, less such appropriate reserves (the "Additional
Reserves").

13 d. After the final resolution of all Trust Claims the Holders of which selected the
14 Litigation Option, the Survivors' Trustee shall make a final distribution to the Holders of Trust Claims
15 (the "Final Distribution"), which shall include previously withheld reserves and any reallocated funds. If,
after 180 days from the date of the Final Distribution, there are any funds which are not claimed by the
Holder of a Trust Claim, such unclaimed funds shall be returned to the Reorganized Debtor.

16 3. Election of Distribution Option vs. Litigation Option.

17 Irrespective of whether a Trust Claimant has requested an appeal of the Initial Determination to
18 the Neutral, within 90 days of receiving the notice of the Initial Determination of a Trust Claim, the Holder
19 may, instead of receiving an Initial Distribution, elect to pursue litigation against the Non-Settling Insurers
20 and/or other parties (excluding the Debtor or Reorganized Debtor as appropriate) (the "Abuse Claim
Litigation") and, the election of the Abuse Claim Litigation, the "Litigation Option") by filing the notice
21 described in Section 8.2.2 of the Plan. **The Holder of an Abuse Claim who elects the Distribution
Option shall not be entitled to pursue the Litigation Option, meaning they shall not be entitled to
pursue any additional recovery from the Non-Settling Insurers.** If no election to pursue the Litigation
Option is timely made, the Trust Claimant shall be deemed to have chosen the Distribution Option.

22 a. In the event the Holder of a Trust Claim elects the Litigation Option, the Survivors'
23 Trustee shall reserve the amount of such Claimant's Final Determination pending the resolution of the
Abuse Claim Litigation.

24 b. The liability of the Survivors' Trust to the Holder of a Trust Claim who elects the
25 Litigation Option shall be limited to the Final Determination, even in the event that the Holder of a Trust
Claim obtains a judgment through the Abuse Claim Litigation that is higher than the Final Determination.

26 c. The distribution from the Survivors' Trust to the Holder of a Trust Claim who
27 obtains a judgment through the Abuse Claim Litigation that is lower than the Final Determination shall
be capped at the amount of such judgment (the "Litigation Judgment"); provided, however, that such
28 distribution from the Survivors' Trust shall be further reduced by the amount of any liability for the

DISCLOSURE STATEMENT FOR PLAN OF REORGANIZATION

Litigation Judgment that is apportioned to (i) one or more third-party defendants in the Abuse Claim Litigation, and/or (ii) any Non-Settling Insurer on account of such Non-Settling Insurer's coverage obligations under an Abuse Insurance Policy, if any, subject to such Non-Settling Insurer's rights to Contribution and other rights under the Plan and the applicable Abuse Insurance Policy(ies). The difference between the Final Determination and the reduced distribution from the Survivors' Trust shall be reallocated to all of the Survivors' Trust Beneficiaries in their *pro rata* share.

d. If a Holder of a Trust Claim obtains a judgment against a Non-Settling Insurer or other third party, any party found liable for payment to such Holder shall pay that judgment directly to such Holder. The Holder shall have no further claims against the Survivors' Trust and any amount reserved for that Holder's Trust Claim shall be reallocated to all Survivors' Trust Beneficiaries in their *pro rata* share.

e. Following final resolution of each Abuse Claim Litigation, the Survivors' Trustee will make an initial distribution (the "Initial Litigation Distribution") to each Trust Claimant who selected the Litigation Option, in accordance with the terms of Article IX of the Plan and the Survivors' Trust Documents and subject to reasonable reserves.

f. Upon written notice to the Survivors' Trustee, subject to the Survivors' Trustee's sole and absolute discretion, a Trust Claimant who selected the Litigation Option may rescind that election in favor of the Distribution Option. Notwithstanding the foregoing, the Survivors' Trustee shall consent to such rescission if such written notice of rescission is given prior to entry of an order of dismissal or a final judgment in the Abuse Claim Litigation in favor of a Released Party.

g. Following final resolution of the last Abuse Claim Litigation, the Survivors' Trustee will make his Final Distribution as set forth in Section 9.8.3.4 of the Plan.

The Survivors' Trustee shall report to the Reorganized Debtor, on a quarterly basis, or upon reasonable request, (i) the date on which each Holder of an Abuse Claim is notified of their award under the Survivors' Trust Distribution Plan, (ii) whether each Holder of an Abuse Claim has elected the Immediate Distribution, the Distribution Option, or the Litigation Option, and (iii) any modification made by any Holder of an Abuse Claim to their treatment status.

G. Compensation and Reimbursement of Expenses to Survivors' Trustee and Survivors' Trust Professionals.

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

H. Excess Survivors' Trust Assets.

After the payment of all Abuse Claims that are entitled to a distribution from the Survivors' Trust and all expenses of the Survivors' Trust Expenses, all remaining Assets in the Survivors' Trust shall be transferred to the Reorganized Debtor concurrent with the termination of the Survivors' Trust pursuant to the Survivors' Trust Documents.

1 **I. Indemnification of Debtor, Reorganized Debtor, and Contributing Non-Debtor Catholic**
2 **Entities.**

3 The Survivors' Trust shall indemnify and hold harmless the Debtor, Reorganized Debtor, and the
4 Contributing Non-Debtor Catholic Entities from and against any and all Abuse Claims, as well as
5 indemnify and reimburse such parties for all fees, costs and expenses related to Abuse Claims (including
6 such fees, costs and expenses incurred in connection with discovery), to the extent set forth in the Plan
7 and the Survivors' Trust Documents. The Survivors' Trust shall not have any obligation to indemnify any
8 Person accused of committing a physical act of Abuse against a Holder of an Abuse Claim or such
9 Holder's predecessor(s)-in-interest.

10 **J. Modification of Survivors' Trust Documents.**

11 1. The Survivors' Trust Documents may not be amended or modified without the consent of
12 the Reorganized Debtor. The Reorganized Debtor shall also have consent rights with respect to the
13 appointment of any successor Survivors' Trustee and Survivors' Trust Advisory Committee members,
14 which consent shall not be unreasonably withheld. Notwithstanding the foregoing, the indemnification
15 obligations of the Survivors' Trust described in the Plan as to any Released Party may not be amended or
16 modified without the consent of such Released Party.

17 **ARTICLE VIII**

18 **SETTLING INSURERS**

19 **A. No Insurance Settlement Agreements to Date**

20 As of the date of the filing of this Disclosure Statement, there are no Settling Insurers and no
21 Insurance Settlement Agreements executed. Any discussion of a Settling Insurer or Insurance Settlement
22 Agreement herein refers to the identification of Settling Insurers under future Insurance Settlement
23 Agreements.

24 **B. Insurance Settlement Agreements**

25 If, before Confirmation, an Insurer enters into an Insurance Settlement Agreement with the Debtor
26 under which the Insurer would become a Settling Insurer under the Plan upon entry of the Confirmation Order,
27 the Debtor shall file with the Plan Supplement providing for any provisions required by the proposed Settling
28 Insurer, and agreed to by the Debtor, to be made a part of the Plan. Any such provisions set forth in the Plan
Supplement shall be deemed incorporated into this Section as part of the Plan. Any Insurer that becomes a
Settling Insurer shall receive the treatment as may be provided in any Insurer Settlement Agreement
approved by a Final Order.

Each Insurance Settlement Agreement is effective and binding upon all Persons who have notice,
and any of their successors and assigns, upon the entry of a Final Order approving the Insurance Settlement
Agreement and satisfaction of all conditions precedent. Payments by each Settling Insurer to the
Survivors' Trust, and the releases by the Debtor and/or the Contributing Non-Debtor Catholic Entities of
each Settling Insurer, pursuant to the Insurance Settlement Agreements shall occur and/or be effective
according to the terms of each such agreement.

C. Sale Free and Clear of Interests of Settling Insurer Policies

Each Settling Insurer Policy shall be sold to the issuing Settling Insurer, pursuant to sections 105,
363, and 1123 of the Bankruptcy Code, free and clear of all liens and Claims of all Persons, to the extent
provided for in each applicable Insurance Settlement Agreement.

DISCLOSURE STATEMENT FOR PLAN OF REORGANIZATION

1 **D. Rights Under Insurance Settlement Agreements**

2 The Insurance Settlement Agreements shall survive the confirmation, effectiveness, and
3 consummation of the Plan. The rights of the parties under any Insurance Settlement Agreement shall be
4 determined exclusively under the applicable Insurance Settlement Agreement, the Final Order approving
5 such Insurance Settlement Agreement, the Plan, and the Confirmation Order.

6 **E. Contribution Claims of Settling Insurers**

7 Each Settling Insurer agrees that it will not pursue any Abuse Related Contribution Claim that it
8 might have against any other Insurer (a) whose Contribution Claim against Settling Insurers is satisfied
9 and extinguished entirely; or (b) that does not make an Abuse Related Contribution Claim against the
10 Settling Insurers, or any of them. If, in the future, a Non-Settling Insurer releases its Abuse Related
11 Contribution Claims, if any such exist, that it may have against the Settling Insurers, then such released
12 Settling Insurer shall release its Abuse Related Contribution Claims against such releasing Insurer.

13 If any Non-Settling Insurer asserts a Claim directly against the Survivors' Trust arising from or
14 concerning the one or more Settling Insurers' Abuse Insurance Policies, any Abuse Related Contribution
15 Claim of the Settling Insurers shall be transferred to the Survivors' Trust, and the Survivors' Trust shall
16 be authorized to assert the Contribution Claims of such Settling Insurer against such Non-Settling Insurer.

17 **F. Timing**

18 The injunctions, releases, and discharges to which any Settling Insurer is entitled pursuant to such
19 Insurance Settlement Agreement, the Plan, the Confirmation Order, the Final Order approving the
20 Insurance Settlement Agreement, and the Bankruptcy Code shall become effective pursuant to the terms
21 of such Insurance Settlement Agreement.

22 **ARTICLE IX**

23 **MATTERS RELATING TO NON-SETTLING INSURERS**

24 **A. Preservation of the Rights of Non-Settling Insurers**

25 The Plan is intended to ensure preservation of the rights of Insurers and Holders of Abuse Claims
26 who wish to pursue recovery from applicable, available insurance coverage, and of the obligations of the
27 parties to each of the Abuse Insurance Policies. The Plan seeks to achieve this "insurance neutral" result
28 through the following terms, among others.

With respect to Non-Settling Insurers, nothing in the Plan, the Plan Documents, the Confirmation
Order, or the Survivors' Trust Documents, including any provision that purports to be preemptory or
supervening, shall in any way operate to, or have the effect of, impairing, altering, supplementing,
changing, expanding, decreasing, or modifying (i) the terms and conditions of any Abuse Insurance
Policy, (ii) the rights and obligations of the Debtor (or its Estate) and any Non-Settling Insurers (and third-
party claims administrators) under any of the Abuse Insurance Policies, or (iii) the coverage or benefits
provided under the Abuse Insurance Policies; provided, however, that because the Non-Settling Insurers
would solely be potentially financially responsible for payment of Abuse Claims (and the Debtor would
have no such potential financial responsibility), the provisions of Cal. Civil Code § 2860 entitling an
insured to appointment of independent counsel in certain circumstances shall not apply to any claims
pursued by Holders of Abuse Claims against the Debtor (as a nominal party only) or the Survivors' Trust
in the non-bankruptcy court system for the purpose of recovering from Non-Settling Insurers.

1 With respect to the Non-Settling Insurers, notwithstanding any provision in the Plan, the Plan
2 Documents, the Confirmation Order, or the Survivors' Trust Documents, nothing contained in any such
3 documents or in this paragraph shall impose, or shall be deemed or construed to impose, any obligation
4 on any Non-Settling Insurer to provide a defense for, settle, or pay any judgment with respect to, any
5 Abuse Claim. Rather, a Non-Settling Insurer's obligations, if any, with respect to an Abuse Claim shall
6 be determined solely by and in accordance with the applicable Abuse Insurance Policy or Abuse Insurance
7 Policies issued by that Non-Settling Insurer subject to applicable non-bankruptcy law. Nothing in the Plan,
8 the Plan Documents, the Confirmation Order, or the Survivors' Trust Documents shall diminish or impair,
9 or be deemed to diminish or impair, the rights of any Non-Settling Insurer to defend any Abuse Claim or
10 to assert any claim, defense, right, or counterclaim in connection with any Abuse Claim or Abuse
11 Insurance Policy in accordance with applicable law; provided, however, that any claim or counterclaim
12 for Contribution (as defined below) against a Settling Insurer shall be addressed as provided herein.

13 For all issues relating to insurance coverage concerning Non-Settling Insurers, the provisions,
14 terms, conditions, and limitations of the applicable Abuse Insurance Policies shall control, subject to
15 applicable non-bankruptcy law.

16 A Non-Settling Insurer's obligation, if any, with respect to an Abuse Claim shall be determined
17 solely by and in accordance with the applicable Abuse Insurance Policy or Abuse Insurance Policies issued
18 by that Non-Settling Insurer subject to applicable non-bankruptcy law. Liability with respect to any Abuse
19 Claim for purposes of any recovery against an Abuse Insurance Policy will be determined pursuant to
20 applicable non-bankruptcy law.

21 With respect to the Non-Settling Insurers, for purposes of establishing the value of any Abuse
22 Claim for purposes of recovery from, or coverage under, any Abuse Insurance Policy issued by a Non-
23 Settling Insurer, no determination made in the Chapter 11 Case, nor any determinations made by the
24 Claims Reviewer or Survivors' Trustee concerning any Abuse Claim at any time, shall be binding on or
25 against a Non-Settling Insurer, nor shall any party (including any Holder of an Abuse Claim against the
26 Debtor) offer into evidence, or seek to admit into evidence, any such alleged determination in any tort
27 actions pursued by Holders of Abuse Claims against the Debtor (as a nominal party only) or the Survivors'
28 Trust in the non-bankruptcy court system for the purpose of recovering from Non-Settling Insurers, except
for the limited purpose of establishing the amount of any credit to which Debtor (as a nominal party) may
be entitled to offset any verdict in favor of a holder of an Abuse Claim.

1 The determination of, qualification, estimation of claims, and payment of trust distributions is not
2 an admission of liability by the Debtor or Reorganized Debtor (as applicable), any Non-Settling Insurer,
3 the Survivors' Trust, or any other Person with respect to any Abuse Claims and has no *res judicata* or
4 collateral estoppel effect on any Non-Settling Insurer, the Debtor, the Survivors' Trust, or any other
5 Person, except that such determination may be introduced for the limited purpose of establishing the
6 amount of any credit to which the Debtor (as a nominal party) or the Survivors' Trust may be entitled to
7 offset any verdict in favor of a Holder of an Abuse Claim.

8 Neither the Claims Reviewer's nor Survivors' Trustee's review of an Abuse Claim and
9 determination of qualification, nor anything in the Survivors' Trust Documents (including any action or
10 decision pursuant to the Survivors' Trust Documents, including any estimation of claims or payment of
11 distributions), shall constitute a trial or an adjudication on the merits, or evidence of liability or damages,
12 in any litigation with the Non-Settling Insurer or any other Person.

13 With respect to Non-Settling Insurers, nothing in the Plan, the Plan Documents, the Confirmation
14 Order, or the Survivors' Trust Documents shall, under any theory, (a) constitute a trial, a judgment, an
15 adjudication on the merits, or evidence establishing the liability (in the aggregate or otherwise) or
16 obligation of the Debtor or the Survivors' Trust with respect to any Abuse Claim, (b) constitute a trial, a
17 judgment, an adjudication on the merits, or evidence (or be introduced as evidence) establishing the
18 liability of any Non-Settling Insurer in current or subsequent litigation for any Claim, including, without

DISCLOSURE STATEMENT FOR PLAN OF REORGANIZATION

1 limitation, any Abuse Claim, or under any Abuse Insurance Policy, (c) constitute, or be deemed to
2 constitute (or be introduced to support a determination) of the reasonableness of the amount of any Claim,
3 including any Abuse Claim, either individually or in the aggregate with other Claims, (d) be deemed to
4 grant to any Person or Entity any right to sue any Non-Settling Insurer directly, in connection with a
5 Claim, including any Abuse Claim, or any Abuse Insurance Policy, that such Person or Entity did not
6 otherwise have under applicable non-bankruptcy law, (e) constitute a finding or determination (or be
7 introduced to support a finding or determination) that the Debtor is a named insured, additional insured,
8 or insured in any other way under any Abuse Insurance Policy, (f) constitute a finding or determination
9 (or be introduced to support a finding or determination) that any Insurer in fact issued any alleged Abuse
Insurance Policy or that any alleged Abuse Insurance Policy has any particular terms or conditions, (g)
constitute a finding or determination (or be introduced to support a finding or determination) that any
Insurer has any defense or indemnity obligation with respect to any Claim or Abuse Claim, or (h)
constitute a finding or determination (or be introduced to support a finding or determination) on any matter
at issue or which may be raised as an issue in any action, including the Coverage Action. In addition, no
payment made in accordance with the Plan shall be, or be deemed to be, a waiver of any rights of any
Non-Settling Insurer under any Abuse Insurance Policy.

Other than with respect to the effectiveness of the Insurance Assignment contemplated by the Plan
(if necessary) and the findings necessary to confirm the Plan under Section 1129 of the Bankruptcy Code
for such purpose only, no Non-Settling Insurer shall be bound in any current or future litigation concerning
an Abuse Claim or an Abuse Insurance Policy by any factual findings or conclusions of law issued in
connection with Confirmation of the Plan, and no such findings of fact or conclusions of law shall have
any *res judicata* or collateral estoppel effect on any Claim, defense, right, offset, or counterclaim that has
been asserted or that may be asserted in any current or subsequent litigation concerning an Abuse Claim
or an Abuse Insurance Policy. Non-Settling Insurers shall retain, and be permitted to assert, (i) all of their
insurance coverage defenses subject to applicable non-bankruptcy law in connection with Abuse Claims
notwithstanding any provision of the Plan, the Plan Documents, or the Confirmation Order, provided,
however, no Non-Settling Insurer may assert the Insurance Assignment as a defense to any Coverage
Claim nor challenge the efficacy or validity of the Insurance Assignment, and (ii) all of the Debtor's
defenses to liability, both legal and equitable, in connection with any asserted Abuse Claim, and the Non-
Settling Insurers' rights to assert all such underlying defenses and insurance coverage defenses in
connection with Abuse Claims will not be impaired in any way by the Plan, the Plan Documents, the
Confirmation Order, or the Survivors' Trust Documents, but shall be subject to applicable non-bankruptcy
law.

Any disputes regarding a Non-Settling Insurer's liability for Abuse Claims and/or coverage
therefor under any Abuse Insurance Policy shall be resolved under applicable non-bankruptcy law in the
District Court overseeing the Coverage Action or such other venue as the affected parties (including the
Non-Settling Insurer(s)) may agree.

Nothing in the Plan shall limit the ability of any Non-Settling Insurer to agree to different terms or
treatment of its Abuse Insurance Policies as part of a consensual settlement with the Debtor, Survivors'
Trust, and/or Holders of Abuse Claims.

Any Non-Settling Insurer's legal, equitable, or contractual rights and obligations relating to the
Abuse Insurance Policies issued by such Non-Settling Insurer shall be determined under applicable non-
bankruptcy law. Nothing in the Plan shall be construed to impair or diminish the Debtor's or any Non-
Settling Insurer's legal, equitable, or contractual rights or obligations under any Abuse Insurance Policy
including, but not limited to, the ability to negotiate resolution of any dispute; provided, however, (a) that
because Non-Settling Insurers would solely be potentially financially responsible for payment of Abuse
Claims (and the Debtor would have no such potential financial responsibility), the provisions of Cal. Civil
Code § 2860 entitling an insured to appointment of independent counsel in certain circumstances shall not
apply to any claims pursued by Holders of Abuse Claims against the Debtor (as a nominal party only) in
the non-bankruptcy court system for the purpose of recovering from Debtor (as a nominal party) and (b)

DISCLOSURE STATEMENT FOR PLAN OF REORGANIZATION

the Debtor (including the Estate and the Reorganized Debtor) shall have no right to (i) direct or interfere with a Non-Settling Insurer's defense of a tort action asserting an Abuse Claim, or (ii) settle an Abuse Claim without the consent of all affected Non-Settling Insurers; provided, however, that at the Reorganized Debtor's election and at its sole expense, the Reorganized Debtor may appoint its own counsel ("Reorganized Debtor Counsel") to represent the Bishop in the defense of any action by a Holder of an Abuse Claim against the Debtor (as a nominal party only). Any such Reorganized Debtor Counsel shall cooperate and coordinate with defense counsel appointed by the Non-Settling Insurers to represent the Debtor in such action, and the Reorganized Debtor's election to appoint Reorganized Debtor Counsel shall not constitute direction of or interference with a Non-Settling Insurer's defense of a tort action asserting an Abuse Claim. The Non-Settling Insurers reserve all policy defenses and claims, including without limitation all rights, claims, and defenses concerning cooperation, offsets, recoupments, deductions, deductibles, self-insured retentions, and all rights, claims, and defenses provided in their policies.

Except as expressly stated herein, any coverage issues involving the Non-Settling Insurers or the Abuse Insurance Policies issued by the Non-Settling Insurers shall be determined in accordance with applicable non-bankruptcy law. All positions and arguments with respect to available coverage under such Abuse Insurance Policies shall be fully preserved for assertion by the Non-Settling Insurers and Abuse Claimants in any litigation of coverage issues. Subject to the terms of the Plan, the Non-Settling Insurers and Holders of Abuse Claims reserve their rights, if any, to (i) bring proceedings concerning the application and interpretation of the terms of the Abuse Insurance Policies and rights thereunder, as well as whether defense and/or indemnity are owed under the Abuse Insurance Policies, and (ii) oppose any such proceeding commenced by any other person or entity in any court of appropriate jurisdiction as determined under applicable non-bankruptcy law; provided, however, except as provided below, because the Debtor will have received a discharge under the Plan, any effort to collect from Abuse Insurance Policies issued by the Non-Settling Insurers to satisfy an Abuse Claim after Confirmation of the Plan shall be sought individually by the applicable Holder of an Abuse Claim after such Holder's Claim has been liquidated as provided herein. Any disputes regarding a Non-Settling Insurer's liability for Abuse Claims (after such Abuse Claim has been liquidated under the provisions set forth above) and/or coverage therefor under Abuse Insurance Policies shall be resolved under applicable non-bankruptcy law in the District Court or such other venue as the affected parties (including the Non-Settling Insurer(s)) may agree.

The limitations in Section 8.3 of the Plan are for the benefit of the Non-Settling Insurers to preserve their ability to assert the Debtor's defenses to Abuse Claims as well as Non-Settling Insurers' own coverage defenses. For the avoidance of doubt, the Debtor (and the Reorganized Debtor, as applicable) reserves its right to enforce the Plan, including without limitation its discharge, and to the benefits of any settlements reached with Settling Insurers, provided that the foregoing will not limit the protections afforded to the Non-Settling Insurers herein. All parties in interest in this Chapter 11 Case shall retain the right to enforce the Claims Bar Date Order (as amended) and all confidentiality orders issued in the Bankruptcy Case.

The provisions of Section 8.3 of the Plan shall be incorporated into the Confirmation Order.

B. Scope of Plan Injunctions With Respect to Non-Settling Insurers

The injunctions under the Plan and Confirmation Order shall not prohibit a Non-Settling Insurer from asserting Claims against the Survivors' Trust for contribution, subrogation, indemnification, reimbursement, or other similar Cause of Action (collectively, "Contribution") for any Settling Insurer's alleged share or equitable share relating to the defense and/or indemnity obligation for any Abuse Claim, or for any Cause of Action released in any Insurance Settlement Agreements.

If a Non-Settling Insurer asserts it has (a) Contribution Claims directly or indirectly arising out of or in any way relating to such Non-Settling Insurer's payment of loss on behalf of the Debtor or defense expenses incurred in any action that should have been paid by or are otherwise attributable to a Settling

DISCLOSURE STATEMENT FOR PLAN OF REORGANIZATION

Insurer related to any Abuse Claim or (b) rights to recover any self-insured retentions/obligations and/or deductibles (collectively, "Payment Obligations") in connection with its payment of defense and/or indemnity related to an Abuse Claim, then (i) such Contribution Claims or Payment Obligations may be asserted as a setoff, defense, or counterclaim against any Abuse Claimant and/or the Survivors' Trust in any insurance action or insurance recovery action (under Cal. Ins. Code § 11580 or otherwise) involving such Non-Settling Insurer and (ii) to the extent such Contribution Claims or Payment Obligations are determined to be valid, the liability (if any) of such Non-Settling Insurer to the holder of the Abuse Claim or the Survivors' Trust shall be reduced by the amount of such Contribution Claims or Payment Obligations, provided that if any such Contribution Claim exceeds the liability of such Non-Settling Insurer to the Survivors' Trust, the Non-Settling Insurer does not waive any excess claim and may seek affirmative recovery from the Survivors' Trust.

To the extent payment of a self-insured retention is a condition to a Non-Settling Insurer's obligation to provide defense or indemnity under applicable non-bankruptcy law and the Non-Settling Insurer's applicable insurance policies, the failure of the Survivors' Trust to pay such self-insured retention to the Non-Settling Insurer shall result in the Non-Settling Insurer having the right to argue that such failure of payment is a complete defense to any claim for coverage by the Non-Settling Insurer to, or related to, any claim for recovery of insurance from the Non-Settling Insurer.

C. Non-Settling Insurers' Contribution Claims Against Settling Insurers

In any Action, including the Coverage Action, involving the Holder of an Abuse Claim and one or more Non-Settling Insurers, where a Non-Settling Insurer has asserted, asserts, or could assert any Contribution Claim against any of the Settling Insurers or the Survivors' Trust, and such Contribution Claims are determined by the court presiding over such Claims to be valid, then any judgment or award obtained against such Non-Settling Insurer by such Holder of an Abuse Claim shall be automatically reduced by the amount, if any, that the Survivors' Trust or any of the Settling Insurers is liable to pay such Non-Settling Insurer as a result of the Non-Settling Insurer's Contribution Claim, so that the Contribution Claim is thereby satisfied and extinguished; provided, however, that, as against the Survivors' Trust (as successor to the Debtor), a Non-Settling Insurer may only assert any such Contribution Claim for the payment of deductible or self-insured retention. The Settling Insurers shall be required to cooperate in good faith with the Debtor, the Reorganized Debtor, and/or the Survivors' Trust to take commercially reasonable steps to defend against any Contribution Claim by a Non-Settling Insurer.

D. Cooperation with Non-Settling Insurers

The Survivors' Trust and the Debtor (including the Estate and the Reorganized Debtor) shall have the obligation as provided in the Abuse Insurance Policies to cooperate with the Non-Settling Insurers with respect to the investigation and defense of Abuse Claims pursuant to the terms of the Non-Settling Insurers' respective Abuse Insurance Policies, including with respect to preserving any documents relevant to liability or coverage disputes, making documents and witnesses available to the Non-Settling Insurers concerning such disputes, and maintaining privilege with regard to the defense.

The Reorganized Debtor and its agents will not voluntarily waive any privilege under applicable non-bankruptcy law applicable to documents or communications related to alleged Abuse Claims (collectively, "Privileged Communications"). Without limiting the generality of the foregoing, neither the Reorganized Debtor nor its agents shall provide the Survivors' Trust or any Holder of an Abuse Claim with any Privileged Communications, absent the express consent of all affected Non-Settling Insurers or a court order compelling such a production. The Reorganized Debtor shall provide prompt notice of any requests and/or motions to compel disclosure of Privileged Communications and cooperate with affected Insurers with respect to the same.

The Non-Settling Insurers shall reserve all coverage defenses with respect to any current or future failure to cooperate. The Debtor and the Survivors' Trust reserve all rights under the applicable Abuse

Insurance Policies of the Non-Settling Insurers. The Insurance Assignment does not violate and shall not be deemed to violate any cooperation requirements in any Abuse Insurance Policy.

E. Reductions In Non-Settling Insurers' Liability

If a Holder of an Abuse Claim is seeking both (a) a recovery from the Survivors' Trust and (b) a non-bankruptcy court action against the Debtor (as a nominal party only) for the purpose of seeking coverage and recovery under an Abuse Insurance Policy, and obtains both a distribution from the Survivors' Trust and a judgment against a Non-Settling Insurer from a court of competent jurisdiction, then the Non-Settling Insurer's liability shall be reduced on a dollar-for-dollar basis by the amount distributed to the Holder of such Abuse Claim from the Survivors' Trust.

To the extent a Non-Settling Insurer pays an Abuse Claim as so determined without a credit for any recovery provided by the Survivors' Trust to the Holder of such Abuse Claim under the Plan, such Non-Settling Insurer shall be entitled to recover from the Survivors' Trust on account of its payment to such Holder an amount equal to the amount paid to such Holder by the Survivors' Trust.

No Holder of an Abuse Claim shall recover in the aggregate from the Survivors' Trust and the Non-Settling Insurer an amount greater than the amount of the judgment issued by the applicable court of competent jurisdiction in connection with such Holder's underlying Abuse Claim.

ARTICLE X

MEANS FOR IMPLEMENTATION OF THE PLAN

The Plan provides for means of implementation as set forth in Article XII thereof, and described below.

A. Revesting.

The Plan provides that property of the bankruptcy estate will revest in the Reorganized Debtor on the Effective Date, as follows:

- a. *Revesting of Property in the Reorganized Debtor.* On the Effective Date, all property of the Estate as defined in Section 541 of the Bankruptcy Code, including any Causes of Action, shall revest in the Reorganized Debtor, free and clear of all liens and encumbrances and all Claims, rights, interests, and entitlements. Thereafter, the Reorganized Debtor may use, sell, transfer or exchange such property in its discretion, subject to any restriction or limitation set forth in the Plan.
- b. *Obtaining Credit.* At any time after the Effective Date the Reorganized Debtor may obtain credit in its sole discretion without approval of the Bankruptcy Court.
- c. *No Waiver.* No claim, right, Cause of Action, or other property of the Estate shall be deemed waived or otherwise forfeited by the Debtor's failure to identify such property in the Schedules or the Disclosure Statement accompanying the Plan.

B. Child Protection Measures.

In order to further promote healing and reconciliation, and in order to continue efforts to prevent Abuse from occurring in the future, the Reorganized Debtor agrees that, as of the Effective Date (unless a different date is provided in the Confirmation Order), it will use continue the non-monetary measures outlined in Article IV(G) above entitled "Debtor's Mission to Effect Reconciliation and Compensation."

DISCLOSURE STATEMENT FOR PLAN OF REORGANIZATION

1 **C. CCCEB Settlement**

2 The Plan contemplates that, in full and complete satisfaction of all obligations under the CCCEB
3 Note, on the Effective Date, CCCEB shall transfer fee simple title to the Cathedral Center to the
4 Reorganized Debtor, together with all improvements thereon and all tangible personal property owned by
5 CCCEB and located on or used in connection with operation of the Cathedral Center. In connection with
6 this transaction:

- 7 a. CCCEB shall assign to the Reorganized Debtor, and the Reorganized Debtor shall
8 assume all obligations of CCCEB under, all current contracts related to
9 maintenance and operation of the Cathedral Center, provided that the Reorganized
10 Debtor may decline to assume any such contract following reasonable diligence
11 review, and further provided that to the extent any such contracts are not assignable
12 under their terms or applicable law or assignment would constitute a breach under
13 the terms of such contract, Reorganized Debtor may instead, at its election, fund
14 CCCEB's obligations for payment under any such contracts.
- 15 b. Funds in deposit accounts in the name of or controlled by CCCEB for operation of
16 the Cathedral Center shall, at the Reorganized Debtor's election, be transferred to
17 the Reorganized Debtor, or otherwise used for operating expenses related to the
18 Cathedral Center or otherwise to pay the debts of CCCEB.
- 19 c. CCCEB shall assign to RCBO, and RCBO shall assume all obligations under the
20 existing leases and user agreements with tenants and other users of the Cathedral
21 Property, including (i) that certain License and Services Agreement dated as of
22 January 1, 2020, with RCC regarding the mausoleum on the Cathedral Property;
23 (ii) that certain Commercial Office Lease Agreement with RCC dated as of April
24 3, 2024; (iii) that certain Lease Agreement with the Order of Malta Clinic of
25 Northern California dated January 25, 2008, and amended February 10, 2023; and
26 (iv) agreements for use of Cathedral Property space with RCWC, and the Cathedral
27 of Christ the Light parish Church.
- 28 d. Following effectuation of the CCCEB Settlement as set forth in the Plan, CCCEB
shall have no further obligation or liability of any kind for the debt evidenced by
the CCCEB Note, or in connection with the CCCEB Note. The Plan provides that
the Debtor will reject the existing lease with CCCEB as it will no longer be
necessary.

20 **D. Treatment of Actions and Causes of Action.**

21 On the Effective Date, all Causes of Action held by the Estate or the Debtor other than the Assigned
22 Insurance Interests shall be deemed fully vested in the Reorganized Debtor. Pursuant to Section
23 1123(b)(3) of the Bankruptcy Code, the Reorganized Debtor shall retain and have the exclusive authority
24 and standing to prosecute, enforce, pursue, sue on, settle or compromise any and all Causes of Action
25 (including Avoidance Actions), arising before the Effective Date, including all Causes of Action of a
26 trustee and debtor-in-possession under the Bankruptcy Code, but not including the Coverage Action,
27 Assigned Insurance Interests, and any other Causes of Action expressly released or compromised as part
28 of or pursuant to the Plan or by other order of the Bankruptcy Court entered prior to the Effective Date.
The Reorganized Debtor shall also retain and may prosecute and enforce all defenses, counterclaims, and
rights that have been asserted or could be asserted by the Debtor against or with respect to all Claims
asserted against the Debtor or property of the Estate. Failure to specifically identify potential Causes of
Action in the Plan shall not be deemed a waiver of any such Cause of Action by the Debtor, Reorganized
Debtor, or the Survivors' Trust.

E. Continued Existence.

From and after the Effective Date, the Debtor shall continue in existence as the Reorganized Debtor in accordance with applicable law for all purposes, including, among other things, (a) enforcing and prosecuting claims, interests, rights, and privileges of the Debtor including, without limitation, prosecuting Causes of Action, (b) resolving Disputed Claims, (c) administering the Plan, (d) filing appropriate tax returns and refund requests, and (e) performing all such other acts and conditions required by and consistent with consummation of the Plan.

F. The Survivors' Trust.

On the Effective Date, the Survivors' Trust shall be created, as provided in Article IX of the Plan, and described in Article XI of this Disclosure Statement.

G. Post-Effective Date Prosecution of Non-Abuse Litigation Claims.

Section 12.7 of the Plan includes the following provisions regarding litigation claims pending against the Debtor that are not Abuse Claims:

- a. *Relief from the Automatic Stay.* Effective upon the Effective Date, Holders of Class 6 Claim are granted relief from the automatic stay of Section 362 of the Bankruptcy Code solely for the purpose of continuing to prosecute their Class 6 Claim in a court of competent jurisdiction (each, a "Class 6 Action"), including but not limited to litigating such action through entry of a judgment, prosecution of any appeals and/or settlement of such action, subject to the terms and conditions set forth herein. All Holders of Class 6 Claims shall be permitted, but not required, to liquidate their Class 6 Action in a court of competent jurisdiction in accordance with 28 U.S.C. § 157(b)(2)(B).
- b. *Sources of Recovery for Non-Abuse Litigation Claims.* Notwithstanding any provision to the contrary in the Plan Documents, Holders of Class 6 Claims shall be entitled to prosecute and/or settle their respective Class 6 Action, provided that such Holder shall be limited to recovering from (i) the proceeds of any applicable insurance policy which provides coverage, or could provide coverage, with respect to such Class 6 Claim and (ii) its *pro rata* portion of the Non-Abuse Litigation Reserve. Effective upon the Effective Date, Holders of Class 6 Claims shall be otherwise barred and enjoined from seeking recovery on any judgment or settlement obtained in their respective Class 6 Action from the assets of the Debtor, Reorganized Debtor, Contributing Non-Debtor Catholic Entities, Survivors' Trust, and any other party receiving a release under the Plan.
- c. *Insurance Coverage for Non-Abuse Litigation Claims.* All parties, including, but not limited to, any insurer under any insurance policy alleged to provide coverage of a Class 6 Claim, reserve and expressly do not waive any of their rights, remedies and/or defenses with respect to any Class 6 Claim. If any insurer denies and/or disclaims coverage of a Class 6 Claim, the Debtor or Reorganized Debtor (as applicable) shall reasonably cooperate at the sole cost of the Holder of such Class 6 Claim to assign to that Holder the right to pursue and receive the proceeds of any applicable coverage under such Insurer's Abuse Insurance Policy or Abuse Insurance Policies. Nothing contained herein shall be deemed a representation or warranty concerning the availability, scope or interpretation of any insurance coverages which may or may not exist.

1 **H. Bankruptcy Procedure and Transition.**

2 *Notice Required Post-Confirmation.* Except as otherwise specifically provided in the Plan, notice
3 of Filings in the Bankruptcy Court after the Confirmation Date, including fee applications, shall be
4 required to be given only to Persons or Entities on the Post-Confirmation Notice List. Consistent with the
5 Local Rules of the Bankruptcy Court, no other form of service shall be required on parties receiving
6 service through ECF. The Post-Confirmation Notice List consists of: (a) the Reorganized Debtor; (b) the
Survivors' Trustee; (c) the Office of the United States Trustee; (d) Persons against whom relief is sought;
and (e) Persons who request notice of such matters through a written request that is filed with the
Bankruptcy Court and served on the Debtor not earlier than the Confirmation Date.

7 *Dissolution of the Committee.* On the Effective Date, the Committee shall be dissolved and the
8 Committee and its members, as of the Effective Date, shall be discharged of and from all further authority,
duties, responsibilities, and obligations related to, arising from and in connection with the Chapter 11
Case.

9 *Statutory Fees.* Section 12.8.4 of the Plan includes specific provisions regarding payment of
10 statutory fees to the United States Trustee as required by 28. U.S.C. § 1930(a)(6).

11 **I. Post-Petition Deposits.**

12 As of the Effective Date, the Reorganized Debtor shall be authorized to close the Adequate
Assurance Account, as defined in the *Final Order Establishing Adequate Assurance Procedures With*
13 *Respect to The Debtor's Utility Providers* [Docket No. 114], and retain all funds held therein. From and
14 after the Effective Date, the Reorganized Debtor may, at its election, demand the refund of any deposit
provided to a Person other than a utility after the Petition Date or may offset the amount of such deposit,
15 at the Reorganized Debtor's election, against either post-Effective Date billings or against distributions to
the holder of such deposit on account of its Allowed Claims, or otherwise take any actions permitted by
law to obtain recovery of such deposit; for the avoidance of any doubt, the foregoing supersedes any pre-
16 or post-petition agreement between the holder of such deposit and the Debtor.

17 **J. Cancellation of Liens**

18 Except as otherwise specifically provided herein, upon the payment of an Allowed Secured Claim
in accordance with the Plan, or upon any Secured Claim being Disallowed, any lien securing such Secured
19 Claim shall be deemed released, and the holder of such Secured Claim shall be authorized and directed to
release any collateral or other property of the Debtor held by such holder and to take such actions as may
20 be reasonably requested by the Reorganized Debtor, to evidence the release of such Lien, including the
execution, delivery, and filing or recording of such releases as may be requested by the Reorganized
21 Debtor at the sole cost and expense of the Reorganized Debtor. For clarity, this Section does not modify
the terms of assumed Executory Contracts or Unexpired Leases of real property.

22 **K. Other Actions.**

23 On and after the Effective Date, the Reorganized Debtor shall be authorized to take such actions
24 as are reasonably necessary to complete and effectuate the terms of the Plan, subject only to the specific
limitations contained in the Plan, the Bankruptcy Code or Bankruptcy Rules, and any order of the Court.

25 **L. General Settlement.**

26 Pursuant to Sections 105 and 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in
27 consideration for the classification, distributions, releases, and other benefits provided under the Plan, on
the Effective Date, the provisions of the Plan shall constitute a good faith compromise and settlement of
28 all Claims and controversies resolved pursuant to the Plan, including without limitation the CCCEB

Settlement. On or before the Effective Date, the Bankruptcy Court will have approved, by Final Order, such compromises, and the Bankruptcy Court's findings will constitute its determination that such compromises and settlements are in the best interests of the Debtor, the Estate, Holders of Abuse Claims (including Unknown Abuse Claims), Holders of other Claims, and other parties in interest, and are fair, equitable, and within the range of reasonableness. To the extent a separate Final Order is not entered on or before the Confirmation Date, the entry of the Confirmation Order will constitute the Final Order approving the compromises and settlements hereunder.

M. Closing of the Case.

As soon as reasonably practicable when the Reorganized Debtor deems appropriate, consistent with the provisions of the Plan, the Bankruptcy Code including without limitation Section 350 of the Bankruptcy Code, the Bankruptcy Rules including without limitation Bankruptcy Rule 3022, and the Local Rules of the Bankruptcy Court, the Reorganized Debtor shall file and serve an application for entry of a Final Decree closing the Chapter 11 Case, together with a proposed Final Decree. A Final Decree may be entered before the Survivors' Trust is fully administered, and the expectation that the Survivors' Trust will make further distributions shall not be a basis for delaying entry of a Final Decree. Entry of a Final Decree closing the Chapter 11 Case shall, whether or not specified therein, be without prejudice to the right of the Reorganized Debtor, the United States Trustee, the Survivors' Trustee, or any other party in interest to reopen the Chapter 11 Case for any matter over which the Bankruptcy Court or the District Court has retained jurisdiction under the Plan. Any Final Decree or order closing the Chapter 11 Case will provide that the Bankruptcy Court or the District Court, as appropriate, will retain (a) jurisdiction to enforce, by injunctive relief or otherwise, the Confirmation Order, any other orders entered in this Chapter 11 Case, and the obligations created by the Plan and the Plan Documents; and (b) all other jurisdiction and authority granted to it under the Plan and the Plan Documents

ARTICLE XI

DISPUTED CLAIMS AND CLAIMS DISTRIBUTIONS

A. Single Claim.

Except as otherwise provided by the Plan, a Person that holds multiple Allowed Claims based on the same indebtedness or obligation, shall be deemed to have only one Allowed Claim against the Estate in an amount equal to the largest of similar Claims for the purposes of voting and distribution under the Plan.

B. Objections to Claims

Parties Permitted to Object to Claims

Any party in interest may object to Claims to the extent permitted under Section 502(a) of the Bankruptcy Code and the Holder of any Claim to which an objection is made is entitled to assert their defenses to such objection.

Time Limits for Objections

The Reorganized Debtor and the Survivors' Trust may File an objection to any Claim at any time through the closing of the Chapter 11 Case. For all other parties in interest, objection to a Claim must be Filed on or before the Claims Objection Deadline.

1 *Disputed Claims*

2 Upon the filing of an objection to a Claim, the Claim shall be a Disputed Claim.

3 **C. Treatment of Disputed Claims**

4 Until such time as an unliquidated Claim, contingent Claim, an unliquidated or contingent portion
5 of a Claim, or a Claim which has been objected to becomes Allowed or is Disallowed, such Claim will be
6 treated as a Disputed Claim for all purposes related to Plan Distributions. No distribution shall be made
7 on account of any Disputed Claim unless and until all objections to such Disputed Claim have been settled
8 or withdrawn or have been determined by a non-appealable order, and the Disputed Claim has become an
9 Allowed Claim. In the event that Disputed Claims in Class 2 or Class 3 are pending at the time of a
distribution under the Plan, the Reorganized Debtor shall maintain a reasonable reserve for such Disputed
Claims. No distribution of such reserved funds for a Disputed Claim shall be made until such Disputed
Claim has been resolved by order of the Court or compromise consistent with the terms of the Plan and
the Bankruptcy Code. Distributions for Disputed Claims in Class 4 or Class 5 shall be as provided in the
Survivors' Trust Distribution Plan and/or other Survivors' Trust Documents.

10 **D. Late Filed Claims.**

11 Claims that are not filed on or before the applicable Claims Bar Date, unless otherwise deemed
12 timely and/or Allowed by order of the Court, shall receive no distribution under the Plan. Instead they
13 shall be deemed Disallowed Claims, and expunged. The submission of a ballot to vote on the Plan shall
14 not constitute an amendable informal Proof of Claim or an amendment to a previously filed Proof of Claim
or scheduled Claim. Any amendment to an otherwise timely filed Proof of Claim must be filed on or
before the Confirmation Date, provided that the foregoing shall not waive or modify the right of any party
in interest to object to amendment of a Claim before the Confirmation Date.

15 **E. Claims Estimation**

16 To effectuate distributions pursuant to the Plan and avoid undue delay in the administration of the
17 Plan, the Reorganized Debtor or the Survivors' Trustee, as applicable, shall have the right to seek an order
18 of the Court pursuant to Section 502(c) of the Bankruptcy Code as to any Disputed Claim, estimating or
19 limiting: (i) the amount that must be withheld from or reserved for distribution purposes on account of
20 such Disputed Claim(s), (ii) the amount of such Claim for allowance or disallowance purposes, or (iii) the
amount of such Claim for any other purpose permitted under the Bankruptcy Code. Whether any such
Claim is subject to estimation pursuant to Section 502(c) of the Bankruptcy Code, and the timing and
procedures for such estimation proceedings, if any, shall be determined by the Court.

21 **F. No Distribution on Disallowed Claims**

22 Notwithstanding any provision in the Plan to the contrary, no distribution shall be made on account
of any Claim which is not an Allowed Claim.

23 **G. Timing of Distributions on Allowed Claims.**

24 *Next Business Day*

25 Whenever any distribution on a Claim to be made pursuant to the Plan would otherwise be due on
26 a day other than a Business Day, such distribution shall be due on the immediately succeeding Business
Day.

Timeliness

Any distribution on a Claim to be made by the Reorganized Debtor pursuant to the Plan or agreements entered into pursuant to the Plan, or by the Survivors' Trust pursuant to the Plan or Survivors' Trust Documents or agreements entered into pursuant to either, shall be deemed to have been timely made if made within 15 days after the time therefor specified in the Plan or such other agreements between the Holder of a Claim and the Debtor, Reorganized Debtor, or Survivors' Trust, as applicable. No additional interest shall accrue or be paid with respect to any distribution as a consequence of such distribution not having been made on the date specified therefor herein. For the avoidance of doubt, this section does not modify the terms of assumed Executory Contracts or Unexpired Leases of non-residential real property.

H. Transfers of Claims.

As of the close of business on the Confirmation Date, there shall be no further changes in the record holders of the Claims for purposes of distributions under the Plan unless the Reorganized Debtor (as to all Claims other than Class 4 and Class 5 Claims) or the Survivors' Trustee (as to Class 4 and Class 5 Claims) otherwise agree. Neither the Reorganized Debtor nor the Survivors' Trustee shall have any obligation to recognize any unapproved transfer of Claims occurring after the Confirmation Date.

I. Prepayment of Claims.

Notwithstanding anything to the contrary in the Plan or the Plan Documents, the Reorganized Debtor may prepay all or any portion of an Allowed Claim payable by the Reorganized Debtor or a note issued by the Debtor or Reorganized Debtor in payment of an Allowed Claim at any time without charge or penalty.

J. Delivery of Distributions.

Distributions to holders of Allowed Claims, other than Class 4 or Class 5 Claims, will be sent to (i) the addresses set forth in any written notice of address change delivered to the Debtor or the Reorganized Debtor after the date of any related Proof of Claim; (ii) the address set forth on such holder's Proof of Claim filed with the Court; (iii) the address set forth on the schedules, if no Proof of Claim has been filed and no notice of change of address has been received; or (iv) to the last known address reflected in the Debtor's books and records. Distributions to Abuse Claimants and Unknown Abuse Claimants from the Survivors' Trust Assets will be made in accordance with the Survivors' Trust Documents.

K. Unclaimed Distributions.

If a holder of an Allowed Claim cannot be located after reasonable effort, or otherwise fails to accept a distribution within 90 days following the date of such distribution, then the distribution to such holder shall be canceled and there shall be no further distributions required with respect to such Claim.

L. No Interest on Claims.

Unless otherwise specifically provided for in the Plan, by applicable law (including Section 506(b) of the Bankruptcy Code), or agreed to by the Debtor or the Reorganized Debtor (as applicable): (i) interest shall not accrue or be paid on any Claim, and no holder of any Claim shall be entitled to interest accruing on and after the Petition Date on account of any Claim; and (ii) without limiting the foregoing, interest shall not accrue on or be paid on any Disputed Claim in respect of the period from the Effective Date to the date a final distribution is made when and if such Disputed Claim becomes an Allowed Claim.

1 **M. Provisions Governing Unimpaired Claims.**

2 Except as otherwise provided in the Plan, nothing will affect the Debtor's or the Reorganized
3 Debtor's rights and defenses with respect to any Unimpaired Claims, including, but not limited to, all
4 rights with respect to legal and equitable defenses to, or setoffs or recoupments against, such unimpaired
5 Claims.

6 **N. Additional Terms Regarding Class 4 and Class 5 Claims.**

7 Except as otherwise provided in Article V of the Plan, terms for resolution of and distribution to
8 Abuse Claims in Class 4 or Class 5 shall be as provided in the Survivors' Trust Documents. For the
9 avoidance of doubt, any such Holder of an Abuse Claim shall not recover in the aggregate from the
10 Survivors' Trust and any Non-Settling Insurer an amount greater than the amount of the judgment issued
11 by the applicable court of competent jurisdiction in connection with the underlying Abuse Claim.

12 **ARTICLE XII**

13 **EFFECTIVE DATE**

14 **A. Conditions Precedent to Effective Date**

15 The Effective Date shall not occur, and the Plan shall not go into effect, unless each of the
16 following conditions are satisfied or waived as set forth in Section 10.2 of the Plan:

17 1. The Confirmation Order shall have been entered and shall be a Final Order in a form
18 reasonably acceptable to the Debtor, and there shall be no stay or injunction that would prevent the
19 occurrence of the Effective Date. The Debtor in its sole discretion may waive the requirement that the
20 Confirmation Order be a Final Order.

21 2. There shall have been no material amendments to the Plan or Confirmation Order.

22 3. The Debtor and all other necessary parties shall have executed all documents and entered
23 into all agreements as may be necessary in connection with the Exit Facility described in Article XI of the
24 Plan.

25 4. The Debtor, the Survivors' Trustee, and any other necessary parties shall have executed all
26 documents necessary for formation of the Survivors' Trust, and for the Survivors' Trustee to administer
27 and operate the Survivors' Trust.

28 5. All approvals necessary to effectuate the transfer of the Livermore Property to the
Survivors' Trust have been obtained.

Transfer of funds to the Survivors' Trust for all initial contributions to the Survivors' Trust
shall have been made, and the proof thereof provided to the Debtor and the Survivors' Trustee.

7. All other actions, authorizations, filings, consents, and approvals required (if any),
including but not limited to canonical approvals, shall have been obtained, effected, or executed in a
manner acceptable to the Debtor and remain in full force and effect or, if waivable, waived by the Person
or Persons entitled to the benefit thereof.

8. All other actions, documents, and agreements necessary to implement and effectuate the
Plan shall have been effected or executed.

DISCLOSURE STATEMENT FOR PLAN OF REORGANIZATION

9. The statutory fees owing to the United States Trustee as of the deadline for payment immediately preceding the Effective Date shall have been paid in full.

B. Waiver of Conditions Precedent to the Effective Date

Any condition to the occurrence of the Effective Date set forth in Section 10.2 of the Plan may be waived, in whole or in part, by the Debtor, subject to approval of the Court, provided that Sections 10.2.3 and 10.2.4 are not waivable. The failure to satisfy any material condition to Confirmation or the Effective Date may be asserted by the Debtor in its sole discretion so long as such failure was not primarily caused by any action or inaction by the Debtor. The failure of the Debtor to exercise any of the foregoing rights shall not be deemed a waiver of any other rights, and each such right shall be deemed an ongoing right, which may be asserted at any time.

C. Revocation of the Plan.

As provided in Section 10.4 of the Plan, if Confirmation does not occur, an order denying Confirmation is entered by the Court, or if the Plan does not become effective, then the Plan shall be null and void, and nothing contained in the Plan or Disclosure Statement shall: (a) constitute a waiver or release of any Claims against the Debtor; (b) constitute a waiver or release of any right, claim or cause of action of the Debtors; (c) constitute an admission of any fact or legal conclusion by the Debtor or any other Person; (d) prejudice in any manner the rights of the Debtor or any other party in any related or further proceedings; or (e) constitute a settlement, implicit or otherwise, of any kind whatsoever.

ARTICLE XIII

EFFECTS OF PLAN CONFIRMATION AND EFFECTIVE DATE

Article XIII of the Plan provides that confirmation and effectiveness of the Plan will have the effects set forth below, as of the Effective Date:

A. Binding Effect of Confirmation.

Section 13.1 of the Plan provides that as of the Confirmation Date, but subject to occurrence of the Effective Date, the provisions of the Plan shall be binding on and inure to the benefit of the Debtor, the Estate, all Holders of Claims against the Debtor, and all other Persons or Entities whether or not such Persons or Entities have accepted the Plan. The rights, benefits, and obligations of any Person or Entity named or referred to in the Plan will be binding on, and will inure to the benefit of, the executors, administrators, successors and assigns of each Person or Entity (as applicable), whether or not they have accepted the Plan.

B. Ratification.

Subject to all of the terms of the Plan, the Confirmation Order shall be deemed to ratify all transactions effectuated by the Debtor during the pendency of the Chapter 11 Case to the extent occurring pursuant to an order of the Court.

C. Discharge of Claims

Under Section 1141(d) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan or in any agreement or document executed pursuant to the Plan, the distributions, rights, and treatment of Claims and Causes of Action in the Plan shall be in complete satisfaction, discharge, and release, as of the Effective Date, of Claims and Causes of Action that arose prior to the Effective Date, whether known or unknown, against, the Debtor (including for the avoidance of doubt the Churches) or

DISCLOSURE STATEMENT FOR PLAN OF REORGANIZATION

any of its assets or properties, including without limitation (i) any demands, liabilities, and Causes of Action that arose before the Effective Date, (ii) any liability to the extent such Claims relate to services performed by employees of the Debtors before the Effective Date and that arise from a termination of employment, (iii) any contingent or non-contingent liability on account of representations or warranties issued on or before the Effective Date, and (iv) all debts of the kind specified in Sections 502(g), 502(h), or 502(i) of the Bankruptcy Code. Any default by the Debtor with respect to any Claim existing immediately before or on account of the filing of the Chapter 11 Case shall be deemed cured on the Effective Date. The Confirmation Order shall be a judicial determination of the discharge of all Claims subject to the Effective Date occurring.

D. Confirmation Injunction.

Except as expressly provided in the Plan or the Confirmation Order, as of the Effective Date all Holders of Claims of any nature whatsoever against or in the Debtor or any of its assets or properties based upon any act, omission, transaction, occurrence, or other activity of any nature that occurred before the Effective Date shall be precluded and permanently enjoined from prosecuting or asserting any such discharged Claim against the Debtor or the Reorganized Debtor or the property of the Debtor or Reorganized Debtor. In accordance with the foregoing, except as expressly provided in the Plan or the Confirmation Order, the Confirmation Order shall be a judicial determination of discharge or termination of all Claims, and other debts and liabilities against or in the Debtor pursuant to Sections 105, 524 and 1141 of the Bankruptcy Code, and such discharge shall void any judgment obtained against the Debtor at any time to the extent such judgment relates to a discharged Claim.

E. Injunction Against Interference with the Plan.

Upon the entry of the Confirmation Order, all Holders of Claims and other parties in interest, along with their respective present or former affiliates, employees, agents, officers, directors, attorneys, or principals, shall be enjoined from taking any actions to interfere with the implementation or consummation of the Plan.

F. Exculpation

Subject to the occurrence of the Effective Date, to the fullest extent permissible under applicable law and without affecting or limiting either the Releases by the Debtor or the Releases by Holders of Abuse Claims, and except as otherwise specifically provided in the Plan or the Confirmation Order, none of the Exculpated Parties shall have or incur any liability to any Holder of a Claim or any other Person for any act or omission in connection with, related to, or arising out of, the Chapter 11 Case, the Plan, the pursuit of Confirmation of the Plan, the negotiation and consummation of the Plan, or the administration of the Chapter 11 Case and the Plan, the property to be distributed under the Plan, the administration of the Survivors' Trust Assets and the Survivors' Trust by the Survivors' Trustee, or any other related agreement, or any restructuring transaction, contract, instrument, release, or other agreement or document created or entered into during the Chapter 11 Case in connection with the Chapter 11 Case, or upon any other act or omission, transaction, agreement, event, or other occurrence related or relating to the foregoing, and each Exculpated Party hereby is exculpated from any claim or Cause of Action related to the foregoing; provided, however, that the foregoing shall not operate as an exculpation, waiver or release for (i) any express contractual obligation owing by any such Person or Entity, (ii) willful misconduct or gross negligence, and (iii) with respect to Professionals, liability arising from claims of professional negligence which shall be governed by the standard of care otherwise applicable to professional negligence claims under applicable non-bankruptcy law, and, in all respects, the Exculpated Parties shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan; provided further that nothing in the Plan shall, or shall be deemed to, release the Exculpated Parties, or exculpate the Exculpated Parties with respect to, their respective obligations or covenants arising pursuant to the Plan.

G. Injunction Related to Exculpation.

As of the Effective Date, all Holders of Claims that are the subject of Section 13.6 are, and shall be, expressly, conclusively, absolutely, unconditionally, irrevocably, and forever stayed, restrained, prohibited, barred and enjoined from taking any of the following actions against any Exculpated Party and, solely to the extent provided by Section 1125(e) of the Bankruptcy Code, any Entity described in Section 1125(e) or its or their property or successors or assigns on account of or based on the subject matter of such Claims, whether directly or indirectly, derivatively or otherwise: (a) commencing, conducting or continuing in any manner, directly or indirectly, any suit, action or other proceeding (including any judicial, arbitral, administrative or other proceeding) in any forum; (b) enforcing, attaching (including any prejudgment attachment), collecting, or in any way seeking to recover any judgment, award, decree, or other order; (c) creating, perfecting or in any way enforcing in any matter, directly or indirectly, any lien or encumbrance; and/or (d) setting off, seeking reimbursement or contributions from, or subrogation against, or otherwise recouping in any manner, directly or indirectly, any amount against any liability or obligation that is discharged under Section 13.3 or exculpated under Section 13.6.

H. Releases by the Debtor.

As of the Effective Date, except for the rights that remain in effect from and after the Effective Date to enforce the Plan and the Confirmation Order, pursuant to Section 1123(b) of the Bankruptcy Code, for good and valuable consideration, the adequacy of which is hereby confirmed, including the service of the Released Parties and Settling Insurers, and each of them, to facilitate and implement the reorganization of the Debtor, as an integral component of the Plan, the Debtor, the Reorganized Debtor, and the Estate shall, and shall be deemed to, expressly, conclusively, absolutely, unconditionally, irrevocably, and forever release and discharge each and all of the Released Parties and Settling Insurers of and from any and all Causes of Action (including Avoidance Actions), any and all other Claims, obligations, rights, demands, suits, judgments, damages, debts, remedies, losses and liabilities of any nature whatsoever (including any derivative claims or Causes of Action asserted or that may be asserted on behalf of the Debtor, the Reorganized Debtor, or the Estate), whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity, contract, tort or otherwise, based on or relating to, or in any manner arising from, in whole or in part, any act, omission, transaction, event, or other circumstance taking place or existing on or before the Effective Date (including before the Petition Date) in connection with or related to the Debtor, the Reorganized Debtor, the Estate, their respective assets and properties, the Chapter 11 Case, the Plan Documents, and any related agreements, instruments, and other documents created or entered into before or during the Chapter 11 Case, the pursuit of entry of the Confirmation Order, the administration and implementation of the Plan, including the distribution of property under the Plan, or any other related agreement, or upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date related or relating to the foregoing. Notwithstanding anything to the contrary in the foregoing, the releases set forth in this Section 13.8 shall not be construed as releasing any post-Effective Date obligations of any Person or Entity under the Plan or any document, instrument, or agreement executed to implement the Plan or reinstated under the Plan.

I. Releases by Holders of Abuse Claims.

As of the Effective Date, except for the rights that remain in effect from and after the Effective Date to enforce the Plan and the Confirmation Order, pursuant to Section 1123(b) of the Bankruptcy Code, for good and valuable consideration, the adequacy of which is hereby confirmed, including the service of the Released Parties to facilitate and implement the reorganization of the Debtor, as an integral component of the Plan, and except as otherwise expressly provided in the Plan or the Confirmation Order, to the maximum extent permitted under applicable law, as such law may be extended subsequent to the Effective Date, all Holders of Abuse Claims (including

without limitation Unknown Abuse Claims and any Abuse Claims that are Disputed Claims) that have not affirmatively opted out of the Releases pursuant to Section 6.2 of the Plan, shall, and shall be deemed to, expressly, conclusively, absolutely, unconditionally, irrevocably, and forever discharge and release each and all of the Released Parties and their respective property and successors and assigns of and from all Abuse Claims and any and all Claims and Causes of Action whatsoever, whether known or unknown, asserted or unasserted, derivative or direct, foreseen or unforeseen, existing or hereinafter arising, in law, equity, or otherwise, whether for tort, fraud, contract, veil piercing or alter-ego theories of liability, successor liability, contribution, indemnification, joint liability, or otherwise, arising from or related in any way to such Abuse Claims.

J. Injunction Related to Releases.

As of the Effective Date, all Holders of Claims that are the subject of Section 13.9 of the Plan are, and shall be, expressly, conclusively, absolutely, unconditionally, irrevocably, and forever stayed, restrained, prohibited, barred and enjoined from taking any of the following actions against any Released Party or its property or successors or assigns on account of or based on the subject matter of such Claims, whether directly or indirectly, derivatively or otherwise: (a) commencing, conducting or continuing in any manner, directly or indirectly, any suit, action or other proceeding (including any judicial, arbitral, administrative or other proceeding) in any forum; (b) enforcing, attaching (including, without limitation, any prejudgment attachment), collecting, or in any way seeking to recover any judgment, award, decree, or other order; (c) creating, perfecting or in any way enforcing in any matter, directly or indirectly, any lien or encumbrance; and/or (d) setting off, seeking reimbursement or contributions from, or subrogation against, or otherwise recouping in any manner, directly or indirectly, any amount against any liability or obligation that is discharged under Section 13.3 of the Plan or released under Section 13.9 of the Plan.

K. Channeling Injunction Preventing Prosecution of Channeled Claims Against Released Parties

1. IN CONSIDERATION OF THE UNDERTAKINGS OF THE RELEASED PARTIES HEREIN, THEIR CONTRIBUTIONS TO THE SURVIVORS' TRUST, AND OTHER CONSIDERATION GIVEN, AND, WHERE APPLICABLE, PURSUANT TO THEIR RESPECTIVE SETTLEMENTS WITH THE DIOCESE AND TO FURTHER PRESERVE AND PROMOTE THE AGREEMENTS BETWEEN AND AMONG THE RELEASED PARTIES, AND TO SUPPLEMENT WHERE NECESSARY THE INJUNCTIVE EFFECT OF THE DISCHARGE AS PROVIDED IN SECTIONS 524 AND 1141 OF THE BANKRUPTCY CODE, AND PURSUANT TO SECTIONS 105 AND 363 OF THE BANKRUPTCY CODE:

a. ANY AND ALL CHanneled CLAIMS ARE CHanneled INTO THE SURVIVORS' TRUST AND SHALL BE TREATED, ADMINISTERED, DETERMINED, AND RESOLVED UNDER THE PROCEDURES AND PROTOCOLS AND IN THE AMOUNTS ESTABLISHED UNDER THE PLAN, THE ALLOCATION PROTOCOL, AND THE SURVIVORS' TRUST AGREEMENT AS THE SOLE AND EXCLUSIVE REMEDY FOR ALL HOLDERS OF CHanneled CLAIMS.

b. ALL PERSONS WHO HAVE HELD OR ASSERTED, HOLD OR ASSERT, OR MAY IN THE FUTURE HOLD OR ASSERT, ANY CHanneled CLAIMS, ARE HEREBY PERMANENTLY STAYED, ENJOINED, BARRED, AND RESTRAINED FROM TAKING ANY ACTION, DIRECTLY OR INDIRECTLY, FOR THE PURPOSES OF ASSERTING, ENFORCING OR ATTEMPTING TO ASSERT OR ENFORCE ANY CHanneled CLAIMS AGAINST THE RELEASED PARTIES, INCLUDING:

(i) COMMENCING OR CONTINUING IN ANY MANNER ANY

DISCLOSURE STATEMENT FOR PLAN OF REORGANIZATION

ACTION OR OTHER PROCEEDING OF ANY KIND WITH RESPECT TO ANY CHanneled CLAIM AGAINST ANY OF THE RELEASED PARTIES OR SETTling INSURERS OR AGAINST THE PROPERTY OF ANY OF THE RELEASED PARTIES Or SETTling INSURERS;

(ii) ENFORCING, ATTACHING, COLLECTING, OR RECOVERING, OR SEEKING TO ACCOMPLISH ANY OF THE PRECEDING, BY ANY MANNER OR MEANS, ANY JUDGMENT, AWARD, DECREE, OR ORDER WITH RESPECT TO ANY CHanneled CLAIM AGAINST ANY OF THE RELEASED PARTIES OR SETTling INSURERS, OR THE PROPERTY OF ANY OF THE RELEASED PARTIES OR SETTling INSURERS;

(iii) CREATING, PERFECTING, OR ENFORCING, OR SEEKING TO ACCOMPLISH ANY OF THE PRECEDING, ANY LIEN OF ANY KIND RELATING TO ANY CHanneled CLAIM AGAINST ANY OF THE RELEASED PARTIES OR SETTling INSURERS, OR THE PROPERTY OF THE RELEASED PARTIES OR SETTling INSURERS;

(iv) ASSERTING, IMPLEMENTING, OR EFFECTUATING ANY CHanneled CLAIM OF ANY KIND AGAINST:

(a) ANY OBLIGATION DUE ANY OF THE RELEASED PARTIES;

(b) ANY OF THE RELEASED PARTIES OR SETTling INSURERS; OR

(c) THE PROPERTY OF ANY OF THE RELEASED PARTIES OR SETTling INSURERS.

(v) TAKING ANY ACT, IN ANY MANNER, IN ANY PLACE WHATSOEVER, THAT DOES NOT CONFORM TO, OR COMPLY WITH, THE PROVISIONS OF THE PLAN OR THE SURVIVORS' TRUST DOCUMENTS; AND

(vi) ASSERTING OR ACCOMPLISHING ANY SETOFF, RIGHT OF INDEMNITY, SUBROGATION, CONTRIBUTION, OR RECOUPMENT OF ANY KIND AGAINST AN OBLIGATION DUE TO ANY OF THE RELEASED PARTIES, OR THE PROPERTY OF ANY OF THE RELEASED PARTIES OR SETTling INSURERS.

L. Provisions Relating to the Channeling Injunction.

Pursuant to Section 13.13 of the Plan, the Channeling Injunction set forth above is subject to the following provisions:

a. *Modifications.* The Channeling Injunction is a permanent injunction. It shall not be modified, dissolved, or terminated.

b. *Non-Limitation.* Nothing in the Plan or the Survivors' Trust Documents shall or shall be construed in any way to limit the scope, enforceability, or effectiveness of the Channeling Injunction or the assumption by the Survivors' Trust of all liability with respect to the Abuse Claims.

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

DISCLOSURE STATEMENT FOR PLAN OF REORGANIZATION

d. *No Duplicative Recovery.* In no event shall any Holder of an Abuse Claim be entitled to receive any payment, reimbursement, or restitution from any Released Party under any theory of liability for the same loss, damage, or other Abuse Claim that is reimbursed by the Survivors' Trust or is otherwise based on the same events, facts, matters, or circumstances that gave rise to the applicable Abuse Claim. This provision does not prohibit the Survivors' Trust from pursuing recovery from Non-Settling Insurers for coverage of an Abuse Claim for which the Holder of such Abuse Claim has received a recovery from the Survivors' Trust.

M. Effective of Channeling Injunction.

The Channeling Injunction is an integral part of the Plan and is essential to the Plan's consummation and implementation. It is intended that the channeling of the Channeled Claims as provided in Section 13.12 of the Plan shall inure to the benefit of the Released Parties and the Settling Insurers. In any action to enforce the injunctive provisions of Section 13.12 of the Plan against a Holder of a Claim whereby it is held by a Final Order that such Holder willfully violated the terms of Section 13.12 of the Plan, the moving party may seek an award of costs including reasonable attorneys' fees against such Holder, and such other legal or equitable remedies as are just and proper, after notice and a hearing. The Channeling Injunction does not bar claims against any Non-Settling Insurer except to the extent a Non-Settling Insurer becomes a Settling Insurer.

ARTICLE XIV

RETENTION OF JURISDICTION

Section 15.1 of the Plan provides that the Bankruptcy Court will retain jurisdiction over the Chapter 11 Case after the Effective Date for all purposes provided by the Bankruptcy Code, including the specific purposes set forth in more detail therein.

If the Bankruptcy Court abstains from exercising or declines to exercise jurisdiction or is otherwise without jurisdiction over any matter arising out of the Chapter 11 Case, including matters set forth in Section 15.1, such lack of jurisdiction will not diminish, control, prohibit, or limit the exercise of jurisdiction by any other court having competent jurisdiction with respect to such matter.

ARTICLE XV

TAX CONSEQUENCES OF THE PLAN

The following is a summary of certain U.S. federal income tax consequences of the Plan to certain holders of Claims. This summary is based on the Internal Revenue Code (the "Tax Code"), Treasury Regulations promulgated thereunder (the "Treasury Regulations"), and administrative and judicial interpretations and practice, all as in effect on the date of the Disclosure Statement and all of which are subject to change, with possible retroactive effect. Due to the lack of definitive judicial and administrative authority in a number of areas, substantial uncertainty may exist with respect to some of the tax consequences described below. No opinion of counsel has been obtained and the Debtor does not intend to seek a ruling from the Internal Revenue Service as to any of the tax consequences of the Plan discussed below. There can be no assurance that the Internal Revenue Service will not challenge one or more of the tax consequences of the Plan described below.

This summary does not apply to holders of Claims that are not U.S. Persons (as such term is defined in the Tax Code) or that are otherwise subject to special treatment under U.S. federal income tax law (including, without limitation, banks, governmental authorities or agencies, financial institutions, insurance companies, pass-through entities, tax-exempt organizations, brokers and dealers in securities,

DISCLOSURE STATEMENT FOR PLAN OF REORGANIZATION

mutual funds, small business investment companies, and regulated investment companies). The following discussion assumes that holders of Allowed Claims hold such Claims as “capital assets” within the meaning of section 1221 of the Tax Code. Moreover, this summary does not purport to cover all aspects of U.S. federal income taxation that may apply to holders of Allowed Claims based upon their particular circumstances. Additionally, this summary does not discuss any tax consequences that may arise under any laws other than U.S. federal income tax law, including under state, local or foreign tax law.

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

A. Federal Income Tax Consequences to Holders of Unsecured Claims

In accordance with the Plan, all holders of General Unsecured Claims and Abuse Claims will receive Distributions on their Allowed Claims. Holders of General Unsecured Claims and Abuse Claims will realize a loss, if any, in an amount equal to that Claim, minus any recovery, on an adjusted tax basis.

The tax consequences to holders of General Unsecured Claims and Abuse Claims will differ and will depend on factors specific to the holder, including but not limited to: (i) whether the Claim, or a portion of the Claim, constitutes a Claim for interest or principal, (ii) the origin of the Claim, (iii) the type of consideration received in exchange for the Claim, (iv) whether the holder is a United States person or a foreign person for tax purposes, (v) whether the holder reports income on the accrual or cash basis method, and (vi) whether the holder has taken a bad debt deduction or otherwise recognized a loss with respect to the Claim.

The Debtor anticipate that Distributions to Abuse Claimants will, in all instances, constitute damages, other than punitive damages, on account of personal physical injuries and physical sickness, within the meaning of section 104(a)(2) of the Internal Revenue Code of 1986, as amended. The Debtor has not, however, fully analyzed such tax issues and cannot (and do not hereby) make any assurances or representations regarding the anticipated tax treatment of Abuse Claims.

THERE ARE MANY FACTORS THAT WILL DETERMINE THE TAX CONSEQUENCE TO EACH HOLDER OF A GENERAL UNSECURED CLAIM OR AN ABUSE CLAIM. FURTHERMORE, THE TAX CONSEQUENCES OF THE PLAN ARE COMPLEX, AND IN SOME CASES UNCERTAIN. THEREFORE, IT IS IMPORTANT THAT EACH HOLDER OF A GENERAL UNSECURED CLAIM AND ABUSE CLAIM OBTAIN HIS, HER, OR ITS OWN PROFESSIONAL TAX ADVICE REGARDING THE TAX CONSEQUENCES TO THE HOLDER OF A GENERAL UNSECURED CLAIM OR ABUSE CLAIM AS A RESULT OF THE PLAN.

B. Federal Income Tax Consequences to the Debtor

The Debtor is a not-for-profit religious corporation having tax-exempt status under 26 U.S.C. § 501(c)(3). Due to the Debtor’s status as a not-for-profit corporation, the Debtor anticipate that the confirmation of the Plan will have no material federal income tax consequences on a cash basis for the Debtor or the Reorganized Debtor.

C. Tax Consequences to the Survivors’ Trust

The Survivors’ Trust may satisfy the requirements of a designated settlement fund under Section 468B of the Tax Code or a qualified settlement fund under Regulation 1.468B-1 of the Treasury

1 Regulations. There are certain tax consequences associated with the characterization of the Survivors'
2 Trust as a designated settlement fund or a qualified settlement fund.

3 **THE DEBTOR EXPRESSES NO OPINION REGARDING WHETHER THE**
4 **SURVIVORS' TRUST IS A DESIGNATED SETTLEMENT FUND OR A QUALIFIED**
5 **SETTLEMENT FUND. THE DEBTOR HAS NOT REQUESTED A RULING FROM THE**
6 **INTERNAL REVENUE SERVICE OR AN OPINION OF COUNSEL REGARDING WHETHER**
7 **THE SURVIVORS' TRUST IS A DESIGNATED SETTLEMENT FUND OR A QUALIFIED**
8 **SETTLEMENT FUND. ACCORDINGLY, EACH CREDITOR IS URGED TO CONSULT THEIR**
9 **OWN TAX ADVISOR REGARDING THE CHARACTERIZATION OF THE SURVIVORS'**
10 **TRUST AND THE TAX CONSEQUENCES OF SUCH CHARACTERIZATION.**

11 **ARTICLE XVI**

12 **ALTERNATIVES TO THE PLAN**

13 The Debtor believes the Plan is in the best interests of the Creditors and should accordingly be
14 accepted and confirmed. If the Plan as proposed, however, is not confirmed, the following two alternatives
15 may be available: (a) an alternative plan of reorganization may be proposed and confirmed, or (b) the
16 Chapter 11 Case may be dismissed. As discussed below, two other options, liquidation under chapter 7
17 and the appointment of a chapter 11 trustee, are not viable alternatives in this Chapter 11 Case.

18 **A. Alternative Plan Pursuant to Chapter 11 of the Bankruptcy Code**

19 If the Plan is not confirmed, the Debtor or another party in interest may propose a different plan,
20 which might involve an alternative means for reorganizing the Debtor. The Plan as proposed has the
21 support of, among other entities, the Contributing Non-Debtor Catholic Entities. Accordingly, the Debtor
22 believes that the terms of the Plan provide for the most favorable outcome for Creditors. The negotiation
23 and drafting required for additional plans would likely add substantially greater administrative expenses
24 with no guarantee of a better result for Creditors. For these reasons, the Debtor do not believe that an
25 alternative plan of reorganization is a preferable alternative to the Plan.

26 **B. Dismissal of the Chapter 11 Case**

27 If the Plan is not confirmed, the Debtor or another party in interest may seek to dismiss the Chapter
28 11 Case. After appropriate notice and a hearing, the Bankruptcy Court may grant the request and dismiss
the Chapter 11 Case. Dismissal of the Chapter 11 Case would have the effect of restoring, or attempting
to restore, all parties to the position they were in immediately prior to the Petition Date.

Upon dismissal of the Chapter 11 Case, the protection of the Bankruptcy Code would be lost,
resulting in the expensive and time-consuming process of negotiation and protracted litigation between
the Debtor and individual Abuse Claimants and between the Debtor and its Insurers. In addition to the
expense and delay, the Debtor believes that these actions would lead to an inequitable recovery for Abuse
Claimants, with the first Abuse Claimants to obtain and enforce judgments against the Debtor depleting
the Debtor's assets and resulting in insufficient assets to satisfy later judgments. Therefore, the Debtor
believes that dismissal of the Debtor's Chapter 11 Case is not a preferable alternative to confirming the
Plan.

29 **C. Chapter 7 Liquidation Not a Viable Alternative**

Pursuant to 11 U.S.C. § 1112(c), if a debtor is "not a moneyed corporation", a debtor's chapter 11
case cannot be converted to a chapter 7 case without the debtor's consent. The Debtor, as a non-profit

30 **DISCLOSURE STATEMENT FOR PLAN OF REORGANIZATION**

entity, is not a moneyed corporation, and may not be forced to convert its Chapter 11 Case to a chapter 7 case. Thus, conversion to chapter 7 is not a viable alternative to the Plan.

D. Appointment of a Chapter 11 Trustee is Not a Viable Alternative

It is the position of the Debtor that, as a result of limitations imposed by the First Amendment to the United States Constitution and the Religious Freedom and Restoration Act, a chapter 11 trustee cannot be appointed to replace the Bishop's administration of the Debtor.

ARTICLE XVII

ACCEPTANCE AND CONFIRMATION OF THE PLAN

A. General Confirmation Requirements

The Bankruptcy Code requires that, in order to confirm the Plan, the Bankruptcy Court must make a series of findings concerning the Plan and the Debtor, including that (i) the Plan classifies Claims in a permissible manner; (ii) the Plan complies with applicable provisions of the Bankruptcy Code; (iii) the Debtor has complied with applicable provisions of the Bankruptcy Code; (iv) the Debtor propose the Plan in good faith and not by any means forbidden by law; (v) the disclosures required by section 1125 of the Bankruptcy Code have been made; (vi) the Plan has been accepted by the requisite votes of Creditors (except to the extent that cramdown is available under section 1129(b) of the Bankruptcy Code); (vii) the Plan is feasible and confirmation is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtor; (viii) the Plan is in the "best interests" of all holders of Claims in an Impaired Class by providing to such holders on account of their Claims property of a value, as of the Effective Date, that is not less than the amount that such holder would receive or retain in a chapter 7 liquidation, unless each holder of a Claim in such Class has accepted the Plan; and (ix) all U.S. Trustee Fees and expenses payable under 28 U.S.C. § 1930, as determined by the Bankruptcy Court at the Confirmation Hearing, have been paid or the Plan provides for the payment of such fees on the Effective Date.

1. Parties in Interest Entitled to Vote.

Pursuant to the Bankruptcy Code, only Classes of Claims that are "Impaired" (as defined in section 1124 of the Bankruptcy Code) under the Plan are entitled to vote to accept or reject the Plan. A Class is Impaired if the legal, equitable or contractual rights to which the Claims of that Class entitled the holders of such Claims are modified, other than by curing defaults and reinstating the debt. Classes of Claims that are not Impaired are not entitled to vote on the Plan and are conclusively presumed to have accepted the Plan. In addition, Classes of Claims that receive no Distributions under the Plan are not entitled to vote on the Plan and are deemed to have rejected the Plan.

2. Classes Impaired Under the Plan.

Class 3 (General Unsecured Claims), Class 4 (Abuse Claims), Class 5 (Unknown Abuse Claims), Class 6 (Non-Abuse Litigation Claims) and Class 8 (OPF Claim) are the only Classes that are Impaired and entitled to vote under the Plan.

Acceptances of the Plan are being solicited only from those holders of Claims in Impaired Classes that will or may receive a Distribution under the Plan. Accordingly, the Debtor is soliciting acceptances only from holders of Claims in Class 3 (General Unsecured Claims), Class 4 (Abuse Claims), Class 5 (Unknown Abuse Claims), Class 6 (Non-Abuse Litigation Claims) and Class 8 (OPF Claim).

DISCLOSURE STATEMENT FOR PLAN OF REORGANIZATION

3. **Voting Procedures and Requirements.**

VOTING ON THE PLAN BY EACH HOLDER OF AN IMPAIRED CLAIM ENTITLED TO VOTE ON THE PLAN IS IMPORTANT. YOU SHOULD COMPLETE, SIGN, AND RETURN THE BALLOT YOU RECEIVE IN ACCORDANCE WITH THE PROVISIONS SET FORTH IN ARTICLE I(B) ABOVE.

4. **Ballots.**

In voting for or against the Plan, please use only the Ballot or Ballots sent to you with this Disclosure Statement. If you are a Holder of Class 3 General Unsecured Claims, Class 4 Abuse Claims, Class 6 Non-Abuse Litigation Claims, or the Unknown Abuse Claims Representative entitled to vote in Class 5, and you did not receive a Ballot, if your Ballot is damaged or lost, or if you have any questions concerning voting procedures, please contact the Debtor's counsel, Foley & Lardner LLP, 555 California Street, Suite 1700, San Francisco, CA 94104-1520, Attention: Shane J. Moses, or the Debtor's Claims and Noticing Agent, Verita, by email at RCBOInfo@veritaglobal.com or by calling (888)-733-1425 (U.S./Canada) or (310)-751-2631 (International) and requesting to speak with a member of the solicitation team.

PLEASE FOLLOW THE DIRECTIONS CONTAINED ON THE ENCLOSED BALLOT CAREFULLY, COMPLETE AND SIGN THE BALLOT AND RETURN IT TO THE DIOCESE'S SOLICITATION AND CLAIMS AGENT. TO BE COUNTED, SIGNED BALLOTS MUST BE RECEIVED ON OR BEFORE __, 2024, AT 5:00 P.M., PREVAILING EASTERN TIME.

B. **Confirmation Hearing**

The Bankruptcy Code requires the Bankruptcy Court, after notice, to conduct a hearing regarding whether the Debtor and the Plan have fulfilled the confirmation requirements of section 1129 of the Bankruptcy Code. The Confirmation Hearing has been scheduled for __, 2024 at __.m. (prevailing Pacific Time), before the Honorable William J. Lafferty III, United States Bankruptcy Judge, at the United States Bankruptcy Court for the Northern District of California, United States Courthouse, 1300 Clay Street, Courtroom 220, Oakland, CA 94612. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement in open court at the Confirmation Hearing of the date to which the Confirmation Hearing has been adjourned.

C. **Confirmation**

At the Confirmation Hearing, the Bankruptcy Court will confirm the Plan only if the requirements of section 1129 of the Bankruptcy Code are met. Among the requirements for confirmation are that the Plan (i) be accepted by the requisite holders of Claims or, if not so accepted, that it be "fair and equitable" and "not discriminate unfairly" as to each non-accepting Class of Claims, (ii) be in the "best interests" of each holder of a Claim that does not vote to accept the Plan in each Impaired Class under the Plan, (iii) be feasible, and (iv) comply with the applicable provisions of the Bankruptcy Code.

D. **Acceptance of Plan**

As a condition to confirmation, the Bankruptcy Code requires that each class of impaired claims votes to accept the plan, except under certain circumstances. A plan is accepted by an impaired class of claims if holders of at least two-thirds in dollar amount and more than one-half in number of claims of that class vote to accept the plan. Only those holders of claims who actually vote count in these tabulations. Holders of claims who fail to vote, or whose votes are designated pursuant to section 1126(e) of the Bankruptcy Code, are not counted as either accepting or rejecting a plan.

1 In addition to this voting requirement, section 1129 of the Bankruptcy Code requires that a plan
2 be accepted by each holder of a claim or interest in an impaired class or that the plan otherwise be found
3 by the bankruptcy court to be in the best interests of each holder of a claim or interest in such class. In
4 addition, each impaired class must accept the plan for the plan to be confirmed without application of the
5 “fair and equitable” and “unfair discrimination” tests in section 1129(b) of the Bankruptcy Code discussed
6 below.

7
8 **E. Confirmation Without Acceptance of All Impaired Classes**

9 The Bankruptcy Code contains provisions for confirming a plan even if the plan is not accepted
10 by all impaired classes, as long as at least one impaired class of claims has accepted the plan. These so-
11 called “cramdown” provisions are set forth in section 1129(b) of the Bankruptcy Code.

12 A plan may be confirmed under the cramdown provisions if, in addition to satisfying other
13 requirements of section 1129(a) of the Bankruptcy Code, it (a) “does not discriminate unfairly” and (b) is
14 “fair and equitable,” with respect to each class of claims that is impaired under, and has not accepted, the
15 Plan. As used by the Bankruptcy Code, the phrases “discriminate unfairly” and “fair and equitable” have
16 specific meanings unique to bankruptcy law.

17 In general, the “fair and equitable” standard, also known as the “absolute priority rule,” requires
18 that a dissenting class receive full compensation for its allowed claims before any junior class receives
19 any distribution. More specifically, section 1129(b) of the Bankruptcy Code provides that a plan can be
20 confirmed under that section if: (a) with respect to a secured class (i) the holders of such claims retain the
21 liens securing such claims to the extent of the allowed amount of such claims and that each holder of a
22 claim of such class receive deferred cash payments equaling the allowed amount of such claim as of the
23 plan’s effective date, or (ii) such holders realize the indubitable equivalent of such claims; (b) with respect
24 to an unsecured claim, either (i) the impaired unsecured creditor must receive property of a value equal to
25 the amount of its allowed claim, or (ii) the holders of claims and interests that are junior to the claims of
26 the dissenting class may not receive any property under the plan on account of such junior claim or interest;
27 and (c) with respect to a class of interests, either (i) each holder of an interest of such class must receive
28 or retain on account of such interest property of a value, equal to the greater of the allowed amount of any
fixed liquidation preference to which such holder is entitled, any fixed redemption price to which such
holder is entitled or the value of such interest, or (ii) the holder of any interest that is junior to the interest
of such class may not receive or retain any property on account of such junior interest.

The requirement that a plan not “discriminate unfairly” means, among other things, that a
dissenting class must be treated substantially equally with respect to other classes of equal priority.

**IF A CLASS OF CLAIMS VOTING ON THE PLAN VOTES TO REJECT THE PLAN,
THE DEBTOR RESERVES THE RIGHT TO SEEK CONFIRMATION OF THE PLAN UNDER
THE CRAMDOW PROVISIONS OF THE BANKRUPTCY CODE WITH RESPECT TO SUCH
CLASS.**

F. Best Interests Test

In order to confirm a plan, the Bankruptcy Court must independently determine that the plan is in
the best interests of each holder of a claim in any impaired class who has not voted to accept the plan.
Accordingly, if an impaired class does not unanimously accept the plan, the best interests test requires the
Bankruptcy Court to find that the plan provides to each member of such impaired class a recovery on
account of the class member’s claim that has a value, as of the effective date of the plan, at least equal to
the value of the distribution that each such member would receive if the debtor were liquidated under
chapter 7 of the Bankruptcy Code on such date.

1 To calculate what holders of Claims would receive if the Debtor were liquidated under a
2 hypothetical chapter 7 case under the Bankruptcy Code, the Bankruptcy Court must first determine the
3 dollar amount that would be realized from such liquidation (the "Liquidation Fund"). The Liquidation
4 Fund would consist of the net proceeds from the disposition of the Debtor's assets (after satisfaction of all
5 valid liens) and the recoveries on causes of action, if any, held by the Estate. The Liquidation Fund would
6 not include (i) the portion of the Contributing Entities' Cash Contribution coming from Entities other than
7 the Debtor, (ii) the assignment of Assigned Insurance Interests, (iii) any contributions by Setting Insurers,
8 or (iv) restricted funds, which would be subject to a *cy pres* action involving the California Attorney
9 General. The Liquidation Fund would be reduced by the cost of the liquidation. The costs of a hypothetical
10 liquidation under chapter 7 would include the fees and expenses of the chapter 7 trustee, as well as those
11 of counsel and other professionals that might be retained by the chapter 7 trustee, selling expenses and
12 wind-down costs, any unpaid expenses incurred by the Debtor during its Chapter 11 Case (such as fees
13 for attorneys, financial advisors and accountants) which would be Allowed in the chapter 7 proceedings,
14 interest expense on secured debt and claims incurred by the Debtor during the pendency of the cases.
15 These Claims would be paid in full out of the Liquidation Fund before the balance of the Liquidation
16 Fund, if any, would be made available to holders of General Unsecured Claims and Abuse Claims. In
17 addition, other Claims that would arise upon conversion to a chapter 7 case would dilute the balance of
18 the Liquidation Fund available to holders of Claims. Moreover, additional Claims against the Estate
19 would arise as a result of the establishment of a new Bar Date for the filing of Claims in the chapter 7
20 case. The present value of the Distributions from the Liquidation Fund (after deducting the amounts
21 described above) must then be compared with the present value of the property offered to each of the
22 Classes of Claims under the Plan, to determine if the Plan is in the best interests of Claim holders.

23 The Debtor believes that a chapter 7 liquidation of its remaining Assets would result in a
24 diminution of the value realized by holders of Claims. That belief is based upon, among other factors: (a)
25 the reduced value of Debtor's remaining Assets in a chapter 7 case; (b) the additional administrative
26 expenses involved in the appointment of a chapter 7 trustee, attorneys, accountants, and other chapter 7
27 professionals; (c) the substantial time that would elapse before Creditors would receive any Distribution
28 in respect of their Claims, due to a chapter 7 trustee's need to become familiar with the Debtor's books
and records and the chapter 7 trustee's administration of the case; and (d) the additional Claims that may
be asserted against the Debtor.

17 **G. Feasibility**

18 In connection with confirmation of the Plan, the Bankruptcy Court must determine that the Plan is
19 feasible pursuant to section 1129(a)(11) of the Bankruptcy Code, which means that the confirmation of
20 the Plan is not likely to be followed by the need for liquidation or further financial reorganization of the
21 Debtor, except as proposed in the Plan.

22 In this case, the Debtor has prepared cash flow projections demonstrating that the Debtor, together
23 with the Contributing Non-Debtor Catholic Entities, will be able to fund the Contributing Entities' Cash
24 Contribution, that the Debtor and the Reorganized Debtor will be able to meet their other respective
25 obligations under the Plan, and that the Reorganized Debtor will have sufficient resources to support
26 ongoing ministries and operations. A copy of the financial projections is attached hereto as **Exhibit C**.
27 The cash flow projections demonstrate that the Debtor will be able to fund the Plan on the Effective Date
28 and that the Reorganized Debtor will be able to make all payments required pursuant to the Plan so that
no further financial restructuring will be necessary. Accordingly, the Debtor believes that the Plan satisfies
the feasibility test.

26 **H. Compliance with the Applicable Provisions of the Bankruptcy Code**

27 Section 1129(a)(1) of the Bankruptcy Code requires that the Plan comply with the applicable
28 provisions of the Bankruptcy Code. The Debtor has considered each of these provisions in the

DISCLOSURE STATEMENT FOR PLAN OF REORGANIZATION

development of the Plan and believe that the Plan complies with all applicable provisions of the Bankruptcy Code.

ARTICLE XVIII

RISK FACTORS TO BE CONSIDERED

HOLDERS OF CLAIMS AGAINST THE DEBTOR SHOULD READ AND CONSIDER CAREFULLY THE INFORMATION SET FORTH BELOW, AS WELL AS THE OTHER INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT, PRIOR TO VOTING TO ACCEPT OR REJECT THE PLAN. THIS INFORMATION, HOWEVER, SHOULD NOT BE REGARDED AS THE ONLY RISKS INVOLVED IN CONNECTION WITH THE PLAN AND/OR ITS IMPLEMENTATION.

A. Objection to Classifications of Claims

Section 1122 of the Bankruptcy Code provides that a plan may place a claim in a particular class, only if such claim is substantially similar to the other claims in such class. The Debtor believes that the classification of Claims under the Plan complies with the requirements set forth in the Bankruptcy Code. However, there can be no assurance that the Bankruptcy Court will reach the same conclusion. To the extent that the Bankruptcy Court finds that a different classification is required for the Plan to be confirmed and the reclassification adversely affects the treatment of the Claim of any Creditor, the Debtor could be required to re-solicit votes for or against the Plan.

The Bankruptcy Code also requires that the Plan provide the same treatment for each Claim of a particular Class unless the holder of a particular Claim agrees to a less favorable treatment of its Claim. The Debtor believes that the Plan complies with the requirement of equal treatment. To the extent that the Court finds that the Plan does not satisfy the equal treatment requirement, the Court could deny confirmation of the Plan.

Issues or disputes relating to classification or treatment could result in a delay of the confirmation or consummation of the Plan and could increase the risk that the Plan will not be consummated.

B. Failure to Satisfy Voting Requirements

If the Debtor obtain the requisite votes to accept the Plan in accordance with the requirements of the Bankruptcy Code, the Debtor intend, as promptly as practicable thereafter, to seek confirmation of the Plan. In the event that sufficient votes are not received, the Debtor may be forced to pursue an alternative plan of reorganization or the Debtor may dismiss the Chapter 11 Case.

C. The Plan May Not Be Accepted or Confirmed

The Plan may not be confirmed without the affirmative acceptance of at least one Impaired Class. Even if all voting Classes accept the Plan, the Plan may not be confirmed if the Bankruptcy Court determines that the Plan does not meet the requirements for confirmation set forth in section 1129 of the Bankruptcy Code. The Debtor believes that the Plan satisfies all of the relevant section 1129 requirements. There can be no assurance, however, that the requisite Creditor consent will be obtained or that the Bankruptcy Court will also conclude that all such requirements have been satisfied.

D. The Debtor's Assumptions and Estimates May Prove Incorrect

The Debtor has made certain assumptions regarding, and have attempted to estimate in good faith and to the best of their ability, the aggregate number and amount of Claims in each Class, the projected

DISCLOSURE STATEMENT FOR PLAN OF REORGANIZATION

1 expenses incurred to date or to be incurred in connection with the confirmation and administration of the
2 Plan, and the assets which may be available for liquidation and Distribution under the Plan. There can be
3 no guarantee, however, that the Debtor's assumptions and estimates regarding these amounts will prove
4 to be accurate.

5 Adventus is a nonprofit, public benefit corporation with no members. Pursuant to Cal. Corp. Code
6 § 5911(a), a nonprofit, public benefit corporation with no members may transfer all or substantially all its
7 assets if approved by its board. Cal. Corp. Code § 5911(a). There is no risk Adventus will not approve
8 the transfer of the Livermore Property to the Survivors' Trust.

9 Under Cal. Corp. Code § 5913 the corporation must give notice to the California Attorney General
10 twenty (20) days before the transfer, if the transaction is not in its usual course of business, which transfer
11 of the Livermore Property to the Survivors' Trust is not. Cal. Corp. Code § 5913. This is a notice only
12 requirement. Attorney General approval is not required to move forward with the transfer of the
13 Livermore Property to the Survivors' Trust.

14 As stated previously, the Debtor's estimated valuation of the Livermore Property assumes the
15 property is entitled for the construction of single family homes. The Debtor is optimistic that not only
16 will the City approve a change to residential use, but that the property will realize the value the Debtor
17 has placed on it. There is no guarantee either will happen.

18 In the event the Debtor's assumptions and estimates prove incorrect, Creditor recoveries under the
19 Plan may be materially less than projected.

20 **E. Non-Confirmation or Delay in Confirmation of the Plan**

21 In the event a party objects to the Plan, it is possible that the Bankruptcy Court may not approve
22 confirmation of the Plan.

23 **F. Non-Consensual Confirmation**

24 In the event the Impaired Class of Claims does not accept the Plan, the Bankruptcy Court may
25 nevertheless confirm the Plan at the Debtor's request if the cramdown requirements described above are
26 satisfied. The Debtor believes that the Plan satisfies these requirements.

27 **G. Consent to Third-Party Releases**

28 On June 27, 2024, the Supreme Court issued its decision in *Harrington v. Purdue Pharma L.P.*,
No. 23-124, 144 S. Ct. 2071 (2024) (the "Purdue Decision"). In the Purdue Decision, the Supreme Court
ruled that a bankruptcy court does not have the authority to issue nonconsensual releases discharging
creditors' claims against non-debtor entities.

The Debtor and Contributing Non-Debtor Catholic Entities worked to address the Purdue Decision
and believe that the releases granted by Abuse Claimants to Contributing Non-Debtor Catholic Entities in
the Plan will be deemed consensual.

The third-party releases and Channeling Injunction contained in the Plan are an integral part of the
Debtor's overall restructuring efforts and are an essential element in obtaining the Contributing Non-
Debtor Catholic Entities' support for the Plan. Failure of Abuse Claimants to consent to the third- party
releases and channeling injunctions may jeopardize Abuse Claimants from receiving any payment under
the Plan. If Abuse Claimants withhold consent to the releases and Channeling Injunction contemplated
under the Plan, there may not be adequate funding available for distribution to Abuse Claimants under the
Plan because the contributions from the Contributing Non-Debtor Catholic Entities are contingent on the
Contributing Non-Debtor Catholic Entities receiving the benefit of such releases. Should this scenario

DISCLOSURE STATEMENT FOR PLAN OF REORGANIZATION

1 occur, the Contributing Non-Debtor Catholic Entities may not approve the confirmation order, which is a
2 condition of confirmation under the plan, and the Plan may fail, which will significantly delay any
recovery for Abuse Claimants.

3 **H. Risk of Non-Occurrence of the Effective Date**

4 Although the Debtor believes that the Effective Date will occur reasonably soon after the
5 Confirmation Date, there can be no assurance as to the timing or as to whether the Effective Date will in
fact occur.

6 **I. Non-Settling Insurers May Raise Objections to Confirmation**

7 Certain Non-Settling Insurers may object to confirmation of the Plan by asserting that the Plan
8 impermissibly alters their contractual rights, duties and obligations under their Insurance Policies. For
9 example, certain insurers raise concerns regarding, among other things, the Plan's treatment of applicable
self-insured retentions required under any Non-Settling Insurer Policy.

10 Although the Debtor do not believe there is any merit to such objections or assertions, if the Non-
11 Settling Insurers were to prevail on such contentions, the Bankruptcy Court might find that the Plan is not
feasible or otherwise not confirmable.

12 **J. Post-Confirmation Litigation May Not Result in Additional Recovery**

13 The Plan provides for the assignment to the Survivors' Trust of Assigned Insurance Interests
14 against Non-Settling Insurers. The Non-Settling Insurers are likely to assert factual and legal defenses to
15 both their coverage obligations and to the underlying liability of the Debtor and other Contributing Non-
Debtor Catholic Entities for Abuse Claims. Litigation of the Assigned Insurance Interests against Non-
Settling Insurers could be protracted and expensive. There is no guarantee that the Survivors' Trust will
prevail in its prosecution of the Assigned Insurance Interests against Non-Settling Insurers.

16 In the event the Non-Settling Insurers successfully defend against the Assigned Insurance Interests,
17 the Contributing Entities' Cash Contribution and the settlement payments from Settling Insurers would be
the sole source of recovery for Abuse Claims.

18 **K. Confirmation of the Plan may be Delayed or Denied by the District Court**

19 The Debtor's position is that the Bankruptcy Court has constitutional authority to confirm the Plan.
20 If it is determined that the Bankruptcy Court lacks the authority to approve such provisions, the Debtor
21 anticipate that the Bankruptcy Court will issue proposed findings of fact and conclusions of law with
22 respect to the confirmation of the Plan. The Bankruptcy Courts findings and conclusions would then be
23 subject to de novo review by the District Court for the Northern District of California before the Plan can
24 be confirmed, which may result in a delay in the occurrence of the Effective Date. It is difficult to estimate
25 how long the District Court would take to render a decision with respect to confirmation of the Plan,
26 however, in the recent BSA Bankruptcy Case which included similar plan concepts, the District Court for
27 the District of Delaware took approximately six months to review and affirm the bankruptcy court's
28 findings and conclusions and to issue a confirmation order.

1 **ARTICLE XIX**

2 **BANKRUPTCY RULE 9019 REQUEST**

3 Pursuant to Bankruptcy Rule 9019 and through the Plan, the Debtor jointly request approval of all
4 compromises and settlements included in the Plan or contemplated.

5 **ARTICLE XX**

6 **RECOMMENDATION AND CONCLUSION**

7 The Debtor believes that the Plan is in the best interests of all Creditors. The Plan as structured
8 allows Creditors to participate in Distributions believed to be in excess of those which would otherwise
9 be available were the Chapter 11 Case dismissed and provides an opportunity to maximize insurance
recoveries through settlements with the Settling Insurers and post-confirmation litigation of Assigned
Insurance Interests against Non-Settling Insurers.

10 FOR ALL OF THE REASONS SET FORTH IN THIS DISCLOSURE STATEMENT, THE
11 DEBTOR BELIEVES THAT THE CONFIRMATION AND CONSUMMATION OF THE PLAN IS
12 PREFERABLE TO ALL OTHER ALTERNATIVES. THE PLAN PROPONENTS STRONGLY
13 RECOMMEND THAT ALL CREDITORS ENTITLED TO VOTE ACCEPT THE PLAN AND TO
EVIDENCE SUCH ACCEPTANCE BY RETURNING THEIR BALLOTS SO THAT THEY ARE
RECEIVED BY THE DIOCESE'S SOLICITATION AND CLAIMS AGENT NO LATER THAN 5:00
P.M. PREVAILING EASTERN TIME ON __, 20__.

14 *[Signature Page Follows]*

1 DATED: November 8, 2024.

Respectfully submitted,

2
3 **THE ROMAN CATHOLIC BISHOP**
4 **OF OAKLAND**

5
6 By: /s/Attila Bardos
7 Attila Bardos
8 Chief Financial Officer

9 Presented by:
10 **FOLEY & LARDNER LLP**
11 Thomas F. Carlucci
12 Shane J. Moses
13 Ann Marie Uetz
14 Matthew D. Lee
15 Mark C. Moore

16 /s/Shane J. Moses
17 Shane J. Moses

18
19 *Counsel for the Debtor*
20 *and Debtor in Possession*
21
22
23
24
25
26
27
28

DISCLOSURE STATEMENT FOR PLAN OF REORGANIZATION

EXHIBIT A

PLAN OF REORGANIZATION

(WILL BE ATTACHED WHEN SOLICITATION PACKAGE IS SENT OUT)

EXHIBIT B
LIQUIDATION ANALYSIS

Exhibit B

Liquidation Analysis¹

Section 1112(c) of the Bankruptcy Code provides that non-profit Entities such as the Debtor's, cannot have their chapter 11 cases converted into chapter 7 cases involuntarily.² A liquidation under chapter 7 of the Bankruptcy Code is—unlike in the context of for-profit debtors—a path that can be chosen only by the non-profit debtor. Because this Chapter 11 Case could not be involuntarily converted to a chapter 7 liquidation, the Debtor submits it is not required to satisfy the requirements of section 1129(a)(7) in connection with Confirmation of the Plan. Although the Debtor does not believe it is required to satisfy the “best interests of creditors” test embodied in section 1129(a)(7), the Debtor does believe a liquidation analysis will be helpful to holders of Claims as they evaluate their proposed treatment under the Plan. Accordingly, the Debtor is providing the Liquidation Analysis herein. The Debtor's submission of the Liquidation Analysis shall not be construed as or deemed to constitute a waiver or admission of any kind. The Debtor reserves all rights to oppose the applicability of the best interests test in this Chapter 11 Case.

This hypothetical liquidation analysis (this “Liquidation Analysis”) is based on certain estimates and assumptions that the Debtor has developed, with the assistance of its advisors, and which the Debtor considers to be reasonable under the circumstances of the Chapter 11 Case. These estimates and assumptions are inherently subject to significant economic, operational, legal, and other uncertainties and contingencies that are outside of the Debtor's control. Accordingly, the Debtor cannot provide any assurance that the values reflected in this Liquidation Analysis would be realized if the Debtor were, in fact, to undergo the liquidation discussed herein, and actual results in the event of a liquidation could vary materially from this Liquidation Analysis.

In summary, the Liquidation Analysis estimates that a maximum of approximately \$57 million would be available to general unsecured creditors of which approximately \$9 million to \$46 million would be available to Abuse Claims based on the range of estimated asset proceeds. The value of the Debtor's Plan for the purposes of this Liquidation Analysis is approximately \$160 million based on contributions from the Debtor only. As described below, this Liquidation Analysis does not account for any recovery from insurance proceeds under either a plan of reorganization or under a chapter 7 liquidation.

Class	Claims / Equity Interests	Projected Midpoint Amount of Claims	Projected Amount of Recovery Under the Plan	Projected Midpoint Recovery % Under the Plan	Projected Midpoint Recovery % Under Liquidation	Pass / Fail
1	Secured Claims	\$ 25,872,322	\$ 25,872,322	100.0%	100.0%	PASS
2	Priority Unsecured Claims	6,200,606	6,200,606	100.0%	100.0%	PASS
3	General Unsecured Claims ⁽¹⁾	16,601,251	16,601,251	100.0%	28.1%	PASS
4	Abuse Claims	98,000,000	98,000,000	100.0%	28.1%	PASS
5	Unknown Abuse Claims	5,000,000	5,000,000	100.0%	28.1%	PASS
6	Non-Abuse Litigation Claims	350,000	NA	NA	28.1%	PASS
7	Contribution and Indemnification Claims Related to Class 4/5 Claims	-	NA	NA	28.1%	PASS
8	OPF Claims ⁽²⁾	35,019,178	8,217,820	23.5%	0.0%	PASS
TOTAL		\$ 187,043,357	\$ 159,891,999	85.5%	35.2%	

⁽¹⁾ General Unsecured Claims recovery under the Plan does not contemplate the payment of interest.

⁽²⁾ Recovery under the Plan for OPF Claims is the present value of future cash flows to OPF starting in 2035 to pay off the loan (excluding interest).

¹ All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Plan or Disclosure Statement, as applicable.

² 11 U.S.C. § 1112(c) (“The court may not convert a case under [chapter 11] to a case under chapter 7 of this title if the debtor is a farmer or a corporation that is not a moneyed, business, or commercial corporation, unless the debtor requests such conversion.”).

1) Introduction

The Debtor, with the assistance of its legal and financial advisors, has prepared this Liquidation Analysis in connection with the Plan and the Disclosure Statement.

The Debtor submits this Liquidation Analysis in connection with the Disclosure Statement. The Debtor believes it will be helpful to holders of Claims as they evaluate their proposed treatment under the Plan. This Liquidation Analysis shall not be construed as or deemed to constitute a waiver or admission of any kind.

The Liquidation Analysis permits holders of Impaired Claims to evaluate whether they will receive or retain value under the Plan on account of their Claims as of the Effective Date, which is assumed to be May 31, 2025, that is not less than the amount that such holder would receive if the Debtor were liquidated under chapter 7 of the Bankruptcy Code. To calculate the probable distribution to holders of Claims in each Impaired Class if the Debtor was liquidated under chapter 7, the Liquidation Analysis:

- i) estimates the cash proceeds (the “Liquidation Proceeds”) that a chapter 7 trustee (the “Trustee”) would generate if the Chapter 11 Case were converted to a case under chapter 7 on the Effective Date and the assets of the Debtor’s Estate were liquidated;
- ii) determines the distribution each holder of a Claim would receive from the Liquidation Proceeds under the statutory priority scheme that applies in a case under chapter 7; and
- iii) compares each holder’s distribution from the Liquidation Proceeds to the distribution such creditor would receive under the Plan if it were confirmed and consummated.

As noted above, this Liquidation Analysis shall not be construed as or deemed to constitute a waiver or admission of any kind. The Debtor reserves all rights to oppose the applicability of the best interests test in this Chapter 11 Case.

2) Liquidation Analysis of Debtor

i) Process and Assumption Overview

All of the assets of the Debtor were identified, including tangible assets such as property, plant, and equipment, as well as other assets such as accounts receivable and loan and loan interest receivable. The value of each asset was then adjusted for (i) expected changes in the balance of the asset between June 30, 2024 (the date of the most recent financial statements available) and May 31, 2025 (the “Liquidation Date”) and (ii) any impact to the asset that may render it fully or partially unavailable for sale (e.g., restricted cash is removed from the cash balance used to determine the liquidation value of cash available to pay unsecured creditors in a liquidation). The liquidation value of each asset was estimated using high, medium and low scenarios. The liquidation value is the amount of proceeds that may be generated in the event of a sale or liquidation of the asset. Given the circumstances of a sale in this scenario, the assumption is made that the respective asset values will be less than the market values of the assets if sold in the ordinary course due to timing and constraints on the ability to market or negotiate the sale.

The outstanding amount of any secured debt associated with that asset is then deducted from the liquidation value of each asset. This determines the remaining amount of proceeds that could be utilized from the sale of the asset. Estimated Chapter 11 administrative claims as of the Liquidation Date are then subtracted from the net proceeds available after payment of secured debt. The costs associated with the liquidation process, such as Chapter 7 trustee expenses, wind down expenses, claims processing costs, litigation costs, and broker fees were estimated. The estimated costs are deducted from the total liquidation value to determine the potential net proceeds available for distribution to creditors who are successful in pursuing claims against the Debtor.

The Debtor has assumed that the liquidation would occur over an approximately twelve-month time period. This assumption is consistent with assumptions utilized for hypothetical liquidations analyses in other chapter 11 cases. In the Debtor's view, twelve months is the minimum time period that would be required to complete the sale of substantially all of the Debtor's available and unrestricted assets,³ monetize and collect receivables and other unrestricted assets of the Debtor, and administer and wind-down the estate. Except as otherwise noted herein, the Liquidation Analysis is based upon the Debtor's unaudited projected consolidated balance sheet as of May 31, 2025, and those values are assumed to be representative of the Debtor's assets and liabilities as of the Liquidation Date unless otherwise noted. Any projected balance sheet amounts presented in this Liquidation Analysis are intended to be a proxy for actual balances on the Liquidation Date (the "Liquidation Balances"). In addition, this Liquidation Analysis incorporates certain adjustments to account for the effects of the chapter 7 liquidation process, including costs of winding down the Debtor's estate, employee-related costs, and professional and Trustee fees.

It is assumed that, on the Liquidation Date, the Bankruptcy Court would appoint the Trustee, who would sell the unrestricted assets of the Debtor's bankruptcy estate and distribute the Liquidation Proceeds, net of liquidation-related costs, to creditors in accordance with the statutory priority scheme provided for under section 726 of the Bankruptcy Code. To maximize recoveries in an expedited process, this Liquidation Analysis assumes that the Trustee's initial step would be to develop a liquidation plan to generate Liquidation Proceeds from the sale of the Debtor's unrestricted assets for distribution to creditors. This Liquidation Analysis assumes the appointed Trustee will retain legal and financial advisors and real estate and other brokers to assist in the liquidation.

This Liquidation Analysis assumes that a Trustee would immediately begin the wind-down process following a conversion to chapter 7, with limited employee and operating costs continuing during the liquidation process. Certain of the Debtor's unrestricted assets would be marketed on an accelerated timeline, and asset sales would generally occur within the twelve-month wind-down period. Asset values in the liquidation process are assumed to be driven by, among other factors:

- the accelerated time frame in which the assets are marketed and sold;
- the loss of key personnel;
- negative public sentiment and damage to the Debtor's brand; and

³ For purposes of this Exhibit B, a "restricted" asset is an asset that is subject to enforceable use restrictions under applicable law or an asset that the Debtor holds in a fiduciary capacity for the sole benefit of donors, their intended beneficiaries, or members of the public who have entrusted the Debtor to carry out its respective charitable missions. The Bankruptcy Code recognizes and enforces these state-law restrictions in bankruptcy cases of charitable non-profit corporations under sections 363(d)(1) and 541(d) of the Bankruptcy Code.

- the general forced nature of the sale.

The cessation of operations in a liquidation would likely trigger certain Claims that otherwise would not exist under a Plan absent a liquidation including, without limitation, potential employee Claims. The amounts of these Claims could be material and certain of these Claims could be entitled to administrative or priority payment status under the relevant provisions of the Bankruptcy Code. Administrative and priority Claims would be paid in full from the Liquidation Proceeds before the balance of such proceeds would be made available to holders of allowed general unsecured Claims. Estimates of certain of these potential additional Claims have been included in the Liquidation Analysis.

Except as described below with respect to avoidance actions, no recovery or related litigation costs have been attributed to any potential preference actions. The Debtor believes that the vast majority of the payments made to creditors in the 90 days preceding the chapter 11 proceedings (including one year for insiders) were in the ordinary course of business and when weighed against, among other issues, the cost of such litigation, the uncertainty of the outcome thereof and anticipated disputes regarding these matters, the outcome of such litigation is unlikely to affect materially the outcome of the Liquidation Analysis. Additionally, this analysis does not include estimates for tax consequences, either federal or state, that may be triggered upon the liquidation and sale of assets; these tax consequences could be material. Finally, the Liquidation Analysis assumes that there will not be any proceeds from the Debtor's directors and officers liability insurance available to satisfy creditors generally because the Debtor is unaware of any legally viable causes of action that could be asserted on behalf of the general creditor body that would recover from the Debtor's directors and officers liability insurance. A substantial amount of the Debtor's assets are subject to valid and enforceable donor-imposed restrictions on use or disposition of such assets. Under applicable law, restricted assets do not constitute property of the estate and would not be available to creditors in a chapter 7 liquidation.⁴ The Liquidation Analysis excludes the value of those assets in calculating the gross Liquidation Proceeds unless specifically noted. Moreover, certain of the Debtor's properties may be less marketable due to disputes over their classification as being restricted or unrestricted, limitations on their use including requirements to be used in the same manner, or restrictions on commercial development.

In addition, certain other factors could materially diminish the Liquidation Proceeds due to the nature of the Debtor's status as a non-profit entity. The Debtor will be required to comply with the applicable non-bankruptcy law that governs non-profit entities in connection with the disposition of its assets. These obligations vary among jurisdictions, but can require, *inter alia*, consent from a state's attorney general or other governmental authorities. State attorneys general may intervene or, depending upon state law, be compelled to intervene, in a chapter 7 liquidation to ensure that the intent of donors is carried out and that the restricted donations are not distributed to creditors.⁵ The costs that attend these potential disputes and related delays and uncertainty regarding the same are

⁴ "The acceptance of charitable contributions by a charity or any person soliciting on behalf of a charity establishes a charitable trust and a duty on the part of the charity and the person soliciting on behalf of the charity to use those charitable contributions for the declared charitable purposes for which they are sought." Cal. Bus. & Prof. Code § 17510.8. *See also City of Palm Springs v. Living Desert Rsrvc.*, 70 Cal. App. 4th 613, 615 (Cal. Ct. App. 1999) ("if the donor clearly manifests an intention to make a conditional gift, that intention will be honored").

⁵ Cal. Gov't Code § 12598 (California's Attorney General has "primary responsibility for supervising charitable trusts in California, for ensuring compliance with trusts and articles of incorporation, and for protection of assets held by charitable trusts and public benefit corporations").

not factored into this Liquidation Analysis and could reasonably be expected to negatively impact the Liquidation Proceeds.

Approximately 345 unique Abuse Claims were filed against the Debtor in the Chapter 11 Case. The Debtor has procured commercial general liability policies from multiple insurers since the 1960s to protect themselves from losses including Abuse Claims. This Liquidation Analysis does not account for any recovery from insurance proceeds (irrespective of whether an insured Claim relates to Abuse) on the basis that recoveries from such proceeds are assumed to be materially the same or greater under a plan of reorganization that provides for a global resolution of Abuse Claims than under a chapter 7 liquidation. In addition, the Liquidation Analysis does not account for any potential recovery from other entities, as potential co-liable parties under the Abuse Claims, on the basis that recoveries from such proceeds are assumed to be materially the same or greater under a plan of reorganization that provides for a global resolution of Abuse Claims as compared to a chapter 7 liquidation.

ii) Distribution of Net Proceeds to Claimants

Any available net proceeds would be allocated to holders of Claims in accordance with the priority scheme of section 726 of the Bankruptcy Code:

- Liquidation Adjustments / Super Priority Claims – includes estimated fees paid to the U.S. Trustee and Clerk of the Bankruptcy Court, wind-down costs and certain Professional Fees and broker fees;
- Secured Claims – includes secured loan claims;
- Chapter 11 Administrative and Priority Claims – includes estimated Claims held by creditors for post-petition accounts payable, post-petition accrued expenses including professional fees, employee obligations, Claims arising under section 503(b)(9) of the Bankruptcy Code, and Unsecured Claims entitled to priority under section 507 of the Bankruptcy Code; and
- General Unsecured Claims – includes prepetition trade Claims, other types of prepetition liabilities, Abuse Claims, and unsecured loan claims.

Under the absolute priority rule, no junior creditor would receive any distributions until all senior creditors are paid in full. The assumed distributions to creditors as reflected in the Liquidation Analysis are estimated in accordance with the absolute priority rule.

iii) Conclusion

This Liquidation Analysis was prepared before the completion of the reconciliation and allowance process for Claims against the Debtor, and so the Debtor has not had an opportunity to fully evaluate Claims against the Debtor or to adjudicate such Claims before the Bankruptcy Court. Accordingly, the amount of the final Allowed Claims against the Debtor's estate may differ from the estimated Claim amounts used in this Liquidation Analysis. Additionally, asset values discussed herein may be different than amounts referred to in the Plan, which presumes the reorganization of the Debtor's assets and liabilities under chapter 11 of the Bankruptcy Code.

The Debtor determined, as summarized in the following analysis, upon the Effective Date, the Plan will provide all creditors with a recovery (if any) that is not less than what they would otherwise receive pursuant to a liquidation of the Debtor under chapter 7 of the Bankruptcy Code, and thus the Plan satisfies the requirement of 1129(a)(7) of the Bankruptcy Code, if the Bankruptcy Court determines that such requirement is applicable to a non-profit Debtor in chapter 11.

The following Liquidation Analysis should be reviewed with the accompanying notes.

iv) Liquidation Analysis Detail

Liquidation Proceeds

- A. Cash and Cash Equivalents – Represents projected Cash and Cash equivalents of the Debtor as of the Liquidation Date based on the Debtor’s most recent financial projections which are included in Exhibit C, segregated between restricted and unrestricted balances. Restricted cash balances generally reflect donor-imposed restrictions on use and disposition and accordingly such amounts are excluded from the Liquidation Proceeds. The Debtor estimates a 100% recovery on the unrestricted cash balances.
- B. Investments – Represents investments of the Debtor as of the Liquidation Date based on the Debtor’s most recent financial projections, segregated between restricted and unrestricted. Restricted investment balances reflect donor-imposed restrictions on use and disposition and accordingly such amounts are excluded from the Liquidation Proceeds. Further, unrestricted investments have been adjusted for the amount of investments that have been loaned to other Churches as well as the Oakland Parochial Fund loan to the Debtor, all of which are assumed to be uncollectable. While the unrestricted investments are on the Churches’ balance sheets, they are not fully recoverable due the uncollectable loan claims against them. The Debtor estimates a 100% recovery on adjusted unrestricted investments.
- C. Accounts Receivable – Accounts receivable are comprised of invoiced and accrued third party receivables, including receivables from non-debtor entities and other non-trade receivables. Accounts Receivable is presented based on the Debtor’s most recent financial statements and is adjusted for amounts assumed to be uncollectable which include amounts owed to the Diocese by Churches (e.g. assessments and insurance premiums) and the Catholic Cathedral Corporation of the East Bay (“CCCEB”). Certain of the above Accounts Receivable do not have a contractual basis. Estimated recovery percentages for the adjusted balance of accounts receivable are between approximately 25% and 50% based on the estimated amount an arm’s length purchaser or a collections firm would pay for such Accounts Receivable.
- D. Loan and Loan Interest Receivable – Loan and loan interest receivable is comprised of the Debtor’s loan to CCCEB and related interest. Loan and loan interest receivable is presented based on the Debtor’s most recent financial statements and is adjusted for additional accrued interest through the Liquidation Date. The Debtor estimates an 80% to 100% recovery on the loan and loan interest receivable based on assessed value, which assumes that the deed for the Cathedral property that CCCEB owns is brought into the estate and the Cathedral property is sold. The tax assessed value for the land

the Cathedral occupies and the improvement value is discounted due to lack of marketability and land use restrictions.

- E. Contributions Receivable – Contributions receivable reflect unconditional donor pledges at face value. As the pledges are both donor-restricted and highly unlikely to be enforceable in a liquidation, they are valued at zero. Additional pledges not reflected in the financial statements are conditional and thus could not be collected in a liquidation.
- F. Property, Plant & Equipment (net) – The Debtor’s land, buildings, and equipment, which primarily includes Church land and buildings, is estimated to be materially consistent with the Debtor’s most recent financial statements. Most recent financial statements balances and pro forma balances are presented net of depreciation and amortization. Because the Debtors cannot have their chapter 11 cases converted into chapter 7 cases involuntarily, the Debtors also cannot be forced to close and sell Churches. However, proceeds from certain vacant land and the properties serving as collateral for the secured RCC loan are included as liquidation proceeds herein. The Debtor’s RCC loan collateral properties are assumed to be valued at the amount of the RCC loan claim. The value of the Debtor’s vacant land is difficult to determine for several reasons, including, but not limited to, that (i) any sale would likely involve a loss of tax exempt status for the subject property; (ii) any sale would likely necessitate a zoning change for the subject property; (iii) any sale would likely be subject to various state and corporate approvals involving nonprofit corporations; and (iv) forcing a nonprofit to liquidate real property used for religious purposes may be challenged in court. For purposes of this analysis, total property, plant & equipment recoveries are estimated to range from 40% to 50% of pro forma values.
- G. Prepaid Expenses – Primarily comprised of insurance premiums, professional fees, and other vendor prepayments. Prepaids are presented based on the Debtor’s most recent financial statements. Prepaid insurance recoveries are estimated to be zero based on (i) most of the Debtor’s insurance policy premiums are financed and any unearned premium refunded would be apply first to outstanding amounts owed to the lender, and (ii) as to non-financed policies, based on minimum earned premiums, the total amount of premiums, the installment payment nature of certain policies, short-rate penalties applicable to workers’ compensation insurance, and the timing of payments, unearned premiums would not be material. Prepaid professional fees are assumed to be recovered 100% and applied against administrative professional fee claims in a liquidation scenario. Other vendor prepayments are recovered at 0% of current financial statement balances given that they will be significantly depleted by the time a liquidation is completed.
- H. Investments in Other Entities – Investments in other entities is comprised of RCBO’s ownership interest in Furrer Properties and Western Catholic Insurance Company. Liquidation proceeds from the Debtor’s investment in Western Catholic Insurance Company would be zero as it has been in runoff since 2017, is currently in the process of winding down, and there is no expected net equity to be recovered. Liquidation proceeds from Furrer Properties are \$2.7 million to \$3.0 million based on recent appraisals.

- I. Unqualified Pension and Benefit Plans – The Debtor has two unqualified pension and benefit plans: The Priests’ Long Term Care Plan (“LTC Plan”) and the Priests Supplemental Retirement Plan (“SERP”). Both plans have been frozen and are assumed to be assets of the Debtor’s estate. Liquidation proceeds from the LTC Plan are \$8.2 million and from the SERP are \$2.4 million for a total of \$10.6 million of proceeds from the unqualified pension and benefit plans.
- J. Assets Held in Trust for Others – The Debtor’s assets held in trust for others related to the James and Ramona Mulvaney Charitable Remainder Unitrust (“Mulvaney CRUT”) funds which the Debtor held as trustee for the benefit of Christ the Light Cathedral Corporation (“CCTL”). However, the trust has since been dissolved and the liquidation proceeds would be zero.
- K. Right to Appoint 50% of Directors of CTN – The Debtor has the right to appoint 50% of the Directors of the Roman Catholic Communications Corporation of the Bay Area dba Catholic Telemedia Network (“CTN”). The right to appoint directors of CTN is assumed to be valued at zero in a chapter 7 liquidation.
- L. Insurance Proceeds (related to Abuse Claims) – The value of insurance assets is yet to be determined, and while there may be substantial additional cost to pursue insurance, along with the potential for erosion of limits with respect to defense costs that would not otherwise be incurred, the value of Insurance Proceeds is assumed to be approximately equal in a liquidation to the value realized under a chapter 11 plan of reorganization.

Liquidation Costs

- M. Operational Wind Down Expenses – Represents an estimate of the costs of operations incurred during a liquidation. Wind down costs primarily include payroll and related expenses, costs to maintain facilities, general liability and other insurance policies, and other base operating expenses. Operating expenses are assumed to reduce significantly during a liquidation to between 10% and 25% of projected monthly costs in a going concern scenario excluding lease fees.
- N. Chapter 7 Trustee Fees – Assumed to be 3% of gross liquidation proceeds or between \$4.6 million to \$5.4 million.
- O. Trustee’s Professional Fees – Assumed to be 3.5% of gross liquidation proceeds or between \$5.4 million to \$6.3 million.
- P. Incremental Litigation Costs – Assumes \$71 million to \$87 million of cost associated with an estimated 12 abuse cases being litigated through the trial process followed by an alternative dispute resolution process undertaken to expedite the review and adjudication of the remaining abuse cases in order to preserve and efficiently distribute estate assets. This does not account for additional litigation, or risk to insurance assets, related to such a process.

- Q. Broker Fees – Include the estimated cost to market and dispose of certain parcels of the Debtor’s land. In the Liquidation Analysis, broker fees are estimated to be approximately 5.0% of gross Liquidation Proceeds from these asset classes.

Claims

A. Secured Claims

- RCC Loan and Interest – Claims related to the RCC loan are secured by certain of the Debtor’s real property. To the extent the Debtor is unable to pay the RCC loan and interest, the Debtor’s real property would serve as a source of recoveries on such claims which are unliquidated.
- Secured Claims are expected to recover 100%.

B. Administrative and Priority Expenses – comprised of expenses incurred during the post-petition period prior to the Liquidation Date.

- The Liquidation Analysis assumes that there are employee-related costs which are estimated to be \$0.3 million as of the Liquidation Date, comprised primarily of accrued employee benefit costs obligations. Full-time salaried employees are assumed to be paid current immediately prior to the Liquidation Date. The Liquidation Analysis assumes that workers’ compensation claims are covered by the Debtor’s workers’ compensation insurance provider.
- Post-Petition Professional Fees as of the Liquidation Date are estimated to be \$3.0 million. Post-Petition Trade Claims are estimated to be \$0.9 million as of the Liquidation Date based on Debtor’s most recent financial projections.
- Funds Held for Others of \$2.0 million relates to second collections.
- Administrative Expenses are expected to recover 100%.

C. General Unsecured Claims

- The below chart reflects the aggregation of Liquidation Analyses of the Debtor.
- The Liquidation Analysis estimates that there will be between \$11 million and \$57 million of proceeds available to satisfy General Unsecured Claims.
- General Unsecured Claims are assumed to include Abuse Claims, pre-petition trade payables and accrued liabilities, pension obligations, and the unsecured Oakland Parochial Fund loan Claim. Certain deferred revenue obligations on the Debtor’s balance sheet for items such as parish assessments, insurance, and employee benefits are assumed to be accounting entries for which the Debtor has a corresponding receivable but has not yet received cash and are therefore excluded as claims in this analysis.

- Pension Claims are assumed to result from the Debtor's termination of its liability or withdrawal from the Priests' Pension Plan ("PPP") and the Lay Employees' Money Purchase Pension Plan ("LERP") qualified pension plans. Based on analysis completed by the Debtor's actuarial advisors, the Debtor further assumes that it will be liable for the full termination/withdrawal liability of participants in the PPP (approximately \$15.3 million) and in the LERP (approximately \$0 million). It is assumed that any withdrawal or termination liability associated with the Debtor's pension obligations would share in recoveries with other creditors.
- Abuse Claims are estimated to be valued at the Plan recovery value of \$98 million for purposes of the Liquidation Analysis. All rights to challenge the valuation of Abuse Claims are reserved, and no party shall be found to have made or deemed to have made an admission with respect to the valuation of Abuse Claims as a result of this Liquidation Analysis. As applied to individual Abuse Claims, the Liquidation Analysis provides an estimate of the percent-on-the-dollar recovery that individual claimants would receive in a hypothetical liquidation. However, the value of any particular individual claim that this percentage applies to is highly dependent on the facts and circumstances of the individual claim.
- The Oakland Parochial Fund Claim consists of an unsecured loan to the Debtor and related interest, estimated to be \$35 million as of the Liquidation Date. The Oakland Parochial Fund Claim is assumed to be uncollectable and was adjusted from investments in the liquidation proceeds from assets.
- General Unsecured Claims excluding the Oakland Parochial Fund Claim are expected to recover 9% to 47%.

Summary Liquidation Analysis

					Estimated Recovery (%)			Estimated Recovery (\$)			
Assumptions Paragraph		Book Value at 6/30/24	Adj. to Book Value	Pro Forma Value at 5/31/25	Low	Mid	High	Low	Mid	High	
Assets											
Cash and Cash Equivalents - Unrestricted	A	\$ 42,184,208	\$ (6,300,276)	\$ 35,883,932	100.0%	100.0%	100.0%	\$ 35,883,932	\$ 35,883,932	\$ 35,883,932	
Cash and Cash Equivalents - Restricted	A	18,389,552	(805,807)	17,583,745	-	-	-	-	-	-	
Investments - Unrestricted	B	52,250,357	(49,314,956)	2,935,401	100.0%	100.0%	100.0%	2,935,401	2,935,401	2,935,401	
Investments - Restricted	B	19,973,213	-	19,973,213	-	-	-	-	-	-	
Accounts Receivable	C	15,881,344	(9,950,682)	5,930,662	25.0%	37.5%	50.0%	1,482,665	2,223,998	2,965,331	
Loan & Loan Interest Receivable	D	42,767,321	668,489	43,435,810	80.0%	90.0%	100.0%	34,748,648	39,092,229	43,435,810	
Contributions Receivable	E	236,590	-	236,590	-	-	-	-	-	-	
Property, Plant & Equipment (net)	F	160,947,562	-	160,947,562	40.0%	45.0%	50.0%	64,379,025	72,426,403	80,473,781	
Prepaid Expenses	G	1,451,577	(871,621)	579,956	100.0%	100.0%	100.0%	579,956	579,956	579,956	
Investments in Other Entities	H	1,349,753	-	1,349,753	200.0%	210.0%	220.0%	2,699,505	2,834,481	2,969,456	
Unqualified Pension and Benefit Plans	I	-	10,611,000	10,611,000	100.0%	100.0%	100.0%	10,611,000	10,611,000	10,611,000	
Assets Held in Trust for Others	J	1,361,829	(1,361,829)	-	-	-	-	-	-	-	
Right to Appoint 50% of Directors of CTN	K	-	-	-	NA	NA	NA	-	-	-	
Insurance Proceeds (Abuse Claims)	L	-	-	-	NA	NA	NA	-	-	-	
Total Gross Liquidation Proceeds		\$ 356,793,305	\$ (57,325,682)	\$ 299,467,623	51.2%	55.6%	60.1%	\$ 153,320,132	\$ 166,587,400	\$ 179,854,667	
(-) Less Liquidation Deductions											
(-) Operational Wind Down Expenses	M							\$ (10,200,000)	\$ (7,140,000)	\$ (4,080,000)	
(-) Chapter 7 Trustee Fees	N							(4,599,604)	(4,997,622)	(5,395,640)	
(-) Trustee's Professional Fees	O							(5,366,205)	(5,830,559)	(6,294,913)	
(-) Incremental Litigation Costs	P							(87,120,000)	(79,200,000)	(71,280,000)	
(-) Broker Fees	Q							(3,218,951)	(3,621,320)	(4,023,689)	
Total Liquidation Costs								\$ (110,504,760)	\$ (100,789,501)	\$ (91,074,242)	
Total Net Liquidation Proceeds ex-Insurance								\$ 42,815,373	\$ 65,797,898	\$ 88,780,424	
					Estimated Claims Pool	Estimated Recovery (%)			Estimated Recovery (\$)		
						Low	Mid	High	Low	Mid	High
Class 1: Secured Claims											
RCC Loan & Interest Payable					\$ 25,872,322	100%	100%	100%	\$ 25,872,322	\$ 25,872,322	\$ 25,872,322
Total Secured Claims					\$ 25,872,322	100%	100%	100%	\$ 25,872,322	\$ 25,872,322	\$ 25,872,322
Proceeds Available After Secured Claims								\$ 16,943,051	\$ 39,925,577	\$ 62,908,103	
Class 2: Administrative / Priority Claims											
Employee Related Claims					\$ 349,245	100%	100%	100%	\$ 349,245	\$ 349,245	\$ 349,245
Professional Fees					2,983,364	100%	100%	100%	2,983,364	2,983,364	2,983,364
Post-Petition Trade Claims					850,915	100%	100%	100%	850,915	850,915	850,915
Funds Held for Others					2,017,083	100%	100%	100%	2,017,083	2,017,083	2,017,083
Total Administrative / Priority Claims					\$ 6,200,606	100%	100%	100%	\$ 6,200,606	\$ 6,200,606	\$ 6,200,606
Proceeds Available for General Unsecured Claims								\$ 10,742,444	\$ 33,724,970	\$ 56,707,496	
Class 3 - 8: General Unsecured Claims											
Trade Payables and Accrued Expenses					\$ 104,363	9%	28%	47%	\$ 9,346	\$ 29,342	\$ 49,338
Other Claims					1,196,888	9%	28%	47%	107,189	336,512	565,834
Pension Claims					15,300,000	9%	28%	47%	1,370,218	4,301,681	7,233,144
Abuse Claims					98,000,000	9%	28%	47%	8,776,562	27,553,252	46,329,943
Unknown Abuse Claims					5,000,000	9%	28%	47%	447,784	1,405,778	2,363,773
Non-Abuse Litigation Claims					350,000	9%	28%	47%	31,345	98,404	165,464
Contribution and Indemnification Claims Related to Class 4/5 Claims						NA	NA	NA	-	-	-
Oakland Parochial Fund Claim					35,019,178	-	-	-	-	-	-
Total General Unsecured Claims					\$ 154,970,429	7%	22%	37%	\$ 10,742,444	\$ 33,724,970	\$ 56,707,496
Proceeds Available After General Unsecured Claims								\$ -	\$ -	\$ -	

Note: Asset recovery percentages are based on asset proceeds recovered divided by pro forma asset balances Claims recoveries are based on the low, mid, and high ranges of estimated recoveries.

EXHIBIT C
FINANCIAL PROJECTIONS

The Roman Catholic Bishop of Oakland, California

Exhibit C

Financial Projections¹

Overview / Basis of Projections

The Debtor believes the Plan meets the feasibility requirement set forth in section 1129(a)(11) of the Bankruptcy Code, as Confirmation is not likely to be followed by liquidation or the need for further financial reorganization of the Debtor or any successors under the Plan. In connection with the development of the Plan and to determine whether the Plan satisfies the feasibility standard, the Debtor analyzed its ability to satisfy its financial obligations while maintaining sufficient liquidity and capital resources.

The Debtor prepared a business plan including the projections contained herein (the “Financial Projections”) with the assistance of the Debtor’s advisors. The Debtor’s management team developed and refined the business plan and prepared the cash flow projections for the fiscal years ending December 31, 2024, through December 31, 2030.

Although the Financial Projections represent the Debtor’s commercially reasonable estimates and good faith judgment (for which the Debtor’s management team believes it has a reasonable basis) of the cash flows of the Debtor, the Financial Projections are only estimates and actual results may vary considerably from the Financial Projections. Consequently, the Financial Projections should not be regarded as a representation by the Debtor, the Debtor’s advisors, or any other person that the projected cash flows of the Debtor will be achieved. The Financial Projections are based on forecasts that may be significantly impacted by, among other factors, changes in mass attendance within the geographic area of the Debtor, donation levels, demand for the Debtor’s programming and services, changes in terms with material suppliers and vendors, and overall economic conditions. Consequently, the estimates and assumptions underlying the Financial Projections are inherently uncertain and are subject to material operational, economic, and other uncertainties.

The Financial Projections have been prepared by management, with the assistance of its advisors, using methodologies that are generally consistent with those applied in the Debtor’s historical financial statements. The Financial Projections were not, however, prepared with a view toward compliance with guidelines established by the American Institute of Certified Public Accountants, or the Financial Accounting Standards Board. The Financial Projections have not been examined or compiled by independent accountants.

The Financial Projections should be read in conjunction with the significant assumptions, qualifications and notes set forth below, as well as the assumptions, qualifications and explanations set forth in the Disclosure Statement.

THE FINANCIAL PROJECTIONS CONTAIN CERTAIN STATEMENTS THAT ARE “FORWARD-LOOKING” WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. THESE STATEMENTS ARE SUBJECT TO A NUMBER OF ASSUMPTIONS, RISKS AND UNCERTAINTIES, MANY OF WHICH ARE BEYOND THE CONTROL OF THE DEBTOR, INCLUDING THE IMPLEMENTATION OF THE PLAN, MAINTAINING GOOD EMPLOYEE, PARISHIONER, AND DONOR RELATIONS, EXISTING AND FUTURE

¹ All capitalized terms not otherwise defined herein shall have the meanings ascribed to them the Plan or Disclosure Statement, as applicable.

GOVERNMENTAL REGULATIONS AND ACTIONS OF GOVERNMENT BODIES, NATURAL DISASTERS AND UNUSUAL WEATHER CONDITIONS, ACTS OF TERRORISM OR WAR, ORGANIZATIONAL-SPECIFIC RISK FACTORS (AS DETAILED IN THE DISCLOSURE STATEMENT ENTITLED “PLAN RELATED RISK FACTORS”), AND OTHER CONDITIONS. HOLDERS OF CLAIMS ARE CAUTIONED THAT THE FORWARD-LOOKING STATEMENTS SPEAK AS OF THE DATE MADE AND ARE NOT GUARANTEES OF FUTURE PERFORMANCE. ACTUAL RESULTS OR DEVELOPMENTS MAY DIFFER MATERIALLY FROM THE EXPECTATIONS EXPRESSED OR IMPLIED IN THE FORWARD-LOOKING STATEMENTS, AND THE DEBTOR UNDERTAKES NO OBLIGATION TO UPDATE ANY SUCH STATEMENTS.

THE FINANCIAL PROJECTIONS, WHILE PRESENTED WITH NUMERICAL SPECIFICITY, ARE NECESSARILY BASED ON A VARIETY OF ESTIMATES AND ASSUMPTIONS WHICH, THOUGH CONSIDERED REASONABLE BY THE DEBTOR, MAY NOT BE REALIZED AND ARE INHERENTLY SUBJECT TO SIGNIFICANT OPERATIONAL, ECONOMIC, REGULATORY AND FINANCIAL UNCERTAINTIES AND CONTINGENCIES, MANY OF WHICH ARE BEYOND THE DEBTOR’S CONTROL AND WILL BE BEYOND THE REORGANIZED DEBTOR’S CONTROL. THE DEBTOR CAUTIONS THAT NO REPRESENTATIONS CAN BE MADE OR ARE MADE AS TO THE ACCURACY OF THE FINANCIAL PROJECTIONS OR THE REORGANIZED DEBTOR’S ABILITY TO ACHIEVE THE PROJECTED RESULTS. SOME ASSUMPTIONS INEVITABLY WILL BE INACCURATE. MOREOVER, EVENTS AND CIRCUMSTANCES OCCURRING SUBSEQUENT TO THE DATE ON WHICH THE DEBTOR PREPARED THESE FINANCIAL PROJECTIONS MAY BE DIFFERENT FROM THOSE ASSUMED, OR ALTERNATIVELY MAY HAVE BEEN UNANTICIPATED, AND THUS THE OCCURRENCE OF THESE EVENTS MAY AFFECT FINANCIAL RESULTS IN A MATERIALLY ADVERSE OR MATERIALLY BENEFICIAL MANNER. EXCEPT AS OTHERWISE PROVIDED IN THE PLAN OR DISCLOSURE STATEMENT, THE DEBTOR AND THE REORGANIZED DEBTOR, AS APPLICABLE, DO NOT INTEND AND UNDERTAKE NO OBLIGATION TO UPDATE OR OTHERWISE REVISE THE FINANCIAL PROJECTIONS TO REFLECT EVENTS OR CIRCUMSTANCES EXISTING OR ARISING AFTER THE DATE THE DISCLOSURE STATEMENT IS INITIALLY FILED OR TO REFLECT THE OCCURRENCE OF UNANTICIPATED EVENTS. THEREFORE, THE FINANCIAL PROJECTIONS MAY NOT BE RELIED UPON AS A GUARANTY OR OTHER ASSURANCE OF THE ACTUAL RESULTS THAT WILL OCCUR. IN DECIDING WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN, HOLDERS OF CLAIMS MUST MAKE THEIR OWN DETERMINATIONS AS TO THE REASONABLENESS OF SUCH ASSUMPTIONS AND THE RELIABILITY OF THE FINANCIAL PROJECTIONS AND SHOULD CONSULT WITH THEIR OWN ADVISORS.

THE DEBTOR BELIEVES THAT THE CONFIRMATION AND CONSUMMATION OF THE PLAN ARE NOT LIKELY TO BE FOLLOWED BY LIQUIDATION OR FURTHER REORGANIZATION OF THE REORGANIZED DEBTOR. ACCORDINGLY, THE DEBTOR BELIEVES THAT THE PLAN SATISFIES THE FEASIBILITY REQUIREMENT OF SECTION 1129(A)(11) OF THE BANKRUPTCY CODE.

Accounting Policies

The Financial Projections have been prepared using consistent methodologies to those applied in the Debtor’s historical financial statements.

Upon emergence from Chapter 11, the Reorganized Debtor will implement “fresh start” reporting pursuant to Statement of Position 90-7, “Financial Reporting by Entities in Reorganization Under the Bankruptcy Code,” as codified in Accounting Standards Codification (“ASC”) Topic 852, “Reorganization.” The main principles of fresh start reporting require that the value of the emerging entity

be allocated to all the entity's assets in conformity with the procedures specified by Statement of Financial Accounting Standards ("SFAS") No. 141R, "Business Combinations," as codified in ASC Topic 805, "Business Combinations," and any portion of the value that cannot be attributed to specific tangible or identifiable intangible assets of the emerging entity is required to be reported as goodwill.

Assumptions and Methodologies to the Financial Projections

General Assumptions

The Financial Projections take into account the assumptions noted below, as well as the current environment in which the Debtor operates, including many economic and financial forces that are beyond the control of the Debtor. The Debtor is a not-for-profit entity and shares a common religious mission with 80 parishes and various related affiliates. Economic growth or slowdowns on a national or regional basis may impact the Debtor's and the Reorganized Debtor's revenues and expenses. In addition, general trends, and changes within the market for youth and adult programming and the ability of the Reorganized Debtor and parishes to raise donations to support its programming and operations may impact performance.

- **Plan and Effective Date:** The Financial Projections assume that the Plan will be consummated in accordance with its terms and will go into effect on or around May 31, 2025 ("Effective Date"). It is assumed the Reorganized Debtor will continue to operate in a similar fashion to its existing operations.
- **Forecast Period:** The Debtor prepared Financial Projections for the fiscal years ending December 31, 2024, through December 31, 2030.
- **Settlement Trust Contribution:** The Financial Projections assume the Debtor contributes \$63.0 million to the Trust on the Effective Date followed by four (4) annual \$10 million payments starting on the one-year anniversary of the Effective Date. These payments exclude the value of the planned assignment of the Livermore property as well as the assignment of insurance claims.

Receipts Assumptions

- A. **Parish Assessment:** Includes a 12.0% assessment on parish collections based on a two-year lag (i.e., 2025 parish assessment is based on 2023 parish collections). Forecast assumes parish collections will remain relatively constant as has been the experience during other challenging periods with a 4% increase in 2025 followed by a 4% decline projected in 2026 and a ~1% growth rate thereafter.
- B. **Bishop's Annual Appeal:** Consists of parishioner contributions raised through the parishes to provide direct financial support to the Debtor's functions and Diocesan ministries. The Bishop's Annual Appeal is expected to be flat at approximately \$2.5 million gross in 2025 and 2026 followed by a 3% growth thereafter.
- C. **Gifts and Grants:** Consists of donations to the Debtor, and are expected to be flat in 2025 and 2026 followed by a 3% growth rate thereafter.
- D. **CTN Grant:** Consists of annual grants from the Catholic Telemedia Network ("CTN"). CTN receives royalty payments from leases of spectrum to third-party telecommunications providers. These funds are used to operate CTN with a portion historically granted to the Debtor. It is expected that these grants will continue and remain at the \$2.1 million level in 2025 and 2026 with a 3% growth rate thereafter.

- E. **CMS Contributions:** Consists of donations from Catholic Management Services (“CMS”) to help support the Debtor’s operations. CMS has historically contributed a portion of its change in net assets to the Debtor approximately six (6) months after it has closed its books for the year. In 2024, CMS has told the Debtor it will speed up this contribution process, providing half of the expected 2025 annual contribution in 2024. This earlier than usual contribution is expected to continue going forward, causing a 50% reduction in contributions in 2025 followed by a 6% growth rate thereafter.
- F. **Ministry Departmental Revenue:** Consists of fees charged by the Debtor’s departments to help fund the Debtor’s programs and ministries. These fees are expected to be flat in 2025 and 2026 followed by a 3% growth rate thereafter.
- G. **Cemetery Rent:** Consists of a lease payment from the Roman Catholic Cemeteries of the Diocese of Oakland (“RCC”) to the Debtor for the use of the cemetery property. The lease is based on 8.0% of RCC revenues, and is expected to fall by approximately 7% in 2025 followed by a 3% growth rate thereafter.
- H. **Other Rent:** Consists of rent received for some of the property leased by the Debtor, and is expected to be sold in mid-2025 as part of the Settlement Trust funding.
- I. **Insurance (Reimbursement):** Consists of the reimbursement from churches and schools for the centralized, Debtor-managed insurance program. Receipts are expected to grow by 9% in 2025, 6% in 2026, and 3% thereafter. The billing to churches and schools and thus the receipts are based on expenses experienced by the centralized insurance program. There is approximately a one-year lag between the costs paid by the Debtor and receipt of the reimbursement from the insureds, churches, and schools. Collections of these billings are expected to remain within historical norms.
- J. **Parochial Fund Management Fee:** Consists of a fee based on 1.5% of the three-year average of assets under management within the Parochial Fund. In 2024, the Debtor received payment for both 2023 and 2024 Parochial Fund Management Fees, and therefore, the fee is expected to drop by 42% in 2025, hold steady in 2026 before starting to grow at 3% thereafter.
- K. **Cathedral Rental Income:** It is assumed that the deed for the Cathedral property will be brought into the Debtor’s estate as part of its bankruptcy reorganization and the Debtor will therefore start receiving rents from non-Debtor entities using the Cathedral space (e.g., the Roman Catholic Welfare Corporation of Oakland (“RCWC”) and RCC). These rents amount to approximately \$700,000 per annum. It is assumed that seven months of rent will be received in 2025 followed by the full amount in 2026 with a 3% growth rate thereafter.
- L. **Other Receipts:** Consists of miscellaneous contributions and are expected to drop by 79% in 2025, remain flat in 2026, and grow by 3% thereafter.
- M. **Second Collections (Pass-through) – Receipts:** Consists of pass-through gifts from parishioners to support the worldwide Church and other charitable activities. Second collections are projected to drop by 23% in 2025 and remain flat (along with the related expenses) thereafter.

Disbursement Assumptions

- N. **Payroll (Salaries & Taxes):** Represents employee costs which are driven by headcount and inflation assumptions. Projected to grow by 5% in 2025 due to filling budgeted 2024 positions.

There is not expected to be any further growth in salaries in 2026 followed by a 3% growth rate thereafter.

- O. **Payroll (Vendors):** Consists primarily of ADP and unemployment insurance payments to the state. These expenses are expected to remain flat in 2025 and 2026, and grow by 3% thereafter.
- P. **Professional Fees & Contractors:** Includes the day-to-day contractors used by the Debtor with some providing additional support due to the bankruptcy process. On exit, the ordinary course professional fees are expected to drop by approximately 44% in 2025, and a further 52% in 2026, followed by a 3% growth rate thereafter.
- Q. **Bishop's Appeal Rebate:** Consists of a rebate that is paid to all parishes that surpass their Bishop's Appeal goal in a given year. This is expected to drop by 24% in 2025, remain flat in 2026, and grow by 3% thereafter.
- R. **Facilities – Cathedral:** Consists of the Debtor's rent expense through the Effective Date and full operating costs thereafter once the Debtor becomes the owner of the facility. It is expected to initially drop in 2025 due to cost cutting efforts, partially offset by including the full Cathedral facility expense after the Effective Date for a net reduction of 14%, then increase 13% in 2026 with a 3% growth rate thereafter.
- S. **Facilities – Other:** Consists of property expenses for other facilities owned by the Debtor. These expenses are projected to remain flat in 2025 and 2026 and grow by 3% thereafter.
- T. **Insurance (Direct Pmt):** Consists of the total cost of the centralized insurance program, which is expected to grow by 4% in 2025, 6% in 2026, and 3% thereafter.
- U. **Clergy Retirement:** Represents clergy pension plan payments, health benefits, and housing. These expenses are expected to remain at approximately \$1.5 million in 2025 and 2026, and grow by 3% thereafter.
- V. **Other Clergy Costs:** Includes Clergy immigration support, retreats, and other Clergy support related expenses, which are expected to remain flat in 2025 and 2026 and grow by 3% thereafter.
- W. **Postage and Printing:** Projected to remain flat in 2025 and 2026 and grow by 3% thereafter.
- X. **Program, Ministry & Other:** Includes non-personnel departmental expenses, and will be subject to cost cutting initiatives in 2025 with an expected reduction of 4.0%. Those expense levels are expected to hold flat in 2026 and grow by 3% thereafter.
- Y. **Other Mission Related:** Include other related expenses such as the Diocesan magazine publication. Cost cutting efforts are assumed to reduce this expense by approximately 22% in 2025, hold flat in 2026, with inflationary (3%) growth projected in 2027 and thereafter.
- Z. **Second Collections (Pass-through) – Pmt:** Expected to match the Second Collections (Pass-through) – Receipts in the long term.

Non-Operating Revenues/(Disbursements)

- AA. **Pre-Petition RCC Term Loan Draws / (Repayments):** Consists of the interest and principal payments due to RCC for the approximately \$26.0 million pre-petition loan. Due to the bankruptcy,

the payment schedule has been reduced to interest only during the bankruptcy period. It is expected that the Debtor will be required to make the default (3%) interest payments as well as principal payments frozen during bankruptcy upon exiting bankruptcy. Going forward the loan is expected to continue on the same debt service schedule that was set up pre-bankruptcy for approximately \$1.9 million in debt service per annum.

- BB. **RCC BK Exit Loan Draws / (Repayments):** Consists of a \$55.0 million loan/draw to fund a portion of the \$63.0 million payment into the Settlement Trust. This loan will be interest only with the interest being capitalized/reserved for the first 36 months. The loan bears an interest rate of 6.5%, and has a 10-year term with a 12-year amortization with required principal payments of \$5.0 million in year 4, \$6.0 million in year 6 and \$7.5 million in year 8.
- CC. **Parochial Fund Loan Draws / (Repayments):** Consists of the \$35.0 million loan funded in 2023. In accordance with the Plan, interest payments will not be made on this loan. Payments will commence on or before 10 years after the Effective Date, and the loan will be fully repaid within 30 years after the Effective Date.
- DD. **Building & Land Sales:** Property sales are what will ultimately fund the majority of the Settlement Trust and debts accrued. It is projected that the Debtor will receive net proceeds of \$10.0 million in 2026 and 2027, \$15.0 million in 2028, \$23.0 million in 2029, and \$8.2+ million thereafter until the RCC BK Exit Loan is repaid.
- EE. **Settlement Trust Payments:** Per the Plan, the Debtor will pay \$63.0 million on the Effective Date and \$10.0 million per annum for the next four years for a total payment to the Settlement Trust of \$103.0 million. These payments exclude the value for the assignment of the Livermore property and any agreed to payments from insurance or other non-Debtor entities.
- FF. **Non-Recurring:** Consists of one-time payments that are not expected to recur. It is forecasted that CCCEB will repay approximately \$4.5 million of its loan to the Debtor in December 2024, and that the Debtor will use \$10.6 million from the Long-Term Care for Priests fund (\$8.2 million) as well as the SERP funds (\$2.4 million) to help fund the Professionals' Chapter 11 expenses and the \$65.0 million initial Settlement Trust payment.
- GG. **Professional Fees:** Includes all of the Chapter 11 professional fees, which are expected to end with full payment on the Effective Date.

Projected Cash Flows

The following table summarizes the Cash Flow Forecast for the Debtor. The Cash Flow Forecast should be reviewed with the accompanying notes.

(\$ in Millions)		Annual								
		Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	
Notes		FY23F	FY24F	FY25F	FY26F	FY27F	FY28F	FY29F	FY30F	
Receipts										
Parish Assessment	A	\$ 6.4	\$ 7.1	\$ 7.4	\$ 7.1	\$ 7.2	\$ 7.3	\$ 7.3	\$ 7.4	
Bishop's Annual Appeal	B	3.0	2.5	2.5	2.5	2.6	2.7	2.7	2.8	
Gifts & Grants	C	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3	
CTN Grant	D	3.0	2.1	2.1	2.1	2.2	2.2	2.3	2.4	
CMS Contribution	E	0.8	1.4	0.7	0.7	0.8	0.8	0.9	0.9	
Ministry Departmental Revenue	F	1.8	1.7	1.7	1.7	1.8	1.8	1.9	2.0	
Cemetery Rent	G	3.6	3.1	2.8	2.9	3.0	3.1	3.2	3.3	
Other Rent	H	0.3	0.4	0.2	-	-	-	-	-	
Insurance (Reimbursement)	I	24.7	27.3	29.9	31.7	32.7	33.7	34.7	35.7	
Parochial Fund Management Fee	J	-	1.2	0.7	0.7	0.7	0.7	0.7	0.8	
Cathedral Rental Income	K	-	-	0.4	0.7	0.7	0.8	0.8	0.8	
Other Receipts	L	1.9	1.0	0.2	0.2	0.2	0.2	0.2	0.2	
Second Collections (Pass-through) - Receipt	M	1.2	1.0	0.7	0.7	0.7	0.7	0.7	0.7	
Subtotal Receipts		\$ 46.8	\$ 49.0	\$ 49.6	\$ 51.4	\$ 52.8	\$ 54.3	\$ 55.8	\$ 57.3	
Disbursements										
Payroll (Salaries & Taxes)	N	\$ (5.2)	\$ (5.4)	\$ (5.6)	\$ (5.6)	\$ (5.8)	\$ (6.0)	\$ (6.2)	\$ (6.3)	
Payroll (Vendors)	O	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	
Professional Fees & Contractors	P	(1.8)	(2.2)	(1.3)	(0.6)	(0.6)	(0.6)	(0.7)	(0.7)	
Bishop's Appeal Rebate	Q	(0.4)	(0.3)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.3)	
Facilities - Cathedral	R	(3.5)	(3.8)	(3.3)	(3.7)	(3.8)	(4.0)	(4.1)	(4.2)	
Facilities - Other	S	(0.8)	(0.4)	(0.4)	(0.4)	(0.4)	(0.5)	(0.5)	(0.5)	
Insurance (Direct Pmt)	T	(26.3)	(29.7)	(30.8)	(32.7)	(33.7)	(34.7)	(35.7)	(36.8)	
Clergy Retirement	U	(1.4)	(1.5)	(1.5)	(1.5)	(1.6)	(1.6)	(1.7)	(1.7)	
Other Clergy Costs	V	(0.1)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	
Postage & Printing	W	(0.8)	(0.6)	(0.6)	(0.6)	(0.6)	(0.7)	(0.7)	(0.7)	
Program, Ministry & Other	X	(1.8)	(1.2)	(1.1)	(1.1)	(1.1)	(1.2)	(1.2)	(1.2)	
Other Mission Related	Y	(1.2)	(1.3)	(1.0)	(1.0)	(1.1)	(1.1)	(1.1)	(1.2)	
Second Collections (Pass-through) - Pmt	Z	(0.7)	(1.0)	(0.7)	(0.7)	(0.7)	(0.7)	(0.7)	(0.7)	
Subtotal Operating Disbursements		\$ (44.1)	\$ (47.9)	\$ (47.1)	\$ (48.8)	\$ (50.2)	\$ (51.7)	\$ (53.3)	\$ (54.8)	
Operating Cash Flow		\$ 2.8	\$ 1.1	\$ 2.5	\$ 2.6	\$ 2.6	\$ 2.6	\$ 2.5	\$ 2.5	
Non-Operating, BK Related										
Pre-Petition RCC Term Loan Draws/(Repayments)	AA	\$ (1.6)	\$ (1.4)	\$ (4.4)	\$ (1.9)	\$ (1.9)	\$ (1.9)	\$ (1.9)	\$ (1.9)	
RCC BK Exit Loan Draws/(Repayments)	BB	-	-	55.0	-	-	(4.8)	(13.2)	(8.2)	
Parochial Fund Loan Draws/(Repayments)	CC	35.0	-	-	-	-	-	-	-	
Building & Land Sales	DD	-	-	-	10.0	10.0	15.0	23.0	8.2	
Settlement Trust Payments	EE	-	-	(63.0)	(10.0)	(10.0)	(10.0)	(10.0)	-	
Non-Recurring	FF	0.8	5.2	10.6	-	-	-	-	-	
Subtotal Non-Operating Activity		\$ 34.2	\$ 3.8	\$ (1.8)	\$ (1.9)	\$ (1.9)	\$ (1.7)	\$ (2.1)	\$ (1.9)	
Professional Fees	GG	\$ (18.3)	\$ (16.5)	\$ (8.4)	\$ -	\$ -	\$ -	\$ -	\$ -	
Other BK Items		-	-	-	-	-	-	-	-	
Subtotal BK Related Items		\$ (18.3)	\$ (16.5)	\$ (8.4)	\$ -	\$ -	\$ -	\$ -	\$ -	
Net Cash Flow		\$ 18.6	\$ (11.7)	\$ (7.8)	\$ 0.7	\$ 0.7	\$ 0.9	\$ 0.5	\$ 0.6	
Beginning Book Cash		\$ 10.6	\$ 29.3	\$ 17.6	\$ 9.9	\$ 10.5	\$ 11.2	\$ 12.1	\$ 12.6	
Voided Checks		0.1	-	-	-	-	-	-	-	
Net Cash Flows		18.6	(11.7)	(7.8)	0.7	0.7	0.9	0.5	0.6	
Ending Book Cash		\$ 29.3	\$ 17.6	\$ 9.9	\$ 10.5	\$ 11.2	\$ 12.1	\$ 12.6	\$ 13.2	

EXHIBIT D

LOAN TERM SHEET

**THE ROMAN CATHOLIC BISHOP OF OAKLAND
SUMMARY OF PROPOSED FINANCING TERMS
NOVEMBER [], 2024**

Set forth below is a Summary of Terms and Conditions for a proposed \$55,000,000 secured term loan from the Roman Catholic Cemeteries of The Diocese of Oakland ("**RCC**" or "**Lender**") to the Roman Catholic Bishop of Oakland ("**RCBO**" or "**Borrower**"), the proceeds of which would be used to fund Borrower's exit from its Chapter 11 case as more fully set forth below.

The following terms and conditions are for discussion purposes only and do not constitute a commitment or agreement on behalf of RCC.

I. PARTIES

- A. Borrower:** The Roman Catholic Bishop of Oakland.
- B. Lender:** The Roman Catholic Cemeteries of The Diocese of Oakland.

II. CREDIT FACILITY

- A. Closing Date:** On the effective date of Borrower's plan of reorganization (the "**Closing Date**"); provided all of the conditions set forth in this Term Sheet shall have been satisfied by such date.

B. Credit Facility:

Type and Amount: \$55,000,000 term loan (the "**Term Loan**" or the "**Credit Facility**").

Maturity Date: 10 years from Closing Date.

Interest Accrual Period: 3 years; accrued interest to be capitalized semi-annually

Term Loan

Amortization: 12-year mortgage style amortization starting after the Interest Accrual Period with all outstanding remaining principal and interest coming due in full on the Maturity Date.

- C. Use of Proceeds:** Proceeds will be used on the Closing Date to fund Borrower's exit from its Chapter 11 case.

III. CERTAIN PAYMENT PROVISIONS

- A. Fees:** RCBO will pay all lender transaction fees as detailed below.

B. Interest Rates: The loan will bear interest at a fixed rate of 6.5% per annum, with a 3.0% default rate.

C. Voluntary Prepayments: Loan may be partially or fully prepaid at any time, without penalty or premium.

D. Mandatory Prepayments:

The Loan principal in the following amounts will be due at the end of the corresponding year:

- i) Year 4 - \$5 million;
- ii) Year 6 - \$6 million; and
- iii) Year 8 - \$7.5 million.

Any voluntary repayments made by Borrower from time to time (including, without limitation, payments at the end of Year 4, Year 6 or Year 8 in excess of the amounts set forth above) shall reduce subsequent payment required under this section on a dollar-for-dollar basis.

IV. COLLATERAL The Credit Facility will be secured by one or more real estate properties by the RCBO with a loan to value not to exceed 75% of appraised value (collectively, the “Collateral”). Borrower may remove Collateral only with the consent of Lender.

V. RIGHT OF SETOFF

Upon an event of default, Lender will have the right to set off obligations owed by Lender to Borrower against Borrower’s obligations under the Credit Facility.

VI. CREDIT DOCUMENTATION

A. Representations and Warranties:

Usual and customary for facilities of this type, including but not limited to existence, qualification and power; compliance with laws; corporate authorization and no contravention; tax-exempt status; governmental authorization; binding effect; ability to obtain assets through public appeal; financial statements; no material adverse change; absence of litigation; absence of default; ownership of property; absence of liens; environmental compliance; ERISA compliance; full disclosure; compliance with laws; solvency; payment of taxes; anti-corruption and anti-terrorism laws.

B. Conditions Precedent to Closing and Funding:

As set forth on Annex 1.

D. Affirmative

Covenants: Usual and customary for facilities of this type, including but not limited to the following (with exceptions, materiality and other qualifications to be agreed upon): preservation of corporate existence, rights and authority; payment of liabilities and taxes; maintenance of insurance; maintenance of properties and equipment; visitation rights; maintenance of books and records; compliance with laws; covenant to raise income by public appeal; and further assurances with respect to Collateral (including but not limited to compliance with requests with respect to lien matters).

E. Reporting Requirements: Usual and customary for facilities of this type, including but not limited to annual audited financial statements within 180 days after each fiscal year; semi-annual unaudited financial statements within 60 days of second fiscal quarter; semi-annual officer's certificates certifying financial statements and setting forth certain required financial information; notice of certain material events.

F. Negative Covenants: Usual and customary for facilities of this type, including but not limited to the following (with exceptions, materiality and other qualifications to be agreed upon): limitations on: additional indebtedness; additional liens; additional guaranties; additional investments and loans; non-tax dividends, distributions, and net repayments of subordinated indebtedness; liquidations, mergers, consolidation and acquisitions; asset divestitures; affiliate transactions; creation of joint ventures or subsidiaries; change in business; change in fiscal year; tax-exempt organizations; issuance of stock.

G. Financial Covenant: Fixed Charge Coverage Ratio
Borrower shall not permit the Fixed Charge Coverage Ratio, calculated as of the end of the then ending fiscal year, to be less than: **1.00:1.00**

H. Events of Default: Usual and customary for facilities of this type, including but not limited to the following (with exceptions, materiality and other qualifications to be agreed upon): payment default; breach of representations and warranties; violation of covenants; cross default to other debt; final judgments and orders; unenforceability of the definitive credit documentation; uninsured losses and proceedings against Collateral; ERISA; change of control; bankruptcy; and insolvency.

I. Miscellaneous Provisions:

Expenses: Borrower shall pay all of Lender's costs and expenses associated with the preparation, due diligence, administration, and enforcement of all documentation executed in connection with the Credit Facility, including, without limitation, the reasonable legal fees of counsel to Lender, regardless of whether or not the Credit Facility closes.

Indemnification: Borrower shall indemnify and hold harmless Lender and each of its affiliates

EXECUTION COPY

and each of their respective officers, directors, employees, advisors and agents (each an “**Indemnified Person**”) from and against (and will reimburse each Indemnified Person as the same are incurred for) any and all losses, claims, damages, liabilities, costs and expenses (including without limitation reasonable fees and reasonable expenses of legal counsel), joint or several, which may be incurred by or asserted or awarded against any Indemnified Person (including, without limitation, in connection with any investigation, litigation or other proceeding or preparation of a defense in connection therewith), in each case arising out of or in connection with this Term Sheet, or any other transaction contemplated by any of the foregoing, except to the extent such claim, damage, loss, liability, cost or expense is found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted from such Indemnified Person’s own gross negligence or willful misconduct. In addition, no Indemnified Person shall be liable for any special, indirect, consequential or punitive damages in connection with the Credit Facility.

Other: Each of the parties shall waive its right to a trial by jury and shall submit to California jurisdiction.

Governing Law: State of California

Lender’s Counsel: Norton Rose Fulbright US LLP

Roman Catholic Bishop of Oakland

By: Attila Bardos
Name: ATTILA BARDOS
Title: CFD 2CB0
Date: 11/7/24

**Roman Catholic Cemeteries of
the Diocese of Oakland**

By: Robert Seelig
Name: Robert Seelig
Title: Chief Executive Officer
Date: 11/7/2024

Annex 1
Conditions Precedent to Closing and Funding

Shall consist of the following all satisfactory to Lender:

- a) Officer's certificate for Borrower as to accuracy of representations and warranties, compliance with covenants, absence of an Event of Default or Potential Event of Default, absence of a Material Adverse Change, and pro forma Fixed Charge Coverage Ratio of no less than 1.00 to 1.00;
- b) Secretary's certificate for Borrower containing certified resolutions, incumbency certificate and corporate documents;
- c) Negotiation, execution and delivery of all definitive organizational and financing documents, to include a credit agreement, deeds of trust and other legal documentation, and evidence of filing of all deeds of trust;
- d) Delivery of MAI or ASA appraisals evidencing the 75% LTV
- e) Delivery of legal opinion(s) of counsel as to commercial law; canon law;
- f) Evidence of insurance;
- g) Lien searches and title work;
- h) ERISA and labor matters affecting Borrower and subsidiaries;
- i) Payment of all fees and expenses subject to reimbursement;
- j) Order of the bankruptcy court confirming the Borrower's plan of reorganization in form and substance satisfactory to Lender and Borrower;
- k) Occurrence of the effective date of the Borrower's plan of reorganization;
- l) Any other orders of the bankruptcy court as may be necessary to effectuate the Borrower's reorganization and effectiveness of Borrower's plan of reorganization; and
- m) Other information as reasonably requested.

EXHIBIT E

RCWC PLAN FUNDING COMMITMENT

THE ROMAN CATHOLIC WELFARE CORPORATION of OAKLAND

2121 Harrison Street, Suite 100 ● Oakland, California 94612 ● (510) 628-2166

To: Bishop Michael Barber, S.J., Diocese of Oakland

From: Andrew Currier, Ph.D., President, The Roman Catholic Welfare Corporation of Oakland

Subject: RCWC Contribution, November 7, 2024

The Roman Catholic Welfare Corporation (“RCWC”) respectfully submits that it shall make a cash contribution to the Survivors’ Trust (as such term is defined in the Debtor’s plan of reorganization) in the total dollar amount of \$14,250,000 (the “RCWC Contribution”). The RCWC Contribution will be submitted in exchange for the Committee securing a third-party release from each Class 4 Claims and Class 5 Claims who have asserted liability against RCWC in connection with an abuse claim (“RCWC Claimants”). The cadence for the payments shall be funded as follows: \$2,000,000 on the Effective Date, \$3,000,000 on the date that is one year after the Effective Date, \$3,000,000 on the date that is two years after the Effective Date, \$3,000,000 on the date that is three years after the Effective Date, and \$3,250,000 on the date that is four years after the Effective Date; *provided, however*, if less than 100% of all RCWC Claimants grant RCWC a release pursuant to the Plan, then the RCWC Contribution shall be reduced by a percentage proportional to the percentage of RCWC Claimants who opt out of granting RCWC such release.

Respectfully submitted on behalf of the Roman Catholic Welfare Corporation Board of Directors,



Dr. Andrew Currier, President

The Roman Catholic Welfare Corporation of Oakland

CC:

Mr. Ryan Manns