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**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 WJL

Chapter 11

**NOTICE OF REVISED FORMS OF PLAN
SOLICITATION DOCUMENTS**

Judge: Hon. William J. Lafferty

Date: April 3, 2025

Time: 9:30 a.m.

Place: United States Bankruptcy Court
1300 Clay Street
Courtroom 220
Oakland, CA 94612

The Roman Catholic Bishop of Oakland, a California corporation sole, and the debtor and debtor in possession (the “Debtor” or “RCBO”) in the above-captioned chapter 11 bankruptcy case (the “Chapter 11 Case” or the “Bankruptcy Case”), hereby files this notice (the “Notice”) of (a) changes to the final solicitation version of its *Third Amended Disclosure Statement for Debtor’s Third Amended Plan of Reorganization* (the “Third Amended Disclosure Statement”); (b) final forms of Ballots for Voting Classes; (c) final forms of Confirmation Hearing Notice of Non-Voting Status; (d) form of Committee



1 letter to Holders of Class 4 Claims; and (e) revised form of proposed order approving the Third Amended
2 Disclosure Statement.¹

3 On November 8, 2024, the Debtor filed the *Debtor's Plan of Reorganization* [Docket No. 1444]
4 (the "Original Plan") and accompanying *Disclosure Statement for the Debtor's Plan of Reorganization*
5 [Docket No. 1445] (the "Original Disclosure Statement"). The Debtor has subsequently filed multiple
6 amended versions of its Plan and Disclosure Statement. Most recently, on March 17, 2025, the Debtor
7 filed its Third Amended Disclosure Statement [Docket No. 1831] and *Debtor's Third Amended Plan of*
8 *Reorganization* [Docket No. 1830] (the "Third Amended Plan"), together with its *Debtor's Notice of*
9 *Filing Third Amended Disclosure Statement for Debtor's Third Amended Plan of Reorganization* [Docket
10 No. 1832] which included as exhibits thereto redlines of the Third Amended Plan and Third Amended
11 Disclosure Statement and the prior version.

12 On November 13, 2024, the Debtor filed its *Debtor's Motion for Order (I) Approving Disclosure*
13 *Statement; and (II) Establishing Procedures for Plan Solicitation, Notice, and Balloting* [Docket No.
14 1453] (the "Motion"). The Debtor's proposed forms of Ballots, Confirmation Hearing Notice, and Notice
15 of Non-Voting Status were attached as exhibits thereto. The Debtor has subsequently filed multiple
16 revisions to the proposed forms [Docket Nos. 1596, 1623, 1835].

17 The Third Amended Disclosure Statement and the Motion came before the Court for hearing on
18 April 1, 2025 (the "Hearing"). As reflected on the record at the Hearing, the Debtor and the Official
19 Committee of Unsecured Creditors (the "Committee") reached agreement for approval of the Third
20 Amended Disclosure Statement subject to terms and conditions reflected on the record at the Hearing.

21 Attached hereto as **Exhibit 1** is a redline of the final solicitation version of the Third Amended
22 Disclosure Statement, as agreed between the Debtor and the Committee, showing changes from the
23 version filed on March 17, 2025 [Docket No. 1831].

24 Attached hereto as **Exhibit 2** is the Debtor's final form of Ballot for Class 3 Claims (General
25 Unsecured Claims).

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28 ¹ Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Disclosure Statement.

1 Attached hereto as **Exhibit 3** is the Debtor's final form of Ballot for Class 4 Claims (Abuse
2 Claims).

3 Attached hereto as **Exhibit 4** is the Debtor's final form of Ballot for Class 5 Claims (Unknown
4 Abuse Claims).

5 Attached hereto as **Exhibit 5** is the Debtor's final form of Ballot for Class 6 Claims (Non-Abuse
6 Litigation Claims).

7 Attached hereto as **Exhibit 6** is the Debtor's final form of Confirmation Hearing Notice.

8 Attached hereto as **Exhibit 7** is the Debtor's final form of Notice of Non-Voting Status.

9 Attached hereto as **Exhibit 8** is the Committee's proposed final form of letter to Holders of Class
10 4 Claims stating the Committee position on the Third Amended Plan.²

11 Attached hereto as **Exhibit 9** is a redline of the Debtor's proposed order approving the Disclosure
12 Statement and Solicitation Procedures, in a form the Committee has approved, showing changes from the
13 version filed by the Debtor on March 18, 2025 [Docket No. 1835].

14 The Debtor respectfully requests that the Court enter its proposed order approving the Third
15 Amended Disclosure Statement and the forms of Ballots, Notices, and Committee letter attached hereto.

16 DATED: April 2, 2025

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17 Thomas F. Carlucci
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19 Emil P. Khatchaturian
20 Ann Marie Uetz
21 Matthew D. Lee
22 Geoffrey S. Goodman
23 Mark C. Moore

/s/ Shane J. Moses

SHANE J. MOSES

*Counsel for the Debtor
and Debtor in Possession*

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27 ² The Debtor does not agree with the positions stated in the Committee's letter but has agreed to include it in the form attached
28 hereto, as Exhibit G to the final Disclosure Statement.

EXHIBIT 1

Redline of Third Amended Disclosure Statement

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**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

**THIRD AMENDED DISCLOSURE STATEMENT FOR
DEBTOR'S THIRD AMENDED 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 THIRD*
5 *AMENDED PLAN OF REORGANIZATION* (THE “PLAN”). A COPY OF THE PLAN IS
6 ATTACHED TO THIS 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 XVIII.

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 ¹ Capitalized terms used but not otherwise defined in this Disclosure Statement shall have the meanings
43 ascribed to them in the *Debtor’s Third Amended Plan of Reorganization* [Docket No. 1830] (the
44 “Plan”).

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

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

THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS
OF THE DATE HEREOF, AND THE DELIVERY OF THIS DISCLOSURE STATEMENT WILL
NOT, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THE
INFORMATION IS CORRECT AT ANY TIME SUBSEQUENT TO THIS DATE, AND THE
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

THIRD AMENDED DISCLOSURE STATEMENT FOR THIRD AMENDED PLAN OF REORGANIZATION

1 PROCEEDING INVOLVING THE DEBTOR OR ANY OTHER PERSON, OR BE DEEMED
2 CONCLUSIVE EVIDENCE OF THE TAX OR OTHER LEGAL EFFECTS OF THE PLAN ON THE
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
11 MAY OR MAY NOT PROVE TO BE CORRECT. ACTUAL RESULTS COULD DIFFER
12 MATERIALLY FROM THOSE REFLECTED IN THESE FORWARD-LOOKING
13 UNCERTAINTIES DUE TO A WIDE VARIETY OF SIGNIFICANT BUSINESS, LEGAL, AND
14 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.

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

21 **{THIS DISCLOSURE STATEMENT HAS BEEN APPROVED BY ORDER OF THE**
22 **BANKRUPTCY COURT AS CONTAINING ADEQUATE INFORMATION OF A KIND AND**
23 **IN SUFFICIENT DETAIL TO ENABLE HOLDERS OF CLAIMS TO MAKE AN INFORMED**
24 **JUDGMENT WITH RESPECT TO VOTING TO ACCEPT OR REJECT THE PLAN.}**
25 HOWEVER, THE BANKRUPTCY COURT'S APPROVAL OF THIS DISCLOSURE STATEMENT
26 DOES NOT CONSTITUTE A RECOMMENDATION OR DETERMINATION BY THE
27 BANKRUPTCY COURT AS TO THE MERITS OF THE PLAN. EACH HOLDER OF A CLAIM
28 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.

THIRD AMENDED DISCLOSURE STATEMENT FOR THIRD AMENDED PLAN OF REORGANIZATION

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- 5 D—LOAN TERM SHEET
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- 8 G—COMMITTEE LETTER

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THIRD AMENDED DISCLOSURE STATEMENT FOR THIRD AMENDED PLAN OF REORGANIZATION

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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 or 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.

[The Committee does not agree with many of the factual assertions made in this Disclosure Statement. Survivors who are holders of Class 4 Claims are urged to read the Committee Letter attached hereto as Exhibit G wherein the Committee explains why it is recommending that Survivors vote to reject the Plan.](#)

A. Survivors’ Trust Assets / Plan Contributions

i. Contributions from the Debtor and Other Contributing Entities.

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 (part of the Survivors’ Trust Documents attached hereto as Exhibit F).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) \$115 million in cash contributed by the Debtor over a five-year period and (b) \$28.5 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 (described further below). The Debtor will also contribute and assign to the Survivors’ Trust the rights and obligations 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:

² Distributions to Abuse Claimants 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.

- On the Effective Date:
 - From the Debtor: \$63.0 million in cash
 - From RCWC: \$2.0 million in cash
- On the first anniversary of the Effective Date: \$10.0 million from the Debtor and \$4.0 million from RCWC;
- On the second anniversary of the Effective Date: \$10.0 million from the Debtor and \$4.0 million from RCWC;
- On the third anniversary of the Effective Date: \$10.0 million from the Debtor and \$6.0 million from RCWC;
- On the fourth anniversary of the Effective Date: \$10.0 million from the Debtor and \$6 million from RCWC; and
- On the fifth anniversary of the Effective Date: \$12.0 million from the Debtor and \$6.5 million from RCWC.

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 Debtor Cash Contribution to the Survivors’ Trust will be facilitated in part by a \$55 million loan from RCC. The remaining Debtor Cash Contribution will come from unrestricted cash including without limitation unrestricted cash raised from the sale of real estate owned by the Debtor or Adventus, one of the Non-Debtor Catholic Entities, as described in more detail below. 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 will be not less than the Debtor’s aggregate contribution of \$115.0 million. RCWC is not a debtor in the Chapter 11 Case, meaning it must make a contribution to the Debtor’s reorganization in order to receive the benefits of the releases being granted by consenting Holders of Class 4 and Class 5 Claims pursuant to Section 13.9 of the Plan. RCWC is willing to contribute \$28.5 million to the Survivors’ Trust in return for releases from 100% of those Abuse Claimants asserting liability against RCWC or one of its member schools in their Proofs of Claim submitted in this Chapter 11 Case. 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. An example contribution scenario is described in Section 9.3.2.1 of the Plan and Article VII.E.2.a herein.

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 9.3.4 and 9.3.5 of the Plan.

Collectively, any tangible or intangible assets held by the Survivors’ Trust 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.

1 **ii. Why the Contributions from the Debtor and Other Contributing Entities Support a**
2 **Finding That The Plan Is Fair And Equitable**

3 The Debtor firmly believes the Contributing Entities' Contributions, in the aggregate, accomplish
4 the dual goals of fairly compensating Holders of Abuse Claims and allowing the Debtor to continue its
5 mission to serve the Catholic faithful and those who need its services and ministries in the East Bay area.
6 The basis for this belief is three-fold.

7 First, the Contributing Entities' Contributions exceed, in the aggregate and on a per-Abuse Claim
8 basis, the equivalent contributions from debtors in recent diocesan bankruptcy cases the Debtor believes
9 are comparable to this diocesan bankruptcy case.

10 Second, the Plan maximizes the Debtor's assets available to pay creditors while allowing the
11 Debtor to continue its mission, as described more fully below. The Debtor believes it is using the most it
12 is able to use from its assets available to pay creditors and that the remaining assets are needed to allow
13 the Debtor to continue its mission. Perhaps most materially, the Plan reflects the Debtor's willingness to
14 make deep sacrifices by liquidating assets in order to compensate survivors of sexual abuse in a way that
15 is fair and equitable pursuant to Section 1129(b)(2) of the Bankruptcy Code. The Plan contemplates the
16 following contributions from the Debtor, totaling \$115 million:

- 17 • The \$63 million Initial Debtor Contribution (to be paid to the Survivors' Trust on the
18 Effective Date) reflects the maximum amount cash the Debtor can contribute to the
19 Survivors' Trust on the Effective Date while allowing the Debtor to continue its mission.
 - 20 ○ The Debtor will obtain a loan of \$55 million from RCC on the Effective Date. This
21 is the largest amount RCC is willing and able to loan to the Debtor. RCC is the
22 only viable and realistic exit financing party available to the Debtor.
 - 23 ○ \$53 million of the RCC loan will be transferred to the Survivors' Trust on the
24 Effective Date. The balance of the exit facility loan from RCC will be used to fund
25 the Reorganized Debtor's operations.
 - 26 ○ The remaining \$10 million of the Initial Debtor Contribution will be paid from cash
27 reserves set aside to pay creditors or from the sale of real estate as described below.
- 28 • The \$52 million dollars to be contributed by the Reorganized Debtor to the Survivors' Trust
during the five years following the Effective Date reflects the maximum amount of cash
the Debtor can contribute to the Survivors' Trust while allowing the Reorganized Debtor
to continue its mission. The Reorganized Debtor will meet its contribution obligations –
which include the \$52 million dollars to be contributed to the Survivors' Trust and the
amounts needed to service the existing and contemplated debt obligations to RCC – by
selling real estate (including some Church property and including both vacant and non-
vacant land). During each of the four years following the Effective Date, the Reorganized
Debtor will transfer to the Survivors' Trust \$10 million dollars of proceeds from the sale
of such real estate. In the fifth year, the Reorganized Debtor will transfer \$12 million of
proceeds. The Reorganized Debtor will supplement contributions to the Survivors' Trust
with additional unrestricted cash if necessary to meet its commitment to contribute \$52
million dollars to the Survivors' Trust during the five years following the Effective Date.

More specifically, the Reorganized Debtor will liquidate the following real estate to support the funding
of the Plan:

- The Reorganized Debtor will either utilize as collateral for the loan RCC will make to the
Debtor in support of the Plan or liquidate all twelve vacant real estate parcels titled in the

1 name of the Debtor which are not part of a larger parcel containing a Church or ministry-
2 related building.

- 3 • The Reorganized Debtor will either utilize as collateral for the loan RCC will make to the
4 Debtor in support of the Plan or liquidate vacant portions of eighteen real estate parcels
5 titled in the name of the Debtor which the Debtor has determined may be liquidated while
6 allowing the Debtor to continue its mission, even though they are each part of a larger
7 parcel which includes a Church or ministry-related building which is currently operating.
- 8 • The Reorganized Debtor will either utilize as collateral for the loan RCC will make the to
9 the Debtor in support of the Plan or liquidate the Debtor-owned portions of twelve real
10 property locations on which Churches currently operate either as primary or secondary
11 locations.
- 12 • The Reorganized Debtor will liquidate seven residential homes and Adventus will liquidate
13 one residential home and contribute the proceeds to the Reorganized Debtor, all of which
14 are currently used in connection with the Debtor's ministry.
- 15 • Furrer Properties, Inc. will liquidate the three parcels of property on which Cooper's
16 Mortuary operates and which includes a four-unit apartment building (three total parcels
17 of real estate) and contribute the proceeds to the Reorganized Debtor.
- 18 • If necessary to use as a source of collateral for the RCC loan, RCBO will utilize other real
19 estate currently being used in support of the Debtor's ministry.

20 Previous versions of the Plan required the Debtor to transfer title of certain real property owned
21 by Adventus to the Survivors' Trust. The real property is located at 3658 Las Colinas Road, Livermore,
22 California (the "Livermore Property"). Adventus would have approved the transfer of the Livermore
23 Property to the Debtor upon confirmation of the Plan, and the Debtor would have in turn transferred the
24 Livermore Property to the Survivors' Trust on the Effective Date. The Livermore Property consists of
25 approximately 122.5 acres of vacant land with no on-site improvements. It is currently zoned for
26 agricultural use. The Debtor believes the Livermore Property is worth between \$43 million and up to
27 approximately \$81 million or more if it is entitled for residential development, such that the sale of the
28 Livermore Property by the Survivors' Trustee could have increased the Survivors' Trust Assets by that
amount (and perhaps more).³

The Debtor has spent considerable time working with the City of Livermore to permit the
Livermore Property to be developed for residential use. This work is ongoing. On or about February 23,
2025, the Livermore City Council unanimously approved a request by the city's planning staff to negotiate
a housing development agreement in relation to the Livermore Property. The Debtor hopes that these
negotiations will lead to a re-zoning of the Livermore Property to allow residential use. The Committee,
however, informed the Debtor and the Bankruptcy Court that it opposed the transfer of the Livermore
Property to the Survivors' Trust, claiming the property was of uncertain value and objecting to the
Survivors' Trust having to complete the re-entitlement process in order to increase the property's value.
The Debtor removed the Livermore Property from the list of Survivors' Trust Assets. The Debtor will
continue working to re-entitle the Livermore Property after the Effective Date. The Debtor is considering
whether the Livermore Property could be used as collateral for the RCC loan, provided that Adventus
would be willing to use the property for that purpose.

³ As discussed in the Committee Letter attached hereto as Exhibit G, the Committee contests this valuation.

1 Third, many of the Debtor’s assets are either necessary for it to maintain basic operations –
2 including for Churches within the Diocese of Oakland – or were donated to the Debtor for a specific,
3 restricted purpose. Because the Debtor is a charitable entity, California law imposes limitations on the
4 use of property donated subject to a restriction on use. *See* Cal. Bus. and Prof. Code § 17510.8
5 (“acceptance of charitable contributions by a charity . . . establishes a charitable trust and a duty on the
6 part of the charity . . . to use those charitable contributions for the declared charitable purposes for which
7 they are sought”). Consequently, the Debtor may not use assets donated for a specific purpose for any
8 other purpose. In other words, the Debtor cannot use assets donated for the purpose of corporal works of
9 mercy (e.g. feeding the hungry, sheltering the homeless, visiting the sick or imprisoned), to pay operational
10 expenses, or to pay its creditors. Many of the Debtor’s cash assets are restricted in this manner.

11 Based on the foregoing, the Plan reflects the Debtor’s careful analysis of its real estate assets,
12 including how each asset contributes to the Debtor’s mission and measures that would need to be taken to
13 make those each asset salable, and inherently depends on the sale or encumbering of certain real estate.
14 Some of the real estate to be sold will be vacant or mostly-vacant land adjacent to one of the Churches.
15 Some of the real estate to be sold will include land on which Churches presently sit and operate. In the
16 case of the latter, this means those locations would not be used for church services or any other aspects of
17 the Catholic faith and mission after they are sold.

18 The Debtor recognizes the sale of valuable real property, particularly “full sites” currently used in
19 the Debtor’s ministry, is a painful outcome for the Debtor and many Catholics. Nonetheless, the Debtor
20 is making this sacrifice voluntarily for the benefit of Survivors in this bankruptcy case. The sale of real
21 property on which a Church currently sits and operates, or which is used in its ministry, would not happen
22 in a forced liquidation under chapter 7 of the Bankruptcy Code. Under applicable U.S. Supreme Court and
23 Ninth Circuit case law, the Debtor cannot be forced to sell real estate on which it operates one of the
24 Churches. *See Security Farms v. Gen. Teamsters, Warehouseman and Helpers Union, Local 890 (In re*
25 *Gen. Teamsters, Warehouseman and Helpers Union, Local 890)*, 265 F.3d 865, 877 (9th Cir. 2001); *see*
26 *also Hosanna-Tabor Evangelical Lutheran Church and School v. E.E.O.C.*, 565 U.S. 171, 188-190) (in
27 the context of the ministerial exception to federal employment discrimination laws, First Amendment
28 Religion Clauses prohibit “government interference with an internal church decision that affects the faith
and mission of the church itself”). Here the Debtor is willing to sell some of its property, including Church
property, pursuant to a confirmed Plan to achieve the dual goals of this Chapter 11 Case.

18 **iii. Potential Settling Insurer Contributions and the Insurance Assignment.**

19 The Plan provides that Non-Settling Insurers may become Settling Insurers and provides for
20 settlement proceeds resulting therefrom to be used to further supplement recoveries to Trust Claims. To
21 the extent no settlement with a particular Non-Settling Insurer is achieved, the Plan establishes a
22 framework for post-confirmation litigation for Trust Claimants seeking recovery from Non-Settling
23 Insurers through the Litigation Option.

24 The Debtor engaged in extensive and tireless mediation with the Insurers over the Insurance
25 Assignment. The Debtor and Insurers have reached agreement on a term sheet that would allow the Debtor
26 to assign its rights and obligations under the Abuse Insurance Policies, but not the Policies themselves, to
27 the Survivors’ Trust upon the Effective Date. The Plan – chiefly, but not exclusively, Article VIII of the
28 Plan – reflect, in the Debtor’s view, the agreed-upon term sheet.⁴

27 ⁴ As discussed in the Committee Letter, the Committee does not support the agreement between the Debtor
28 and the Insurers embodied herein.

1 As set forth in detail below, there are significant unresolved legal issues with respect to the
2 Insurance Assignment. The Debtor strongly encourages all Holders of Abuse Claims to refer to the Risk
Factors section below, specifically Article XVIII(A), regarding the relative positions of the parties.

3 **iv. Potential Additional Contributions.**

4 The Plan further provides that other Non-Debtor Catholic Entities (in addition to RCWC), such as
5 religious orders, may make contributions and receive treatment similar to RCWC. All such parties
(including RCWC) are referred to as the “Contributing Non-Debtor Catholic Entities.” ~~Collectively, any
6 tangible or intangible assets held by the Survivors’ Trust are referred to herein as the “Survivors’ Trust
Assets.”~~ At this time, the Debtor does not anticipate that any Non-Debtor Catholic Entities other than
RCWC will make contributions to the Plan.

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

9 **B. Comparison to Other Diocesan/Religious Order Cases**

10 The Debtor believes the treatment proposed in the Plan is fair and equitable to its creditors and
11 represents a greater recovery—on a claimant-by-claimant basis—based on contributions from the Debtor
itself when compared with prior, similar bankruptcy cases.⁵ At Confirmation the Debtor will seek to
12 present unassailable evidence demonstrating this.

13 Assuming: 1) the stated values of the Contributing Entities’ Cash Contributions, and 2) approximately
345 unique Abuse Claims will ultimately receive distributions, the average per Claim distribution to
14 Holders of Class 4 Claims is \$401,449.28 (based on available cash contributions of \$138,500,000.00). It
is not possible to calculate an average per claim distribution to Holders of Class 5 Claims (Unknown
15 Abuse Claims).⁶ Holders of Class 5 Claims will be eligible to receive their pro rata share of the Unknown
Abuse Claims Reserve (\$5,000,000.00) within the first five years after the Effective Date. Thereafter, any
16 remaining amount from the Unknown Abuse Claims Reserve will be absorbed into the Survivors’ Trust
Assets and made available for distribution to Holders of Class 4 Claims in accordance with the terms of
17 the Plan. In addition, these potential average per-Claim distributions do not include: 1) the value of the
Assigned Insurance Interests and potential associated recoveries, including by Abuse Claimants who
18 select the Litigation Option under Section 9.8.4 of the Plan, 2) possible settlements with Settling Insurers
prior to the Effective Date of the Plan, if any, and 3) additional possible contributions from other
19 Contributing Non-Debtor Catholic Entities besides RCWC.

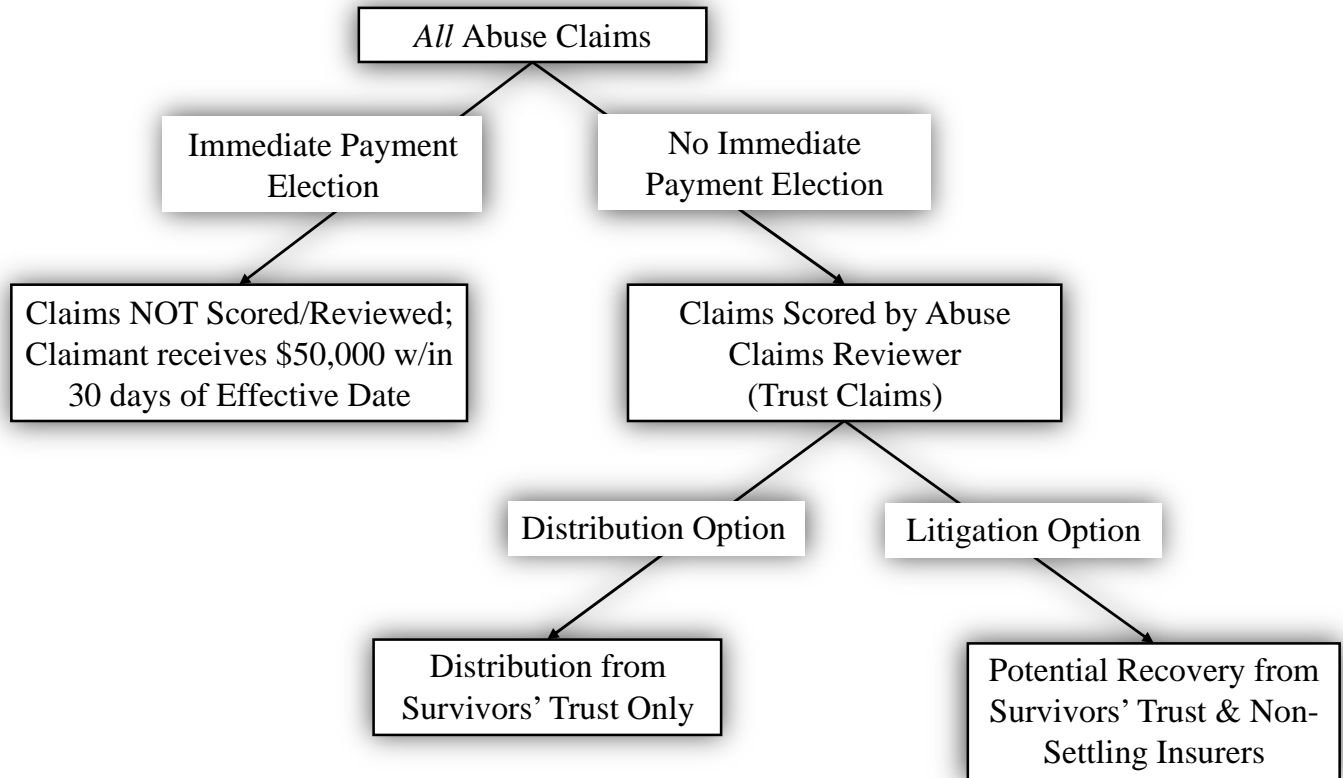
20 Because the Immediate Payment Option pays less (\$50,000) than the projected per-claimant
average values under the Plan, every Abuse Claimant that elects the Immediate Payment Option increases
21 the projected per-claimant average for all other Abuse Claimants. By way of example, assuming total
cash contributions of \$138,500,000, if ten Abuse Claimants elect the Immediate Payment Option, the per
22 Claim distribution increases to \$411,940.30. If twenty-five claimants elect the Immediate Payment
Option, the per Claim distribution increases to \$428,906.25. The tradeoff, as described below, is that
23 Abuse Claimants electing the Immediate Payment Option: 1) receive their payment within 30 days of the
Effective Date of the Plan, and 2) do not have their Abuse Claims scored or reviewed in any way.

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27 ⁵ As discussed in the Committee Letter, the Committee disagrees with this assertion.

28 ⁶ As discussed in the Committee Letter, the Committee disputes this assertion.

1 **C. Plan Mechanics**

2 The following subsections outline the decisions Abuse Claimants make under the Plan regarding
3 their potential distributions from the Survivors' Trust. Those decisions (and the outcomes therefrom) can
4 be represented graphically as follows:



18 **i. Immediate Payments.**

19 The Plan provides the option for Abuse Claimants to elect to receive an Immediate Payment within
20 30 days of the Effective Date in the amount of \$50,000. If an Abuse Claimant elects to receive an
21 Immediate Payment, all recovery on their Abuse Claim is limited to the Immediate Payment. For the
22 avoidance of doubt, an Abuse Claimant who elects to receive an Immediate Payment shall not be permitted
23 to seek any additional recovery on account of the Abuse Claim from any other party, including Non-
24 Settling Insurers. Correspondingly, Abuse Claims of Claimants that elect the Immediate Payment will
25 not be scored or subject to Claim objections.

26 **ii. Initial Determination / Claims Scoring.**

27 After the Effective Date, the Abuse Claims Reviewer will score all remaining Abuse Claims
28 (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
each Trust Claimant’s *pro rata* share 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. The purpose of the Initial Determination is to provide information about *projected*
distributions to Trust Claimants. Actual distributions may change based on, among other things,

1 recoveries for Litigation Claimants from Non-Settling Insurers that free up additional funds for
2 Distribution Claimants.

3 As set forth in the Trust Distribution Plan, the scoring process works as follows:

- 4 • First, the Abuse Claims Reviewer applies Initial Criteria to determine whether any
5 incurable defects exist with respect to a Trust Claim. These criteria include whether the
6 Trust Claim was timely submitted, substantially completed and signed, is duplicative of
7 another Trust Claim, or was previously resolved through litigation or settlement;
- 8 • Second, the Abuse Claims Reviewer applies General Criteria intended to determine
9 whether the Trust Claim adequately describes the alleged abuse, alleged perpetrator,
10 location of abuse, and legal liability of the Debtor or another party; and,
- 11 • Third, the Abuse Claims Reviewer applies Evaluation Factors to score the claim on a scale
12 from 1-100. The Evaluation Factors include the nature of the abuse (in terms of duration,
13 frequency, level of severity and degree of intrusiveness, etc.), the impact of the abuse (in
14 terms of mental and physical health, spiritual well-being, interpersonal relationships, etc.);
15 prior recoveries, if any, from other parties; and the claimant's involvement in bringing the
16 abuse to light for the benefit of all Trust Claimants.

17 After scoring each Trust Claim, the Abuse Claims Reviewer will calculate the value of an
18 individual "point." The point value will be determined by dividing (a) the total dollars available for
19 distribution to Trust Claims by (b) the total of points among the individual Trust Claims. For example:

- 20 • Assume there are 345 claimants holding Trust Claims with an average score of 50 points
21 per claim.
- 22 • 50 points per claim multiplied by 345 claims yields 17,250 total points.
- 23 • Assuming a total distributable amount of \$138.5 million, each point would be valued at
24 \$8,028.99 (\$138.5 million divided by 17,250 points).

25 Accordingly, Trust Claims assigned 25, 50, and 75 points would receive projected total recoveries of
26 \$200,724.75, \$401,449.50, and \$602,174.25 from the Survivor's Trust, respectively.

27 Following receipt of the Initial Determination, Trust Claimants get 30 days to request re-review of
28 the Initial Determination by the Abuse Claims Reviewer with the option to submit additional
documentation or information that such Claimant believes should be considered (the "Review
Determination"). If sought, the Review Determination shall be the "Final Determination." If no Review
Determination is sought, the Initial Determination shall be the Final Determination.

29 **iii. Distribution Option vs. Litigation Option.**

30 All Trust Claimants will have 90 days from issuance of their respective Initial Determination to
31 elect one of two paths as to their Trust Claim: 1) acceptance of a distribution solely from the Survivors'
32 Trust (the "Distribution Option"), or 2) pursuit of litigation that could yield recovery from an insurer, if
33 any (the "Litigation Option"). Claimants that do not make an election will be deemed to have chosen the
34 Distribution Option.

35 On the 91st day following issuance of all Initial Determinations by the Abuse Claims Reviewer,
36 the Survivors' Trustee will know: 1) how many Trust Claimants chose the Distribution Option
37 ("Distribution Claimants"), and 2) how many Trust Claimants chose the Litigation Option ("Litigation
38 Claimants"). Following resolution of the last Review Determination, the Survivors' Trustee will know

1 the total number of points of Trust Claims and be able to project *pro rata* shares of anticipated distributions
2 to Trust Claimants.

3 At that point:

4 For Trust Claimants that chose the Distribution Option:

- 5 • The Survivors' Trustee will make his Initial Distribution, which shall be comprised of such
6 Trust Claimant's *pro rata* share of the Survivors' Trust Assets existing on that date, less
7 reasonable reserves for the Survivors' Trust.
- 8 • Upon receipt of additional Cash Contributions, the Survivors' Trustee will make
9 such Additional Distributions as are necessary and appropriate, which shall be comprised
10 of such Trust Claimant's *pro rata* share thereof, less reasonable reserves for the Survivors'
11 Trust. Whether and when to make Additional Distributions prior to the Final Distribution
12 shall be within the discretion of the Survivors' Trustee.

13 For Trust Claimants that chose the Litigation Option:

- 14 • The Survivors' Trust shall reserve the amount of the projected distribution based on the
15 Final Determination pending the outcome of the litigation. As the Survivors' Trust
16 receives additional Cash Contributions, the Survivors' Trust shall increase the reserve
17 commensurately (the "Reserved Amount").
- 18 • The Trust Claimant shall be allowed to resume or institute (as appropriate) litigation against
19 the Debtor (in name only) to establish coverage liability and damages for the Trust
20 Claimant's Abuse Claim as against the applicable Non-Settling Insurer(s). As to the
21 liability of the Debtor (as assumed by the Survivors' Trust):
 - 22 ○ If the litigation yields a judgment against the Debtor (in name only) (the "Judgment
23 Amount") that is lower than the Reserved Amount, the Judgment Amount
24 controls. Any excess in the reserve will be reallocated for payment to Distribution
25 Claimants.
 - 26 ○ If the litigation yields a Judgment Amount against the Debtor (in name only) that
27 is higher than the Reserved Amount, the Reserved Amount controls.
- 28 • If the litigation yields a judgment covered by insurance, the amount of such coverage shall
be paid by the responsible Insurer(s) directly to such Trust Claimant following recovery.
- Following resolution of each Litigation Option case, [and after accounting for any recovery
by the Litigation Claimant from another party, such as an Insurer](#), the Survivors' Trustee
will make a Litigation Distribution to each such Litigation Claimant in an amount equal to
the lesser of: 1) the Reserved Amount, or 2) the Judgment Amount, both amounts being
subject to reasonable reserves.
 - If: 1) the Survivors' Trust subsequently receives additional Survivors' Trust Assets
that would have increased the reserve for a Litigation Claimant, and 2) the
Litigation Distribution was less than the Judgment Amount, the Survivors' Trustee
can make additional Litigation Distributions to such claimant up to the Judgment
Amount, **provided however, that in no event can a Litigation Claimant receive
more than the total amount of his or her judgment from all sources.**

- Any excess in the reserve for a Litigation Claimant will be reallocated for payment to all Distribution Claimants in their *pro rata* share.

Following resolution of the last Trust Claim of the last Trust Claimant that chose the Litigation Option, the Survivors' Trustee will make the Final Distribution to Distribution Claimants, which shall be comprised of such 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

1 coverage available for the types of Claims being satisfied through the Survivors' Trust. In exchange for
2 the contributions to the Survivors' Trust, (a) the Debtor and Reorganized Debtor, (b) the Contributing
3 Non-Debtor Catholic Entities, (c) the Settling Insurers, if any, and (d) each of the foregoing Persons'
4 respective Related Persons shall receive the benefit of certain releases, exculpation (to the extent permitted
5 under applicable Ninth Circuit law including without limitation *Blixseth v. Credit Suisse*, 961 F.3d 1074
6 (9th Cir. 2020)), and injunctions, which are summarized below, and set forth more specifically later in
7 this Disclosure Statement and in the Plan.

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

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

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

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

THIRD AMENDED DISCLOSURE STATEMENT FOR THIRD AMENDED PLAN OF REORGANIZATION

1 An Abuse Claimant may be deemed to have granted releases to third-party Contributing
2 Non-Debtor Catholic Entities under the Plan. An Abuse Claimant is deemed under the Plan to have
3 consented to the release of the Contributing Non-Debtor Catholic Entities pursuant to Section 13.9
4 of the Plan if: 1) the Abuse Claimant returns a ballot voting for *or* against the Plan, *and* 2) the Abuse
5 Claimant does not check the box indicating they opt out of the third-party release in favor of
6 Contributing Non-Debtor Catholic Entities. An Abuse Claimant that does not return a ballot will
7 not be deemed to release the Contributing Non-Debtor Catholic Entities.

8 If the Plan is confirmed by the Bankruptcy Court and the Effective Date occurs, all Holders
9 of Claims against the Debtor, including all Abuse Claimants, will be bound by the terms of the
10 Plan and the transactions contemplated thereby, including the release provisions contained therein
11 (including Holders of Claims who do not submit Ballots to accept or reject the Plan or who are not
12 entitled to vote on the Plan, but ~~excluding Holders of Abuse Claims who are entitled to, and
13 affirmatively do, opt out of the release and channeling injunction provisions contained in the
14 Plan~~), subject to the right of Abuse Claimants to not release Contributing Non-Debtor Catholic
15 Entities as provided in Section 13.9 of the Plan and described above).

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

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

As set forth in the Committee Letter and throughout this Disclosure Statement, the
Committee does not support this Plan.

B. Summary of Voting Procedures

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 ~~_____~~ May 30, 2025** (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-

1 Ballot system, you should not also return a hard (paper) copy of your
2 Ballot.

3 **IMPORTANT NOTE: You will need a unique E-Ballot ID Number that will be
4 provided with your Ballot.**

4 **IF YOU HOLD A CLAIM ENTITLED TO VOTE:**

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

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

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

11 **IF YOU HAVE QUESTIONS REGARDING THE BALLOT, DID NOT RECEIVE A
12 RETURN ENVELOPE WITH YOUR BALLOT, DID NOT RECEIVE AN ELECTRONIC COPY
13 OF THE DISCLOSURE STATEMENT AND THE PLAN, OR NEED PHYSICAL COPIES OF
14 THE BALLOT OR OTHER ENCLOSED MATERIALS, PLEASE CONTACT THE DEBTOR'S
15 SOLICITATION AND CLAIMS AGENT, VERITA, BY EMAIL AT
16 RCBOINFO@VERITAGLOBAL.COM OR BY CALLING (888)-733-1425 (U.S./CANADA) OR
17 (310)-751-2631 (INTERNATIONAL) AND REQUESTING TO SPEAK WITH A MEMBER OF
18 THE DEBTOR'S BALLOTING TEAM.**

16 2. **Importance of Your Vote.**

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

20 3. **Third-Party Release Opt-Out for Abuse Claimants**

21 If you are the Holder of an Abuse Claim in Class 4 or Class 5, the Ballot includes a checkbox
22 allowing you to opt-out of the non-debtor releases. If you wish to opt-out of the release provided under
23 Section 13.9 of the Plan to non-debtor parties, you must check the box on the Ballot indicating that you
24 wish to opt-out and return the Ballot by the Voting Deadline set forth above. If you do not return a Ballot,
25 you will not be deemed to have ~~opted out of the~~ granted the third-party release in Section 13.9 of the Plan.

24 **IF YOU HOLD AN ABUSE CLAIM AND RETURN THE BALLOT CASTING A VOTE
25 IN FAVOR OF OR AGAINST THE PLAN, YOU WILL BE DEEMED TO CONSENT TO THE
26 THIRD-PARTY RELEASE IN THE PLAN AND DESCRIBED IN SECTION III.F AND
27 ARTICLE XIII, BELOW, UNLESS YOU CHECK THE OPT-OUT BOX ON THE BALLOT. ANY
28 ATTEMPT TO OPT-OUT OF THE RELEASES THROUGH A DIFFERENT METHOD WILL
NOT BE EFFECTIVE.**

1 **C. Overview of Chapter 11**

2 Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. Under chapter
3 11, a debtor is authorized to reorganize its business for the benefit of itself and its creditors. In addition
4 to permitting rehabilitation of a debtor, another goal of chapter 11 is to promote equality of treatment for
5 similarly situated creditors and interest holders with respect to any distribution of a debtor’s assets.

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

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

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

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

27 A plan may be confirmed under section 1129(a) of the Bankruptcy Code if each class of claims or
28 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.

A Holder of a Disputed Claim is not entitled to vote on the Plan unless such Claim is temporarily
Allowed by the Debtor, or by an order of the Bankruptcy Court, in an estimated amount that it deems
proper for the purpose of voting to accept or reject the Plan. In other words, only holders of Allowed
Claims that are in Class 3 (General Unsecured Claims), Class 4 (Abuse Claims), Class 5 (Unknown Abuse
Claims), or Class 6 (Non-Abuse Litigation Claims) may vote to accept or reject the Plan. A Claim (a) to
which an objection has been Filed by the Debtor or any other party in interest that is pending at the time
of the Confirmation Hearing, or (b)(i) that is listed on the Debtor’s Schedules as disputed, unliquidated,
or contingent, and (ii) with respect to which a superseding proof of claim has not been Filed, is not an
Allowed Claim for voting purposes, unless the Claim is settled by agreement or the Bankruptcy Court
Allows the Claim (in whole or in part) by Final Order. Upon request of a party in interest, the Bankruptcy

1 Court may temporarily Allow or estimate a Disputed Claim for the purpose of voting on the Plan. In
2 addition, a vote may be disregarded if the Bankruptcy Court determines that the acceptance or rejection
3 of the Plan by the Claim Holder is not solicited or procured in good faith or in accordance with the
4 provisions of the Bankruptcy Code.

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

12 Voting on the Plan by each Holder of a Claim in an Impaired Class is important. After carefully
13 reviewing the Plan and Disclosure Statement, each Holder of a Claim should vote on the enclosed ballot
14 either to accept or reject the Plan. Any ballot that does not appropriately indicate acceptance or rejection
15 of the Plan will not be counted. A ballot that is not received by the deadline will not be counted. If a
16 ballot is lost, damaged, or missing, a replacement ballot may be obtained by contacting the Debtor’s
17 Claims and Noticing Agent, Verita, by email at RCBOInfo@veritaglobal.com or by calling (888)-733-
18 1425 (U.S./Canada) or (310)-751-2631 (international) and requesting to speak with a member of the
19 solicitation team.

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

23 Class 1 (RCC Secured Claim) and Class 2 (Priority Unsecured Claims) are Unimpaired under the
24 Plan, projected to receive payment in full, and are conclusively deemed to accept the Plan. Accordingly,
25 they are not entitled to vote. Class 7A (Contribution and Indemnification Claims Related to Class 4
26 Claims) and Class 7B (Contribution and Indemnification Claims Related to Class 5 Claims) are Impaired
27 under the Plan, will not receive any distributions, and conclusively deemed to reject the Plan. Accordingly,
28 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 August 25, 2025 at 9:30 a.m. (prevailing Pacific Time) 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 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

1 is likely to receive under the Plan will be helpful for your consideration of whether you wish to accept or
2 reject the Plan.

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

Class	Class Description	Number of Claimants	Status	Voting Rights
Class 1	RCC Secured Claim	1	Unimpaired	Non-voting Deemed to accept
Class 2	Priority Unsecured Claims, other than non-classified claims set forth in Article III	36	Unimpaired	Non-voting Deemed to accept
Class 3	General Unsecured Claims	71	Impaired	Eligible to vote
Class 4	Abuse Claims	~345	Impaired	Eligible to vote
Class 5	Unknown Abuse Claims	Unknown	Impaired	Eligible to vote via the Unknown Abuse Claims Representative
Class 6	Non-Abuse Litigation Claims	2	Impaired	Eligible to vote
Class 7A	Contribution and Indemnification Claims Related to Class 4 Claims	Unknown	No recovery	Non-voting Deemed to reject
Class 7B	Contribution and Indemnification Claims Related to Class 5 Claims	Unknown	No recovery	Non-voting Deemed to reject

17 As discussed in the Liquidation Analysis attached hereto as **Exhibit B**, the Debtor estimates that
18 recoveries for Holders of Abuse Claims in Class 4 and Class 5 under the Plan will be greater than if the
19 Debtor were to liquidate under chapter 7 of the Bankruptcy Code because the total amount of assets
20 available for Distribution is greater under the Plan than in liquidation under chapter 7.

21 The Debtor's Liquidation Analysis is predicated on the premise that a "hypothetical liquidation"
22 must be a *possible* liquidation. This means a liquidation analysis ought not include assets which cannot be
23 used to pay creditors because including such assets distorts the outcome and would create confusion
24 concerning the comparison of how creditors are being paid under the Plan versus what creditors might be
25 paid in a liquidation which is legally *possible*. Under Ninth Circuit law, assets of the Debtor's estate that
26 cannot be legally made available for distribution to creditors should not be included in a hypothetical
27 liquidation under section 1129(a)(7)(A)(ii) of the Bankruptcy Code. *See Security Farms*, 265 F.3d at
28 877. Moreover, the decision on whether to operate a church at a particular location, or the decision
whether to sell real estate on which a church sits, is inherently an ecclesiastical decision which affects the
faith and mission of the Catholic Church. Under the Free Exercise Clause and Establishment Clause of
the First Amendment to the U.S. Constitution, these decisions are reserved for the Bishop alone and the
government may not interfere with or dictate those decisions. In other words, because: 1) the Debtor
cannot be forced into a chapter 7 liquidation proceeding under the Bankruptcy Code, and 2) the Debtor
cannot be forced to sell real estate on which it operates one of the Churches, the Liquidation Analysis
should not contemplate such sales. The Debtor asserts this presents a more accurate view of potential
recoveries in a hypothetical liquidation scenario and provides appropriate context to whether the Plan is
in the best interests of Abuse Claimants, in particular. Notwithstanding this, the Liquidation Analysis

THIRD AMENDED DISCLOSURE STATEMENT FOR THIRD AMENDED PLAN OF REORGANIZATION

1 attached hereto includes a “Supplemental Liquidation Analysis” premised on the liquidation of all real
2 estate titled in the name of the Debtor. While this supplemental liquidation analysis is provided for
3 informational and disclosure purposes, the Debtor believes this Supplemental Liquidation Analysis is not
4 the appropriate measure to evaluate the Plan in this Chapter 11 Case for the reasons stated above.

5 **As set forth in the Committee Letter, the Committee disputes the Debtor’s position regarding**
6 **forced liquidation in a hypothetical chapter 7 and believes additional property may be available for**
7 **creditors. Ultimately, the Court will decide whether to confirm the Plan or not. If the Court**
8 **disagrees with the Debtor’s position regarding forced liquidation in a hypothetical chapter 7, it may**
9 **not confirm the Plan.**

10 Additionally, the Cash Contributions and the Assigned Insurance Interests provided by the
11 Contributing Non-Debtor Catholic Entities will not be available to the Estate under chapter 7, nor would
12 be the Immediate Payment option present in the Plan.

13 The Debtor also believes that theoretical Distributions under a chapter 7 case would likely be
14 delayed due to the time it will take a chapter 7 trustee to assess the Debtor’s assets, review and analyze
15 Claims, and evaluate and litigate claims against third parties. The cost of litigation to determine the value
16 of the Abuse Claims asserted against the Debtor alone would cost tens of millions of dollars. Holders of
17 Allowed Claims entitled to vote to accept or reject the Plan should review the Liquidation Analysis
18 (including all footnotes thereto and documents referenced therein) and the Committee Letter in assessing
19 whether to vote to accept or reject the Plan.

20 **E. Disclosure Statement Enclosures**

21 Accompanying this Disclosure Statement are the following enclosures:

22 1. **Order Approving Disclosure Statement.**

23 A copy of the Order of the Bankruptcy Court dated _____, 2025, in which the
24 Bankruptcy Court approved this Disclosure Statement and, among other things, establishing procedures
25 for voting on the Plan, scheduling the Confirmation Hearing, and setting the deadline for objecting to
26 confirmation of the Plan (the “Disclosure Statement Order”).

27 2. **Notice of Confirmation Hearing.**

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

3. **Ballot.**

Ballot(s) (and return envelope) for each respective Class entitled to vote, for voting to accept or
reject the Plan. See Article VI(B) below for an explanation of which Holders of Claims are entitled to
vote. The Ballot includes the Immediate Payment election for Holders of Class 4 Claims and a checkbox
allowing Holders of Class 4 Claims and the Unknown Abuse Claims Representative (on behalf of Class
5) to affirmatively opt-out of the Releases provided to non-debtors under the Plan.

1 **ARTICLE III**

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

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

4 Chapter 11 is a form of bankruptcy under the Bankruptcy Code that involves a court-supervised
5 reorganization of a debtor’s assets and liabilities. It is most used by businesses. The commencement of
6 a Chapter 11 case creates an “estate” comprised of any and all the legal and equitable interests of the
7 debtor as of the date of filing of its bankruptcy petition. The Bankruptcy Code provides that the Chapter
8 11 debtor may continue to operate and remain in possession of its property as a “debtor-in-possession.”

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

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

14 Before soliciting acceptances of a Chapter 11 plan, section 1125 of the Bankruptcy Code requires
15 the preparation of a disclosure statement containing adequate information of a kind, and in sufficient
16 detail, to enable a hypothetical reasonable investor to make an informed judgment regarding acceptance
17 of the Plan and requires the debtor to share such disclosure statement with all creditors whose votes on
18 the plan are being solicited. On [_____], 2025, the Bankruptcy Court entered an Order (the
19 “Disclosure Statement Order”), [Docket No. ____], that approves this Disclosure Statement as containing
20 adequate information within the meaning of section 1125 of the Bankruptcy Code and that establishes
21 certain dates, deadlines, and procedures in connection with the proposed Confirmation of the Plan.

18 **C. Am I entitled to vote on the Plan?**

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

21

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

22
23
24
25
26

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

THIRD AMENDED DISCLOSURE STATEMENT FOR THIRD AMENDED PLAN OF REORGANIZATION

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

2 “Confirmation” refers to the Bankruptcy Court’s approval of the Plan. Confirmation of the Plan
3 does not guarantee that you will receive the distribution indicated under the Plan. After Confirmation of
4 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.”

5 **E. Does the Plan contain releases and permanent injunctions in favor of the Debtor and the**
6 **Churches?**

7 Yes. The Plan contains releases and permanent injunctions that relate to and affect the rights,
8 Claims, and/or Causes of Action that Holders of Claims, including Holders of Abuse Claims, may have
9 against the Debtor or Reorganized Debtor. Because the Churches are not separately incorporated legal
10 entities, as a matter of California law they are not separate from the Debtor, and they do not own or hold
a legal or equitable interest in property separate from the Debtor. Thus, the Churches are included in the
releases and permanent injunction in favor of the Debtor and Reorganized Debtor, and the Churches are
not receiving a release or permanent injunction separate from or in addition to the Debtor and Reorganized
Debtor.

11 Before you vote, you should review the entire Disclosure Statement and Plan, including, but not
12 limited to, its releases and injunctions.

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

14 Yes. The Plan also contains releases and injunctions that relate to and affect the rights, Claims,
15 and/or Causes of Action that “Releasing Parties” may have against entities who are not the Debtor or the
16 Reorganized Debtor, as provided for in Article XIII of the Plan (the “Third-Party Releases and Third-
17 Party Permanent Injunctions”). As discussed below, Holders of Abuse Claims who return their Ballot but
do not affirmatively opt out of the releases provided by the Plan by checking the appropriate box on the
Ballot indicating they opt not to grant the third-party releases set forth in Section 13.9 of 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.

18 “Released Parties” as defined in the Plan includes: (a) the Debtor, (b) the Reorganized Debtor (i.e.,
19 the Debtor after confirmation of the Plan), (c) the Churches (as discussed above, none of whom are
20 separately incorporated from the Debtor and whose releases under the Plan shall be one and the same as,
and not separate from or in addition to, the releases of the Debtor and Reorganized Debtor), (d) the
21 Contributing Non-Debtor Catholic Entities, but each only as to the Abuse Claims for which it receives a
Release under Section 13.9 of the Plan. In order to effectuate this release of the foregoing, “Released
22 Parties” also includes each of their “current and former directors, managers, officers, employees,
predecessors, successors, assigns, managed accounts or funds, agents, advisory board members, financial
23 advisors, partners, attorneys, accountants, investment bankers, consultants, and other professionals.” The
Plan does not purport or attempt to release or grant permanent injunctions to any other diocese,
24 archdiocese, or religious organization that is not a Contributing Non-Debtor Catholic Entity. Presently,
RCWC is the only Contributing Non-Debtor Catholic Entity under the Plan. The Plan also expressly
excludes from the release the perpetrators of abuse identified in Abuse Claims.

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

27 All Holders of Abuse Claims who return their Ballot *and* who do not affirmatively opt out of the
28 releases provided by the Plan by checking the appropriate box on the Ballot indicating that they opt not to

1 grant the releases set forth in the Plan and returning such form to Debtor's claims and noticing agent, will
2 be bound by the Third-Party Releases and Third-Party Permanent Injunctions.

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

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

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

10 The Unknown Abuse Claims Representative shall cast a single Ballot with a single checkbox for
11 the opt-out on behalf of all Class 5 Claims. To the extent the Unknown Abuse Claims Representative
12 submits a Ballot (with the opt-out checkbox) on behalf of Class 5 Claims, they shall do so according to
13 the same procedures and deadlines as Holders of Class 4 Claims.

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

15 Yes. The Plan also contains provisions (the "Exculpation Clause," as set forth and defined in the
16 Plan in Article 13.6) exculpating or limiting the liability of certain parties, including the Debtor, the
17 Reorganized Debtor, the Committee, and numerous other parties (the "Exculpated Parties," as set forth
18 and defined in the Plan in Article 1.1.51). The Exculpation Clause may affect the rights, Claims, and/or
19 Causes of Action of Holders of Claims, including Holders of Abuse Claims, in relation to the Exculpated
20 Parties. The Exculpated Parties shall receive the benefits of the Exculpation Clause to the extent permitted
21 under applicable Ninth Circuit law, including without limitation *Blixseth v. Credit Suisse*, 961 F.3d 1074
22 (9th Cir. 2020).

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

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

28 **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
or Bankruptcy Rules. Additionally, upon the occurrence of the Effective Date, all actions contemplated
by the Plan will be deemed authorized and approved.

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

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

1 **ARTICLE IV**

2 **THE DEBTOR AND ITS OPERATIONS**

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

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

8 Each diocese is led by a bishop or archbishop who is responsible for reporting to the Holy See
9 regarding the diocese’s religious and administrative functions. A diocese supports, serves, and provides
10 administrative functions to, among others, local churches (commonly known as “parishes”) and various
11 other Catholic entities.⁶⁷ Bishops perform their canonical duties in accord with the Code of Canon Law
12 (“Canon Law”), which is the ecclesiastical law of the Roman Catholic Church.

13 Canon Law is the oldest continual legal system in the western world. Under Canon Law, a diocese
14 is “a portion of the people of God which is entrusted to a bishop for him to shepherd with the cooperation
15 of the presbyterium...” (Code of Canon Law, c. 369). As such, each diocese within the Roman Catholic
16 Church is inherently *territorial*, comprised of a specific geographic area and the faithful within it. A
17 diocese conducts its civil affairs for the practice of the Roman Catholic Church within that geographic
18 area and for the faithful within the area.

19 Also under Canon Law, every diocese is divided into distinct parts, known as parishes, which are
20 ecclesiastical entities consisting of communities of the faithful whose pastoral care is entrusted to a pastor
21 (*i.e.*, a priest) whom the bishop appoints to serve the parish to which he is assigned. CIC, cc. 374 §1, 515
22 §1.

23 Each diocese, and each parish within a diocese, is a separate public juridic person. *Id.*, cc. 573,
24 515 §3. The administration of property belonging to a juridic person pertains to its administrator, such as
25 the diocesan bishop over the property of a diocese, and the priest over the property of a parish. *Id.*, cc.
26 393, 532. Each such administrator is obligated to acquire, hold, administer, and/or alienate such property
27 in accordance with Canon Law (*id.*, c. 1257), which requires that property held by any juridic person—
28 diocese, parish, or otherwise—must be used for the purposes of the Roman Catholic Church. The bishop
is responsible for administering the property belonging to the diocese, and each pastor is responsible for
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.

Clergy (or ordained clerics of the diocese) carry out the diocese’s spiritual mission through
celebration of the sacraments, provision of pastoral services to the laity (the non-ordained faithful of the
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,

⁶⁷ 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 composed of bishops; the presbyterate, composed of priests ordained by bishops; and the diaconate,
2 composed of deacons who assist bishops and priests in a variety of ministerial roles.

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

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

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

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

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

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

In 1853, the Holy See established the Archdiocese of San Francisco from the northern territory of
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 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.
However, because the Churches are not separately incorporated legal entities, as a matter of California
law they are not separate from the Debtor, and they do not own or hold a legal or equitable interest in
property separate from the Debtor.

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

1 served as a missionary abroad, a professor of theology, a seminary spiritual director and, from 1991-2018,
2 as a chaplain and officer in the U.S. Navy.

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

8 The diocese has 80 parishes and missions and is home to 159 diocesan priests, 160 religious priests,
9 35 extern priests, and 118 permanent deacons.

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

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

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

26 The Debtor provides resources, programming, spiritual leadership, and other key services and
27 support to local Catholics and the East Bay community at large, including substantial support for the poor
28 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

THIRD AMENDED DISCLOSURE STATEMENT FOR THIRD AMENDED PLAN OF REORGANIZATION

1 also visit shut-ins and individuals in convalescent facilities. There are 101 nursing homes and similarly
2 licensed care facilities that are served by the Debtor.

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

7 **D. The Debtor's Operations**

8 The Debtor's revenue streams include parish assessment revenue, which is dependent on donations
9 by parishioners through their respective Church; and the Bishop's Ministries Appeal ("BMA"), an annual
10 fundraising campaign that supports the Churches and diocesan ministries and programs. Funds raised
11 through the BMA are solicited specifically and restricted to fund the particular ministries and programs
12 that the BMA was designed to support and facilitate, including faith formation and evangelization,
13 Catholic Youth Organization sports, formation of priests to serve parishioners, care of the retired priests,
14 and meeting the unexpected needs of schools and Churches. In the ordinary course of business, the Debtor
15 also receives, among other revenue, rental revenue, events/programming revenue, revenue from the
16 Catholic Telemedia Network ("CTN"),⁷⁸ management fees, and unrestricted gifts, grants, and bequests
17 (collectively, "Other Chancery Revenues").

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

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

28 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.

E. Mission Alignment Process

In November 2020, Bishop Barber called for the formulation of a task force to assess how to meet
the challenges of declining Mass attendance, underutilized parish facilities and the declining number of
priests serving in the Diocese of Oakland. In March 2021, the Debtor formed a task force called the

⁷⁸ Historically, the Debtor has received approximately \$2 million in voluntary grants from CTN. The
Debtor does not own an equity interest in CTN but has the right to designate 50% of the members of its
board. As reflected in the Financial Projections attached hereto, the Debtor anticipates continuing to
receive approximately \$2 million annually in grants from CTN on a go-forward basis, but there is no
guarantee such grants will continue, and the Debtor has no control over the making of such grants.

1 Mission Alignment Process (MAP) Commission (the “Commission”). The Commission is composed of
2 15 members representing laity and clergy of the Debtor.

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

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

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

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

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

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

1. *The Roman Catholic Welfare Corporation of Oakland*

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

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

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

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

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

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

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

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

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

28 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, the "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.

The services provided by OPF are a continuation of deposit and investment management services
(the "Diocesan Investment Management Services") previously provided by the Debtor. Before April 2023,
the Debtor managed certain deposits and investments of participating Churches and RCWC through the
Diocesan Investment Management Services, which consisted of two programs: (1) The Deposit and Loan
Fund program (the "DLF"), which held cash, investments, of participating Churches and Schools and
provided loans to participated Churches and Schools, and (2) the Investment/Endowment Pool (the

1 “Endowment Pool”) in which Churches and the Schools could separately invest funds with long-term
2 investment horizons in marketable securities.

3 Prior to 2023, the DLF was maintained in two accounts: a deposit bank account that held cash for
4 short-term liquidity needs of the Debtor, the Churches and RCWC Schools, and an investment account at
5 the Principal Financial Group (“Principal”) for funds beyond short-term cash needs. The Endowment
6 Pool was also maintained at, and accounted for by, Principal. As part of the DLF, the Debtor periodically
7 loaned Funds held in the DLF to individual Churches or Schools in connection with capital improvement
8 projects (the “Loan Program”).

9 The Debtor kept detailed book entry records of the funds held in the DLF for itself, the Churches,
10 and RCWC Schools, and provided quarterly statements to each participating Church and school. The
11 RCWC funds that the Debtor managed through the Diocesan Investment Management Services were
12 property of RCWC (*i.e.*, not property of the Debtor), and were held by the Debtor solely for the RCWC
13 and the Schools’ benefit. While the Debtor separately accounted for Church funds pursuant to Canon
14 Law, as a matter of Civil law the Churches are not separate from the Debtor.

15 In April 2023, the Debtor transitioned the Diocesan Investment Management Services to
16 OPF. While the transition of these services occurred shortly before the Petition Date, it was neither the
17 intent nor the result to move assets out of the reach of creditors that otherwise would have been available
18 to satisfy the liabilities of the Debtor.

19 To that end, in furtherance of the transition, the Debtor transferred the DLF and Endowment Fund
20 assets held for the benefit of the Churches and RCWC to OPF. While the total DLF and Endowment Fund
21 assets transferred to OPF were approximately \$106 million, \$14 million was in the form of Loan Program
22 receivables from Churches or Schools. Additionally, \$35 million from Church funds in the DLF was
23 loaned by OPF to the Debtor to fund this Chapter 11 Case (the “OPF Loan”). The net cash and investments
24 transferred to OPF pre-petition were therefore approximately \$57 million, of which approximately \$31
25 million was School funds belonging to RCWC, and the remaining approximately \$26 million was Church
26 funds. The \$31 million in School funds remains property of RCWC, as it was when previously held in
27 trust for RCWC by the Debtor through the Diocesan Investment Management Services.

28 As of November 30, 2024, total DLF cash and investments held by OPF for Churches were
approximately \$5.6 million, and total Church Endowment Pool investments were approximately \$15.7
million. Substantially all of these funds are subject to donor restrictions, and therefore not available for
payment of claims. As reflected in the Liquidation Analysis attached hereto, Church funds not subject to
donor restrictions are treated as property of the Debtor for purposes of the Plan, regardless of where held.

Functionally, OPF acts as a deposit and investment manager for the Churches and RCWC,
providing for efficient, professionally managed investment of Church and RCWC school assets. The
funds deposited with OPF and the investments it manages are held by OPF for the benefit of the depositing
Churches and RCWC schools. For the avoidance of doubt, where OPF holds funds for the benefit of the
Churches, such funds are held for the Debtor as a matter of civil law, because the Churches are not separate
from the Debtor under California law.

The Debtor’s obligation to OPF for the OPF Loan is not treated under the Plan, and OPF is not
entitled to receive any payment under the Plan on account of the OPF Loan. OPF stipulated with the
Debtor to withdraw OPF’s general unsecured claim in the Chapter 11 Case on February 28, 2025 [Docket
No. 1784], and the Bankruptcy Court entered an order approving that stipulation on March 3, 2025
[Docket No. 1796]. Nothing in the Plan, however, prohibits the Debtor from making payments to OPF
after the Effective Date of the Plan in order to satisfy its obligations under Canon Law, provided any such
payments do not otherwise violate the terms of the Plan or applicable civil law.

THIRD AMENDED DISCLOSURE STATEMENT FOR THIRD AMENDED PLAN OF REORGANIZATION

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

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

14 CCCEB currently holds legal title to the land and improvements constituting the Cathedral Center
15 and operates and maintains the Cathedral Center. The Debtor pays user fees to CCCEB for use of the
16 chancery administrative offices and rectory and provides finance and accounting services and support for
17 CCCEB. Other agreements between CCCEB and users of the Cathedral Center property include: (i) that
18 certain License and Services Agreement dated as of January 1, 2020, with RCC regarding the mausoleum
19 on the Cathedral Property; (ii) that certain Commercial Office Lease Agreement with RCC dated as of
20 April 3, 2024; (iii) that certain Lease Agreement with the Order of Malta Clinic of Northern California
21 dated January 25, 2008, and amended February 10, 2023; and (iv) agreements for use of Cathedral
22 Property space with RCWC, and the Cathedral of Christ the Light parish Church (the foregoing,
23 collectively, the “User Agreements”).

24 In addition to donations and gifts, construction of the Cathedral Center was funded, in part, through
25 funds loaned to CCCEB by the Debtor. As of the Petition Date, CCCEB owed the Debtor \$41,856,598.19
26 (the “CCCEB Note”) on account of funds loaned to it, which amount remains outstanding. The Plan
27 contemplates a settlement of CCCEB’s outstanding obligations on the CCCEB Note through a settlement
28 (the “CCCEB Settlement”) through which the Debtor will receive fee simple title to the Cathedral Center,
together with all improvements thereon and all tangible personal property owned by CCCEB and located
on or used in connection with the operation of the Cathedral Center, in full and complete satisfaction of
all obligations under the CCCEB Note. The terms of and basis for the CCCEB Settlement are discussed
in more detail in Section X.C., below.

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

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

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

16 **THIRD AMENDED DISCLOSURE STATEMENT FOR THIRD AMENDED PLAN OF REORGANIZATION**

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

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

5 Catholic Charities of the Diocese of Oakland, Inc., dba Catholic Charities of the East Bay
6 (“CCEB”) is a California not-for-profit corporation. CCEB is the social service arm of the Debtor. CCEB
7 helps vulnerable communities within Alameda and Contra Costa Counties by supporting children, youth,
8 families, and seniors and immigrants from crisis to stability to well-being.

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

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

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

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

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

28 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.

1 11. *Catholic Foundation for the Diocese of Oakland*

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

6 **G. The Debtor’s Mission to Effect Reconciliation and Compensation**

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

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

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

27 In line with the Charter and the mission and teachings of the Roman Catholic Church, the Debtor
28 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.

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

6 The Debtor also operates an Office for Victims Assistance (“OVA”) and employs a Victims
7 Assistance Coordinator (“VAC”) to directly address the needs of Abuse Survivors and coordinate support
8 services for them. The goals of the OVA, as administered by the VAC, are to support Abuse Survivors
9 and their families through counseling, spiritual direction, and support groups. The OVA also arms Church
10 leaders with the tools to develop support, promote healing, and empower Abuse Survivors in the diocesan
11 community.

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

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

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

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

Ultimately, the Debtor understands that in order to address the problem of clergy sexual abuse, it
must amplify the voice of Abuse Survivors and provide necessary resources to the public to understand
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;

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- 1 d. Access to the Virtus registration and login in both English and Spanish, as well as retraining
2 instructions, so that safe environment training can be easily accomplished;
- 3 e. Policies related to *Background Screening and Training, Sexual Misconduct, and Minors*
4 *Volunteering or Working with Younger Children*;
- 5 f. Links to the *Code of Conduct Involving Interactions with Minors and Vulnerable Adults*
6 (in both Spanish and English), *Live Scan Requests* (for both employees and volunteers),
7 *Approved Safe Environment Curriculum for Children and Youth*, the forms for both schools
8 and churches regarding their *Safe Environment Reporting*, the *USCCB Charter for the*
9 *Protection of Children and Young People* and the *On Site Safe Environment Training*
10 *Schedule*; and
- 11 g. The “Credibly Accused List” of diocesan priests, religious order priests, deacons and
12 brothers (as well as some priests from other dioceses who had worked in the Debtor) who
13 have been credibly accused of the sexual abuse of minors.

14 The Debtor, through its programs, offices, coordinators and trainings, is committed to serving
15 those affected by historical clergy sexual abuse and to prevent future abuse from occurring. The Debtor is
16 bound by the USCCB Charter, a comprehensive set of procedures originally established by the United
17 States Conference of Catholic Bishops in June 2002, and modified in 2005, 2011, and most recently in
18 2018. The purpose of the USCCB Charter is to address allegations of sexual abuse of minors by Catholic
19 clergy. The USCCB Charter also includes guidelines for reconciliation, healing, accountability, and
20 prevention of future acts of abuse.

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

26 **The Plan provides the Debtor shall continue these efforts as part of its Non-Monetary**
27 **Commitment to Healing and Reconciliation.**

ARTICLE V

THE CHAPTER 11 CASE

A. Events Leading to the Chapter 11 Case

28 In the State of California, there have been two “open window” periods allowing individuals under
civil law to bring claims for childhood sexual abuse which otherwise were barred due to the expiration of
the statute of limitations (prescription). In 2002, the California Legislature permitted certain expired
claims of childhood sexual abuse not only against the perpetrators but also against third-party defendants
(like the Churches) for a one-year period starting January 1, 2003 (the “First Legislation”). The Debtor
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
(“AB 218”). AB 218 revived the statute of limitations for individuals to file civil lawsuits for childhood
sexual abuse. The passage of AB 218 allowed certain individuals to bring what had been time-barred
claims against individuals and entities for such claims through and including December 31, 2022. As of
May 4, 2023, there were approximately 332 separate, active lawsuits or mediation demands pending

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1 against the Debtor filed by plaintiffs alleging sexual abuse by clergy or others associated with the Debtor
2 (the “State Court Actions”).

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

7 The Plan propounded by the Debtor will fairly and equitably compensate abuse survivors and will
8 also enable the Debtor to continue its mission to serve the needs of the faithful within the Diocese of
9 Oakland, and to continue to provide social services to numerous underserved people and groups in the
10 East Bay, regardless of their religious faith.⁸⁹

11 **B. Voluntary Petition**

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

18 The Debtor continues to operate its ministry and manage its properties as a debtor-in-possession
19 under sections 1107(a) and 1108 of the Bankruptcy Code. No trustee has been appointed in this Chapter
20 11 Case.

21 **C. First Day Relief**

22 On the Petition Date, the Debtor filed a number of motions and other pleadings (the “First Day
23 Motions”), the most significant of which are described below. The First Day Motions were proposed to
24 ensure the Debtor’s orderly transition into this Chapter 11 Case, to allow the Debtor to work with other
25 stakeholders to achieve a plan of reorganization that will fairly and equitably compensate abuse survivors
26 and will also enable the Debtor to continue its mission to serve the needs of the faithful within the diocese;
27 preserving the confidentiality of abuse survivors through special noticing procedures; continuing the
28 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*

⁸⁹ As discussed in the Committee Letter, the Committee disagrees with this assertion.

1 *Environment Programs* [Docket No. 8];

- 2 • *Motion for Interim and Final Orders Authorizing the Debtor to (I) Pay Prepetition*
3 *Employee Wages, Salaries, Benefits and Other Related Items; (II) Reimburse Prepetition*
4 *Employee Business Expenses; (III) Continue Employee Benefit Programs; and (IV) Pay*
5 *All Costs and Expenses Incident to the Foregoing* [Docket No. 13];
- 6 • *Motion for an Order Establishing Adequate Assurance Procedures with Respect to*
7 *Debtor's Utility Providers* [Docket No. 14];
- 8 • *Motion for Interim and Final Orders Authorizing the Debtor to (I) Continue Existing*
9 *Insurance Coverage and Satisfy Obligations Related Thereto, and (II) Renew, Amend,*
10 *Supplement, Extend or Purchase Insurance Policies in the Ordinary Course of Business*
11 [Docket No. 15]; and
- 12 • *Motion for Interim and Final Orders Authorizing the Debtor to (I)(A) Continue Existing*
13 *Cash Management System, (B) Honor Certain Prepetition Obligations Related to the Use*
14 *Thereof, (C) Continue Intercompany Arrangements, (D) Maintain Existing Bank Accounts*
15 *and Business Forms, and (E) Continue Use of Existing Credit Card Accounts; and (II)*
16 *Waive Certain Requirements of 11 U.S.C. 345(b)* [Docket No. 16].

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

20 **D. Retention of Advisors for the Debtor**

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

- 23 (1) Foley & Lardner LLP as the Debtor's general bankruptcy counsel (*see* [Docket No. 145]);
- 24 (2) Alvarez & Marsal North America, LLC as the Debtor's restructuring advisor and expert
25 consultants regarding Abuse Claims (*see* [Docket No. 191]);
- 26 (3) Kurtzman Carson Consultants LLC as the Debtor's claims and noticing agent (*see* [Docket
27 No. 40]) and administrative advisor (*see* [Docket No. 146]); and
- 28 (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.

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

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

- 9 (1) Lowenstein Sandler LLP as lead counsel to the Committee (*see* [Docket No. 205]);
- 10 (2) Keller Benvenuti Kim LLP as local counsel to the Committee (*see* [Docket No. 204]);
- 11 (3) Berkeley Research Group, LLC for the Committee (*see* [Docket No. 330]);
- 12 (4) Burns Bair LLP as special insurance counsel to the Committee (*see* [Docket No. 372]);
- 13 (5) Stout Risius Ross, LLC as expert consultant on valuation of Abuse Claims (*see* [Docket
14 No. 510]); and
- 15 (6) Douglas Wilson Companies as real estate consultant to the Committee (*see* [Docket No.
16 1332]).

17 **F. Further Motions in the Chapter 11 Case**

18 **1. Exclusivity**

19 During the first 120 days of a chapter 11 reorganization, a debtor retains the exclusive right to
20 submit a plan of reorganization and solicit votes for the plan. The exclusive period may be extended by
21 the bankruptcy court for periods not to exceed eighteen months in total. The Debtor has sought and been
22 granted four such extensions [Docket Nos. 388, 702, 1088 and 1306]. The last such extension extended
23 the period during which the Debtor had the exclusive right to file a chapter 11 plan, as provided in 11
24 U.S.C. § 1121(b) and (c)(2), through and including November 8, 2024, and the period during which the
25 Debtor has the exclusive right to solicit acceptance of a chapter 11 plan, as provided in 11 U.S.C. §
26 1121(c)(3), through and including January 8, 2025 (the “Exclusive Solicitation Period”). During the
27 Exclusive Solicitation Period, no competing plan may be filed.

28 **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 has requested multiple extensions 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], August 23, 2024 [Docket No. 1305], and March 3,
2025 [Docket No. 1797]. 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 August 1, 2025.

1 3. **Unexpired Leases of Nonresidential Real Property**

2 A debtor must assume or reject unexpired leases of nonresidential real property by the earlier of
3 (a) 120 days from the date of the petition, or (b) the date on which the Bankruptcy Court confirms the plan
4 of reorganization, at which time a debtor will be considered to have rejected the leases. A debtor, upon a
5 showing of cause, may request that the bankruptcy court extend the time period in which the debtor must
6 make the decision by a period of 90 days. 11 U.S.C. § 365(d)(4)(B). In this Chapter 11 Case, the Debtor
7 has sought and been granted four such extensions with respect to certain leases, including the unexpired
8 lease for the Debtor’s use of the Cathedral Center. (See Docket Nos. 367, 421, 640, 703, 883, 925, 1011,
9 1328, and 1345.) Presently, the time period within which the Debtor may assume or reject the Cathedral
10 Lease is extended through and including April 1, 2025, in accordance with section 365(d)(4) of the
11 Bankruptcy Code. On March 11, 2025, the Debtor requested a further extension of its deadline for
12 assuming or rejecting the Cathedral Lease, through October 1, 2025. [Docket No. 1825.] That request
13 remains pending as of the date hereof.

14 **G. Mediation**

15 On December 19, 2023, the Debtor and the Committee jointly filed the *Joint Motion for Entry of*
16 *an Order Referring Parties to Mediation, Appointing Mediators and Granting Related Relief* [Docket No.
17 705] (the “Mediation Motion”). On January 22, 2024, the Court entered an order referring the parties to
18 mediation, appointing the mediators agreed by the parties, and identifying the matters for mediation, both
19 as between the Debtor and the Committee, and between the Debtor and its insurers [Docket No. 810] (the
20 “Mediation Order”). The matters for mediation and the specifics of the mediation process are more fully
21 set forth in the Mediation Order.

22 The Committee and the Debtor each met individually with mediators Judge Christopher Sontchi
23 and Jeff Krivis, exchanged initial proposals, and participated in the first round of mediation on March 18
24 and 19, 2024. Additional in-person mediation sessions were held on April 15-16, May 13-14, and June
25 18-19. Counsel for the Debtor and Committee held virtual one-hour meetings approximately each week
26 in July. Further in-person mediation sessions with the Committee were held on August 13, September 10-
27 11 and 30, October 1 and 16-17, 2024. These sessions resulted in multiple proposals from each side
28 culminating in multiple written term sheets and/or proposals submitted by the Debtor and responses from
the Committee.

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

 Following the conclusion of the virtual mediation session on November 6, and immediately prior
to the filing of the Original Plan, the Debtor and Insurers reached agreement on the terms of the Insurance
Assignment, the creation of the Survivors’ Trust, and the Litigation Option, all as embodied in the Plan.
This agreement was no small feat. The Debtor and Insurers have been adversaries throughout this Chapter
11 Case on numerous important issues. As set forth in the Committee Letter, the Committee did not join

1 in that agreement. The Debtor has not reached agreement with the Committee on any Plan terms, although
2 [the Debtor contends that](#) multiple aspects of the Plan align with the Committee’s stated requests.¹⁰

3 On February 23-24, 2025, the Debtor, Committee, and Insurers held a further joint mediation
4 session in person in San Francisco with Mediators Sontchi, Gallagher, and Newsome. The mediation
5 ended without a resolution between the Debtor and Committee.

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

7 **1. Bar Dates**

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

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

- 18 i. the general bar date (the “General Bar Date”) for all Claims, except as noted below,
19 of September 11, 2023, at 5:00 p.m. (prevailing Pacific Time);
- 20 ii. a governmental bar date (the “Governmental Bar Date”) for all Governmental Units
21 (as defined in section 101(27) of the Bankruptcy Code) of November 6, 2023, at
22 5:00 p.m. (prevailing Pacific Time);
- 23 iii. a bar date for Claims amended or supplemented by the Debtor’s amended
24 Schedules of on or before the later of (a) the General Bar Date or the Governmental
25 Bar Date (as applicable); and (b) 5:00 p.m. (prevailing Pacific Time) on the date
26 that is thirty (30) days after the date on which the Debtor provides notice of
27 previously unfiled schedules or an amendment or supplement to the schedules (the
28 “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].

¹⁰ [For the reasons stated in the Committee Letter, the Committee disagrees with this assertion.](#)

1 The Bar Date Order contemplated the submission by Claimants asserting Abuse Claims of an
2 optional supplement providing additional facts and background information regarding their abuse,
3 including the alleged perpetrator, location, frequency, and other circumstances. Claimants were also asked
4 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.

5 2. The Claims Review Process

6 The vast majority of non-duplicate Abuse Claims (approximately 91%) included the optional
7 supplement in one form or another alongside the Proof of Claim form itself. As part of the Chapter 11
8 Case, the Debtors, with the assistance of its advisors, conducted a thorough review of the Abuse Claims
9 and optional supplements filed by Claimants asserting such claims. This review included the identification
10 of duplicate Claims (most of which were either filed by multiple sets of counsel for a given Claimant and
11 are identical or amend a previously filed claim to provide the optional supplement); Claims that predate
12 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.

13 As of March 9, 2025, 427 Abuse Claims were filed pursuant to the Bar Date Order. Of that number,
14 33 filed Abuse Claims are duplicative of other, timely filed claims. An additional 8 Abuse Claims were
15 filed after the Bar Date, no motion to deem such claims as timely has been filed, and accordingly, such
16 claims are untimely. After accounting for duplicative, untimely claims, 386 "unique" (non-duplicative,
17 timely) claims remain. Of these 386 unique claims, the Debtor believes, based on various factors
18 identified in its review of the Abuse Claims, approximately 345 Abuse Claims exist that may 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.

19 Many of the Abuse Claims are asserted to be of six-figure or seven-figure amounts, and many are
20 listed as having an unknown amount. The Abuse Claims present unique complexities of confidentiality,
21 valuation, procedure, and appropriate and equitable treatment of Claims. After the Debtor's careful
evaluation of all filed Claims with the assistance of the Debtor's advisors, the Debtor is confident that the
Plan establishes protocols to ensure that Allowed Abuse Claims are compensated through an expedited,
uniform claims process.

22 I. Litigation Regarding Insurance Coverage for Abuse Claims

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

26 Those Defendant Carriers that issued primary insurance policies received tender on behalf of the
27 Debtor and have agreed to provide a defense to the claims falling within the coverage period of each
28 primary insurance Defendant Carrier's insurance policy. However, the primary insurance Defendant
Carriers have failed to confirm they have any obligation to indemnify the Debtor for these claims. Those

1 Defendants Carriers that issued excess or umbrella policies received the tender on behalf of the Debtor
2 but improperly denied or failed to confirm coverage (including, without limitation, failure to provide both
3 defense and/or indemnity), or otherwise reserved rights to deny coverage based on various defenses and
4 exclusions, including by failing to recognize the exhaustion or substantial likelihood of exhaustion of
underlying insurance through payment, liquidation or other means and thereby requiring the excess
insurance to drop down and provide defense and/or indemnity to the Debtor.

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

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

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

28 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 "Insurance Coverage Litigation").

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

The Debtor filed further amended complaints on September 12, 2024 (*id.*, [Docket Nos. 111, 112])
and October 7, 2024 (*id.*, [Docket No. 125]) (Insurance Coverage Litigation Docket Nos. 111 and 125,
collectively, the "Current Amended Complaints") following a court-ordered meet and confer regarding
the sufficiency of allegations. A further case management conference in the District Court occurred on
November 14, 2024.

THIRD AMENDED DISCLOSURE STATEMENT FOR THIRD AMENDED PLAN OF REORGANIZATION

1 Written discovery proceeded while the Motions to Dismiss the Third Amended Complaint were
2 pending and is ongoing. The Debtor issued written discovery requests to the insurer defendants on May
3 24, 2024. Thereafter, the Debtor met and conferred with the Defendant Carriers and exchanged letters
4 regarding the Debtor's written discovery and the Defendant Carriers' responses and objections thereto.
5 Some Defendant Carriers claim to have produced all responsive documents, while the Debtor still awaits
6 document productions from some Defendant Carriers. The Debtor continues to review these responses
7 and pursue documents. The Debtor has also responded to written discovery requests served by certain
8 Defendant Carriers and is working to respond to written discovery requests from other Defendant Carriers.

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

17 The Debtor believes there is substantial value in the insurance policies that it purchased over many
18 decades. These assets are an important resource to further the Debtor's goals of compensating Holders of
19 Abuse Claims. Any pre-Confirmation proceeds the Debtor wins in judgments in the Insurance Coverage
20 Litigation, or obtains through a negotiated resolution, will infuse the Estate with unrestricted cash assets,
21 which can be used to, among other things, contribute to Survivors' Trust Assets. If the Insurance Coverage
22 Litigation is unresolved upon confirmation of the Plan, the Insurance Coverage Litigation will be
23 transferred to the Survivors' Trust as part of the Assigned Insurance Interests. Subsequently, Trust
24 Claimants will have the right to pursue the Litigation Option, if they so elect, further augmenting their
25 own individual recoveries.

26 In light of the terms of the Plan and in order to conserve the resources of all parties involved, on
27 November 19, 2024, the Debtor filed a motion in the District Court requesting that the Insurance Coverage
28 Litigation be held in abeyance until such time as the Plan is confirmed or confirmation is denied.
Insurance Coverage Litigation [Docket No. 146] (the "Abeyance Motion"). Following a hearing on
January 16, 2025, the District Court granted the Abeyance Motion, and ordered that the Insurance
Coverage action is stayed, except as to discovery, pending further order of the District Court [Docket No.
166] (the "Abeyance Order"). Pursuant to the Abeyance Order, the parties filed a joint update regarding
the status of discovery and of the Chapter 11 Case on March 3, 2025. [Docket No. 171.]

19 **J. Original Debtor Plan and Disclosure Statement**

20 On November 8, 2024, the Debtor filed *Debtor's Plan of Reorganization* [Docket No. 1444] (the
21 "Original Plan") and accompanying *Disclosure Statement for the Debtor's Plan of Reorganization*
22 [Docket No. 1445] (the "Original Disclosure Statement").

23 On November 13, 2024, the Debtor filed *Motion for Order (I) Approving Disclosure Statement;*
24 *and (II) Establishing Procedures for Plan Solicitation, Notice, and Balloting* [Docket No. 1453] (the
25 "Approval Motion"). The Committee objected to approval of the Disclosure Statement on various bases,
26 arguing that Survivors (and other creditors) should not even get the chance to express their opinion by
27 voting. Among other things, the Committee also requested that, should the Bankruptcy Court ultimately
28 approve the Disclosure Statement, the confirmation hearing in this case be delayed significantly to allow
certain alternatives that the Committee prefers to proceed.

On December 18, 2024, the Bankruptcy Court conducted an initial hearing on the Approval Motion
and related matters. The Debtor filed an amended Plan and Disclosure Statement on January 3, 2025, and
the Bankruptcy Court held additional hearings on the amended Plan and Disclosure Statement on January

THIRD AMENDED DISCLOSURE STATEMENT FOR THIRD AMENDED PLAN OF REORGANIZATION

1 16, 21, and 30, 2025. Following the hearing on January 30, 2025, the Bankruptcy Court, at the Debtor's
2 request, set a further hearing for March 3, 2025, and directed the Debtor to file a further amended Plan
3 and Disclosure Statement not later than February 18, 2025. The Debtor filed a further amended Plan and
4 Disclosure Statement on February 18, 2025. The March 3, 2025 hearing was converted to a status
5 conference, at which the Debtor informed the Bankruptcy Court it intended to file a further revised Plan
6 and Disclosure Statement on March 17, 2025.

7 **K. The Committee's Alternate Vision of Case Resolution**

8 Following the filing of the Original Disclosure Statement, on November 14, 2024, the Committee
9 sent a "Demand Letter" to the Debtor's professionals, notifying the Debtor that the Committee intended
10 to pursue certain avoidance action claims against OPF and the Churches if the Debtor declined to do so.
11 In an effort to discern the Committee's intent, the Debtor's counsel called Committee's counsel to confer
12 on the Demand Letter and the purported claims alleged therein. However, after one conference call, and
13 without receiving the Debtor's refusal to pursue any derivative claims, the Committee filed its first
14 derivative standing motion on November 20, 2024, seeking standing to pursue avoidance actions against
15 OPF and the Churches (the "First Standing Motion").

16 The First Standing Motion was just the first of a bevy of filings by the Committee has made in an
17 attempt to derail the Debtor's Plan and bend the Debtor to its will. Also on November 20, the Committee
18 filed its first adversary proceeding complaint against the Debtor, OPF, and various Churches seeking (i)
19 declaratory relief that the real property Churches and funds are property of the estate and (ii) substantive
20 consolidation of the Debtor and the named Church defendants [Adv. No. 24-04051] (the "First Adversary
21 Proceeding"). The Committee represented that if the First Standing Motion was granted, it would amend
22 the complaint in the First Adversary Proceeding to add additional claims described in its First Standing
23 Motion.

24 That same day, the Committee filed a motion to lift the automatic stay [Docket No. 1460] (the
25 "Lift Stay Motion") to allow six unspecified state court actions to proceed to trial or individual settlements
26 in order to (a) allegedly help establish benchmark values for all sexual abuse claims in this Chapter 11
27 Case, (b) "unlock" available insurance (meaning the Committee wants to assert leverage over the Insurers)
28 and (c) allow claims against non-debtors named as defendants in the state court actions to proceed.

Moreover, less than a week before the initial hearing on the Original Disclosure Statement, on
December 11, the Committee filed a second adversary proceeding against the Debtor, Adventus, RCWC,
and RCC seeking (i) declaratory relief that all property of Adventus, RCWC, and RCC is property of the
estate and (ii) substantive consolidation of Adventus, RCWC, and RCC into the Debtor's Chapter 11
bankruptcy [Adv. No. 24-04053] (the "Second Adversary Proceeding," together with the First Adversary
Proceeding, the "Adversary Proceedings").

Finally, on the eve of the hearing on the Original Disclosure Statement, the Committee filed a third
motion, seeking (a) authority to pursue all claims the Debtor holds against its Insurers in the Insurance
Coverage Litigation that the Debtor filed and has been prosecuting for more than eighteen months, (b)
authorization to substitute the Committee as plaintiff in the already pending Insurance Coverage
Litigation, and (c) (in a footnote) to be given full control of the Debtor's attorney-client and attorney work
product privilege related to the Insurance Coverage Litigation and coverage issues (the "Second Standing
Motion"). The Demand Letter did not make any demand that the Debtor pursue, and did not otherwise
address, the claims in the Insurance Coverage Litigation that were the subject of the Second Standing
Motion.

On December 30, 2024, the Debtor filed objections and/or responses to the First Standing Motion,
Lift Stay Motion, and Second Standing Motions [Docket Nos. 1586, 1581, and 1580, respectively] and
supporting declarations and evidence. Generally, the Debtor argued:

- The First Standing Motion should be denied because: 1) the alleged claims against the Churches are moot—the Debtor has acknowledged that Church real property is property of the Debtor’s estate—and 2) the alleged fraudulent-transfer claims against OPF and the Churches are not colorable. The Debtor did not fraudulently transfer any assets, and all property that would have been available to satisfy creditor claims prior to the transfers remains equally available now. Specifically, OPF merely acts as a deposit and investment manager, and all funds deposited with OPF by the Churches are fully accounted for and remain equally as much a part of the bankruptcy estate as if they had been directly deposited with a bank or other investment manager. In other words, transfer of funds to OPF was not intended to, and did not, take any assets out of the reach of creditors that otherwise would have been available to pay claims.
- The Lift-Stay Motion should be denied because: 1) stay relief is unnecessary in light of the Litigation Option that, as described herein, will provide Survivors the chance to have their day in court, should they elect to pursue it, 2) the Committee failed to present a *prima facie* case supporting stay relief, instead relying on rank speculation and unsupported theories about future behavior, and 3) the few diocesan cases cited by the Committee where stay relief was granted are factually and legally distinguishable. Further, it is inequitable to allow a select few cases to proceed to trial while asking the remaining claimants and the Debtor to simply wait, potentially for years, until these select few cases complete trial or are settled. Allowing stay relief will only result in delay and will not result in a better outcome for claimants, with the possible exception of the select few whose cases are allowed to proceed in advance of the rest. No requirement for stay relief exists to successfully conclude this Chapter 11 Case pursuant to a confirmed plan of reorganization—*this* Plan.
- The Second Standing Motion should be denied because: 1) it seeks relief completely unsupported by the law in terms of the Committee asking for derivative standing for a lawsuit the Debtor has already brought, 2) the Abeyance Motion does not constitute an unjustified refusal to prosecute the Insurance Coverage Litigation; rather, it is the most appropriate course of action to reduce litigation costs for a limited period of time while the Plan is pending, and 3) the request to be granted control of the Debtor’s attorney-client privilege is wildly inappropriate. Also, again, the individualized Litigation Option resolves the Insurance Coverage Litigation for the benefit of Trust Claimants.

For the reasons stated on the record at hearings held on January 15, 16, and 21, 2025, the Court denied without prejudice both the First Standing Motion and the Second Standing Motion. The Court’s orders denying the First Standing Motion and Second Standing Motion were entered on February 1, 2025 [Docket Nos. 1700 and 1701].

For the reasons stated on the record at the hearings held on January 15, 16, and 21, 2025, the Court denied the Lift Stay Motion without prejudice as to the request to allow six state court actions to proceed against the Debtor. The Court found that the automatic stay of actions against the Debtor does not bar actions against non-debtors named as co-defendants with the debtor in state court actions, and therefore the state court plaintiffs may proceed against such non-debtor parties. This relief was not opposed by the Debtor and was without prejudice to the right of any party to seek to extend or enforce the stay as to any particular case or cases. The Court’s order on the Lift Stay Motion was entered on February 11, 2025 [Docket No. 1721].

Because the relief requested in the First Standing Motion, Second Standing Motion, and Lift Stay Motion was denied without prejudice, the Committee may seek to renew its requests for the same relief in the future, if circumstances change. The Debtor continues to believe that any such attempt would be unfounded and a waste of estate resources, for the reasons set forth in its oppositions to the motions and as summarized above.

THIRD AMENDED DISCLOSURE STATEMENT FOR THIRD AMENDED PLAN OF REORGANIZATION

1 The Debtor filed motions to dismiss the Adversary Proceedings on January 24, 2025, and strongly
2 disputes the factual and legal contentions contained therein. The non-debtor defendants in each of the
3 Adversary Proceedings also filed motions to dismiss on the same date (together with the motions filed by
4 the Debtor, the “Motions to Dismiss”).

5 The First Adversary Proceeding asks for relief that is almost entirely meaningless and cannot
6 achieve any real benefit for creditors. The Committee’s causes of action to consolidate Churches into the
7 Debtor’s bankruptcy estate, or for declaratory relief holding that Church property is property of the
8 bankruptcy estate are meaningless, because, as the Debtor acknowledges, the Churches are not separate
9 from the debtor as a matter of applicable civil law, and property of the Churches is already property of the
10 bankruptcy estate, subject to certain funds being held in trust based on donor restrictions. While it is the
11 Debtor’s position, as set forth herein, that Church real property cannot be involuntarily liquidated, the
12 First Adversary Proceeding has no bearing on that issue.

13 That Second Adversary Proceeding, seeking similar relief as to Adventus, RCWC, and RCC is
14 likewise meritless and will not result in any benefit to creditors. As set forth above, RCWC and RCC are
15 separately incorporated non-profit organizations under California law, that respectively operate the
16 Schools and cemeteries within the diocese. As a legal matter, the Committee’s claims that they are
17 indistinguishable from the Debtor are extremely unlikely to succeed. Further, as a practical matter the Plan
18 provides for a contribution of up to \$14.25 million to the Survivors’ Trust by RCWC (depending on the
19 extent of releases received), and a loan of \$55 million from RCC that will be used to fund the Survivors’
20 Trust. Even in the unlikely event the Committee were successful on its legal claims against these entities,
21 it is unlikely that the result would be more than the up to \$69.25 million they are already contributing
22 under the Plan. In sum, it is the Debtor’s believe that the Adversary Proceedings would accomplish nothing
23 other than delay and wasting estate resources on attorneys’ fees.

24 The Bankruptcy Court heard oral argument on the Motions to Dismiss on March 4, 2024. As of
25 the date hereof, the Bankruptcy Court had not yet ruled on either Motion to Dismiss.

26 ~~[THE DEBTOR WILL UPDATE THIS DISCLOSURE STATEMENT AS APPROPRIATE TO
27 REFLECT THE RESULTS OF THE HEARING ON THE MOTIONS TO DISMISS].~~

28 **As set forth in the Committee Letter, the Committee disputes the Debtor’s position regarding
the merits of the motions and Adversary Proceedings described above.**

ARTICLE VI

SUMMARY OF THE PLAN

29 The Debtor submits that the treatment of creditors under the Plan is more favorable than the
30 treatment creditors would receive if the Chapter 11 Case were converted to a case under chapter 7 of the
31 Bankruptcy Code. Therefore, the Debtor submits that the Plan is in the best interests of all creditors and
32 the Debtor recommends acceptance of the Plan by Holders of Claims in Class 3 (General Unsecured
33 Claims), Class 4 (Abuse Claims), Class 5 (Unknown Abuse Claims), and Class 6 (Non-Abuse Litigation
34 Claims).

35 The summary of significant elements of the Plan below is provided for the convenience of all
36 parties. The summary does not describe every element of the Plan and is not intended as a substitute for
37 a thorough and complete review of the Plan. This summary is subject to, and is qualified in its entirety
38 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.

THIRD AMENDED DISCLOSURE STATEMENT FOR THIRD AMENDED PLAN OF REORGANIZATION

1 **A. Classification of Claims Generally**

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

9 **B. Classification and Treatment of Claims**

10 All classified Claims have been placed into one of eight separate Classes. The Plan affirmatively
11 states whether each Class of Claims is Impaired or Unimpaired and whether such Class is entitled to vote.
12 Additionally, some Claims are left unclassified. The separate Classes are described in detail within this
13 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 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

24 1. **Class 1 – Secured Claim of RCC**

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

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

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

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

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

6 Treatment: Except to the extent a Holder of an Allowed Priority Unsecured Claim agrees
7 to less favorable treatment of such Claim, in full and final satisfaction, settlement, release, and discharge
8 of and in exchange for such Allowed Priority Unsecured Claim, each such Holder shall receive payment
9 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.

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

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

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

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

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

25 4. **Class 4 – Abuse Claims**

26 **Classification:** Class 4 shall consist of all Allowed Abuse Claims, other than Unknown
27 Abuse Claims. As stated above, approximately 386 non-duplicative, timely Abuse Claims have been
28 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 Articles VIII and IX of the Plan and 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.

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

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

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

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

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

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

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

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

25 **Treatment:** The Plan creates the Non-Abuse Litigation Reserve to fund payments to
26 Holders of Allowed Non-Abuse Litigation Claims in accordance with Section 12.7 of the Plan. Except to
27 the extent a Holder of an Allowed Non-Abuse Litigation Claim agrees to less favorable treatment of such
28 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.

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

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

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

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

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

13 C. **Unclassified Claims.**

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

16 1. **Administrative Claims**

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

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

 (ii) **Administrative Expense Claims Bar Date.** Except as provided for in the
Plan or in any order of the Bankruptcy Court, and subject to Section 503(b)(1)(D) of the
Bankruptcy Code, Holders of Administrative Expense Claims, other than a Fee Claim or a Claim
for U.S. Trustee Fees, accruing on or before the Confirmation Date must file and serve on the
Debtor requests for the payment of such Claims not previously Allowed by a Final Order in
accordance with the procedures specified in the Confirmation Order, on or before the
Administrative Expense Claims Bar Date, or such Claims shall be automatically Disallowed,
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,

1 or approval of the Bankruptcy Court, and any such Claims shall be deemed fully satisfied, released,
2 and discharged. Administrative Expense Claims representing obligations incurred by the Debtor
3 or Reorganized Debtor (as applicable) after the date and time of the entry of the Confirmation
4 Order shall not be subject to application to the Bankruptcy Court and may be paid by the Debtor
5 or Reorganized Debtor (as applicable) in the ordinary course of business and without Bankruptcy
6 Court approval.

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

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

14 (ii) The legal and equitable rights of Holders of Priority Tax Claims are
15 Unimpaired under the Plan. Except to the extent a Holder of an Allowed Priority Tax Claim agrees
16 to less favorable treatment, each Holder of an Allowed Priority Tax Claim shall receive on account
17 of and in full and complete settlement, release and discharge of, and in exchange for, such Allowed
18 Priority Tax Claim, cash in an amount equal to such Allowed Priority Tax Claim on, or as soon
19 thereafter as is reasonably practicable, the later of: (a) the Effective Date, to the extent such Claim
20 is an Allowed Priority Tax Claim on the Effective Date; (b) the first Business Day after the date
21 that is 30 days after the date such Priority Tax Claim becomes an Allowed Priority Tax Claim; and
22 (c) the date such Allowed Priority Tax Claim is due and payable in the ordinary course as such
23 obligation becomes due; provided, however, that the Debtor and Reorganized Debtor each reserves
24 the right to prepay all or a portion of any such amounts at any time under this option without
25 penalty or premium.

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

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

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

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

(iv) Unless otherwise directed by the Bankruptcy Court, all Professionals filing

1 final fee applications are required to comply with the *Order Appointing Fee Examiner and*
2 *Establishing Procedures for Review of Interim and Final Fee Applications Filed by Estate*
3 *Professionals* [Docket No. 1122] entered in the Chapter 11 Case, including any subsequent
4 amendments.

5 d. *Cure Claims.* Cure Claims are monetary Claims arising out of the Debtor's
6 default(s) under any Executory Contract or Unexpired Lease that the Debtor has assumed under section
7 365 of the Bankruptcy Code. Cure Claims shall be paid in full in accordance with, and at such times as
8 are set forth in, Section 7.2.2 of the Plan.

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

11 (i) To the extent any U.S. Trustee Fees have become due before the Effective
12 Date and have not previously been paid, then such fees shall be paid pursuant to 11 U.S.C. §
13 1129(a)(12) and 28 U.S.C. § 1930. Any U.S. Trustee Fees relating to the period from and after
14 the Effective Date shall be paid as provided in Section 12.8.4 of the Plan.

15 (ii) The requirement to pay U.S. Trustee Fees is subject to any amendments to
16 28 U.S.C. § 1930(a)(6) that Congress makes retroactively applicable to confirmed chapter 11
17 cases. The Reorganized Debtor shall have the exclusive right to pursue any cause of action, right
18 to reimbursement for overpayment, or similar interest of the Debtor in amounts paid pursuant to
19 28 U.S.C. § 1930.

20 **ARTICLE VII**

21 **SURVIVORS' TRUST**

22 **A. Survivors' Trust Liability for Abuse Claims.**

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

29 **B. Role of the Survivors' Trust**

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

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

1 C. **Appointment and Powers of the Survivors' Trustee**

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

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

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

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

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

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

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

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

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

1 **D. Survivors' Trust Advisory Committee**

2 As set forth in the Survivors' Trust Documents, there shall be established the Survivors' Trust
3 Advisory Committee, which shall be initially comprised of five (5) members selected by the Committee
4 and formed as of the Effective Date. Except with respect to Insurance Settlement Agreements entered
5 into by the Survivors' Trust post-Effective Date and certain other matters, the Survivors' Trust Advisory
6 Committee is intended to be consultative in nature and assist the Survivors' Trustee in the independent
7 exercise of his or her duties.

8 **E. Property and Funding of the Survivors' Trust**

9 As stated in the Executive Summary (Article I above), the Survivors' Trust shall be funded with
10 (i) aggregate Cash contributions from the Debtor and Reorganized Debtor (as applicable) of \$115 million,
11 (ii) any Cash contributions from a Contributing Non-Debtor Catholic Entity pursuant to Section 9.3.2 of
12 the Plan, (iii) any proceeds held by the Debtor or the Reorganized Debtor on account of Insurance Settlement
13 Agreements as set forth in and subject to the Plan, and (iv) the Assigned Insurance Interests. These are the
14 Survivors' Trust Assets. Each is detailed below.

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

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

28 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. Subject to Article VIII hereof
and the rights of Litigation Claimants, the Survivors' Trust shall, as of the Effective Date, assume sole and
exclusive responsibility and liability for all Abuse Claims against the 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 and Articles VIII and IX of the Plan. From and after the Effective Date, all
Abuse Claims against the Released Parties or any Settling Insurer 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, except for (a) an Abuse Claim against any Person who personally
committed an act or acts of Abuse resulting in a Claim against the Debtor or Contributing Non-Debtor
Catholic Entity, or (b) any Claim (including any Abuse Claim) held by a Non-Settling Insurer against any
Released Party other than the Debtor or the Reorganized Debtor. Subject to the foregoing, 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

1 obligations under the Plan or the Plan Documents to Holders of Allowed Abuse Claims (except, in the case
2 of any Contributing Non-Debtor Catholic Entity, with respect to Holders of Opt-Out Abuse Claims as set
3 forth in Section 6.2 hereof), including Allowed Unknown Abuse Claims, other than the obligations
4 required to be paid to the Survivors' Trust in Section 9.3 of the Plan.

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

- 12 a. On the date that is one year after the Effective Date, the Debtor shall transfer \$10
13 million in good and available funds to the Survivors' Trust using wiring instructions
14 provided by the Survivors' Trustee.
- 15 b. On the date that is one year after the Effective Date, the Debtor shall transfer \$10
16 million in good and available funds to the Survivors' Trust using wiring instructions
17 provided by the Survivors' Trustee.
- 18 c. On the date that is three years after the Effective Date, the Debtor shall transfer \$10
19 million in good and available funds to the Survivors' Trust using wiring instructions
20 provided by the Survivors' Trustee.
- 21 d. On the date that is four years after the Effective Date, the Debtor shall transfer \$10
22 million in good and available funds to the Survivors' Trust using wiring instructions
23 provided by the Survivors' Trustee.
- 24 e. On the date that is five years after the Effective Date, the Debtor shall transfer \$12
25 million in good and available funds to the Survivors' Trust using wiring instructions
26 provided by the Survivors' Trustee.

27 2. Contributions from Non-Debtor Catholic Entities. Any Non-Debtor Catholic Entity
28 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 \$28,500,000.00 (the
"RCWC Cash Contribution") to the Survivors' Trust, as follows: \$2,000,000.00 on
the Effective Date, \$4,000,000.00 on the date that is one year after the Effective
Date, \$4,000,000.00 on the date that is two years after the Effective Date,
\$6,000,000.00 on the date that is three years after the Effective Date, \$6,000,000.00
on the date that is four years after the Effective Date, and \$6,500,000.00 on the date
that is five 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 either opt out of granting RCWC such release or fail to
return a Ballot. To illustrate, if 80% of RCWC Claimants grant RCWC a release

1 pursuant to Section 13.9 of the Plan, RCWC shall only contribute 80% of the
2 aggregate RCWC Cash Contribution, or \$22,800,000.00, to the Survivors' Trust,
3 in installments of \$1,600,000.00 on the Effective Date, \$3,200,000.00 on the first
4 and second anniversaries of the Effective Date, \$4,800,000.00 on the third and
5 fourth anniversaries of the Effective Date, and \$5,200,000.00 on the fifth
6 anniversary of the Effective Date. See **Exhibit E**, RCWC Currier Letter.

7
8 b. **Other Contributing Non-Debtor Catholic Entities.** Should any other Non-
9 Debtor Catholic Entity become a Contributing Non-Debtor Catholic Entity between
10 the filing of the Plan and the date of the filing of the Plan Supplement, the Plan
11 Supplement shall set forth the amount of Cash contributed by any such Non-Debtor
12 Catholic Entity (or, if the Contribution is not in Cash, the nature and approximate
13 Cash-value of the contribution by any such Non-Debtor Catholic Entity) and shall
14 set forth the extent to which such Non-Debtor Catholic Entity's contribution is
15 conditioned on the number of Releases it receives from Holders of Class 4 and
16 Class 5 Claims asserting liability against such Non-Debtor Catholic Entity in
17 connection with an Abuse Claim.

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

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

24 4. **Insurance Settlement Agreements.** In addition to the Debtor Cash Contribution, any Cash
25 received by the Debtor on or before the Effective Date in connection with an Insurance Settlement
26 Agreement shall be transferred to the Survivors' Trust on the Effective Date and shall be part of the
27 Survivors' Trust Assets. After the Effective Date, see below at Article VII.G.6.

28 5. **Assignment of Assigned Insurance Interests.** On the Effective Date, the Insurance
Assignment described in Article VIII of the Plan shall become effective. The Assigned Insurance Interests
means all rights, claims, interests, benefits, responsibilities, and obligations of the Debtor in the Non-
Settling Insurer Policies, subject to the terms of the Plan including without limitation Articles VIII and IX
of the Plan and the provisions of the Plan concerning the Litigation Option.

6. **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 and reasonable expenses of the Survivors' Trust, and to pursue and execute Insurance
Settlement Agreements (i.e. negotiate and effectuate potential settlements with Non-Settling Insurers).
Notwithstanding anything herein to the contrary, no monies 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.

7. **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.

26 **F. Unknown Abuse Claims Reserve**

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

THIRD AMENDED DISCLOSURE STATEMENT FOR THIRD AMENDED PLAN OF REORGANIZATION

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

9 **G. Treatment of Abuse Claims.**

10 1. Immediate Payment Election.

11 Abuse Claimants may elect to receive the Immediate Payment from the Survivors' Trust by
12 checking the appropriate box on their respective Ballots. Only Holders of Abuse Claims who return a
13 Ballot and who affirmatively check the box on their Ballot indicating they wish to receive the Immediate
14 Payment shall be entitled to receive the Immediate Payment. If a Holder of an Abuse Claim elects to
15 receive the Immediate Payment, the payment will be made within thirty (30) days after the Effective Date.
16 After receipt of the Immediate Payment, the Holder of an Abuse Claim shall not be entitled to any further
17 distributions from the Survivors' Trust and shall not be entitled to pursue any Abuse Claim against the
18 Non-Settling Insurers or any other party. If a Person submitted, or is the Holder of, more than one Abuse
19 Claim and such Holder elects to receive the Immediate Payment, such Holder shall only be entitled to one
20 Immediate Payment on account of all of their Abuse Claims, shall not be entitled to any further
21 distributions from the Survivors' Trust, and shall not be entitled to pursue any Abuse Claim against the
22 Non-Settling Insurers or any other party.

23 2. Review and Scoring of Claims.

24 After the Effective Date, every Trust Claim held by an Abuse Claimant shall be reviewed and
25 allocated a percentage of the recovery pool based on numerical scaling factors (but not based on alleged
26 dollar value of the Claim) by the Abuse Claims Reviewer in order to determine the distribution to each
27 such Holder in accordance with the terms of the Survivors' Trust Documents.

28 The scoring process works as follows:

- First, the Abuse Claims Reviewer applies Initial Criteria to determine whether any incurable defects exist with respect to a Trust Claim;
- Second, the Abuse Claims Reviewer applies General Criteria intended to determine whether the Trust Claim adequately describes the alleged abuse, alleged perpetrator, location of abuse, and legal liability of the Debtor or another party; and,
- Third, the Abuse Claims Reviewer applies Evaluation Factors to actually score the claim on a scale from 1-100. The Evaluation Factors include the nature of the abuse (in terms of duration, frequency, level of severity and degree of intrusiveness, etc.), the impact of the abuse (in terms of mental and physical health, spiritual well-being, interpersonal relationships, etc.); prior recoveries, if any, from other parties; and the claimant's involvement in bringing the abuse to light for the benefit of all Trust Claimants.

After scoring each Trust Claim, the Abuse Claims Reviewer will calculate the value of an individual "point." The point value will be determined by dividing (a) the total dollars available for distribution to Trust Claims by (b) the total of points among the individual Trust Claims. For example:

- 1 • Assume there are 345 claimants holding Trust Claims with an average score of 50 points per claim.
- 2
- 3 • 50 points per claim multiplied by 345 claims yields 17,250 total points.
- 4 • Assuming a total distributable amount of \$138.5 million, each point would be valued at \$8,028.99 (\$138.5 million divided by 17,250 points).

5 Accordingly, Trust Claims assigned 25, 50, and 75 points would receive projected total recoveries of \$200,724.75, \$401,449.50, and \$602,174.25 from the Survivor's Trust, respectively.

6 3. Initial Determination.

7 a. Based on the percentage allocation determined by the Abuse Claims Reviewer, the
8 Survivors' Trustee shall provide a determination of the distribution to which each Holder of each Trust
9 Claim is entitled (the "Initial Determination"), in accordance with the terms of the Survivors' Trust
10 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.

11 b. Within thirty (30) days of receipt of the notice of the Initial Determination, each
12 Holder of a Trust Claim shall have the right to request an additional review of the Initial Determination
13 by the Abuse Claims Reviewer and shall be allowed to submit additional documentation or information
that such Claimant believes should be considered. The Abuse Claims Reviewer shall provide a subsequent
determination (the "Review Determination"), as provided for in the Survivors' Trust Documents.

14 c. If requested, the Review Determination shall be the "Final Determination" for
15 purposes of such Holder's distributions from the Survivors' Trust. If the Review Determination is not
requested, the outcome of the Initial Determination shall be the Final Determination.

16 d. For the avoidance of doubt, no determination will be made in the Chapter 11 Case
17 concerning the alleged dollar value of an Abuse Claim for purposes of unsettled Insurance. Neither the
18 Abuse 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
19 a trial, an adjudication on the merits, or evidence of liability or damages in any litigation with the Non-
Settling Insurer or any other Person.

20 4. Distributions to Trust Claimants from the Survivors' Trust.

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

22 a. Within 30 days of the Abuse Claims Reviewer's completion of all Review
23 Determinations, the Survivors' Trustee shall make a projection of anticipated distributions to each Holder
of a Trust Claim. This amount may differ from the Initial Determination after accounting for Review
24 Determinations.

25 b. The Survivors' Trustee will make an initial distribution (the "Initial Distribution")
26 to each Trust Claimant, except for those Trust Claimants who elect the Litigation Option (defined below
and in Section 9.8.4 of the Plan). The Initial Distribution shall be comprised of each such Trust Claimants'
27 *pro rata* share of the Survivors' Trust Assets existing on that date, less reasonable reserves for the
Survivors' Trust, to be determined by the Survivors' Trustee in accordance with the Survivors' Trust
Documents (the "Initial Reserve").

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

5 d. After (i) the final resolution of all Trust Claims, including with respect to Litigation
6 Claimants, and (ii) all Survivors' Trust Assets are monetized, the Survivors' Trustee shall make a final
7 distribution to Distribution Claimants (the "Final Distribution"), which shall include previously withheld
8 reserves and any reallocated funds. If, after 180 days from the date of the Final Distribution, there are any
9 funds which are not claimed by the Holder of a Trust Claim, such unclaimed funds shall be returned to
10 the Reorganized Debtor.

11 5. Election of Distribution Option vs. Litigation Option.

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

22 a. In the event a Trust Claimant elects the Litigation Option, the Reserved Amount to
23 be held by the Survivor's Trustee on account of such Trust Claimant shall be the amount of such Trust
24 Claimant's Final Determination. As the Survivors' Trust receives additional Cash (including, without
25 limitation, on account of the Debtor Cash Contributions, RCWC Cash Contributions, Insurance Settlement
26 Agreements, other contributions of Cash, or proceeds from the liquidation of any of the Survivors' Trust
27 Assets), the Survivors' Trustee shall increase the Reserved Amount on account of such Trust Claimant
28 commensurately.

29 b. The liability, if any, of the Survivors' Trust to a Litigation Claimant shall be limited
30 to the Reserved Amount for such Trust Claimant, even if the Trust Claimant obtains a judgment by a Final
31 Order through the Abuse Claim Litigation (the "Litigation Judgment") that is higher than the Reserved
32 Amount.

33 c. In the case of a Trust Claimant who obtains a Litigation Judgment that is lower than
34 the Reserved Amount for such Trust Claimant, the distribution from the Survivors' Trust to such Trust
35 Claimant shall be capped at the amount of the Litigation Judgment; provided, however, that such
36 distribution from the Survivors' Trust shall be further reduced by the amount of any liability for the
37 Litigation Judgment that is apportioned to (i) one or more defendants in the Abuse Claim Litigation other
38 than any of the Released Parties, and/or (ii) any Non-Settling Insurer on account of such Non-Settling
39 Insurer's coverage obligations under an Abuse Insurance Policy, if any, subject to such Non-Settling
40 Insurer's rights to Contribution and other rights under this Plan and the applicable Abuse Insurance
41 Policy(ies). The difference between a Trust Claimant's Reserved Amount and the reduced distribution to
42 such Trust Claimant from the Survivors' Trust shall be reallocated for distribution to Trust Claimants in
43 their *pro rata* share.

44 d. In the case of a Trust Claimant who obtains a Litigation Judgment that is higher
45 than the Reserved Amount for such Trust Claimant, the distribution from the Survivors' Trust to such
46 Trust Claimant shall be the lower of: (a) the Reserved Amount or (b) the amount of such Litigation
47 Judgment less any liability for the Litigation Judgment apportioned to (i) any defendants in the Abuse
48 Judgment.

1 Claim Litigation other than any of the Released Parties and/or (ii) any Non-Settling Insurer on account of
2 such Non-Settling Insurer's coverage obligations under an Abuse Insurance Policy, if any, subject to such
3 Non-Settling Insurer's rights to Contribution and other rights under this Plan and the applicable Abuse
4 Insurance Policy(ies). The difference between a Litigation Claimant's Reserved Amount and the reduced
5 distribution to such Litigation Claimant from the Survivors' Trust shall be reallocated to Distribution
6 Claimants in their *pro rata* share.

7 e. If a Trust Claimant obtains a Litigation Judgment for which all liability is assigned
8 in the aggregate to (i) defendants in the Abuse Claim Litigation other than the Released Parties and/or (ii)
9 one or more Non-Settling Insurers, any party found liable for payment to such Trust Claimant shall pay
10 that judgment directly to such Trust Claimant. The Trust Claimant shall have no further claims against
11 the Survivors' Trust. The Survivors' Trustee shall reallocate the Reserved Amount on account of such
12 Trust Claimant's Trust Claim to Distribution Claimants in their *pro rata* share.

13 f. If, pursuant to Section 9.8.4, a Trust Claimant who received a Litigation Judgment
14 is entitled to a distribution from the Survivors' Trust, the Survivors' Trustee shall make any such
15 distribution from the Survivors' Trust Assets to such Trust Claimant not later than thirty (30) days after
16 the Survivors' Trustee receives notice of entry of the Trust Claimant's Litigation Judgment in the Abuse
17 Claim Litigation. If the Survivors' Trust is not a formal notice party in the Abuse Claim Litigation filed
18 by such Trust Claimant, it shall be the burden of the Trust Claimant to serve the Survivors' Trustee with
19 notice of entry of the Trust Claimant's Litigation Judgment in the Abuse Claim Litigation.

20 g. Upon written notice to the Survivors' Trustee, subject to the Survivors' Trustee's
21 sole and absolute discretion, a Litigation Claimant may rescind that election in favor of the Distribution
22 Option (and become, for all purposes, a Distribution Claimant). Notwithstanding the foregoing, the
23 Survivors' Trustee shall consent to such rescission if such written notice of rescission is given prior to
24 entry of an order of dismissal or a final judgment by a Final Order in the Abuse Claim Litigation in favor
25 of a Released Party.

26 h. Following final resolution of the last Abuse Claim Litigation, the Survivors'
27 Trustee will make his Final Distribution to Distribution Claimants as set forth in Section 9.8.3.4 of the
28 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 Payment, the Distribution Option, or the Litigation Option, and (iii) any modification made
by any Holder of an Abuse Claim to their treatment status.

6. Post-Effective Date Insurance Settlement Agreements.

To the extent the Survivors' Trust enters into an Insurance Settlement Agreement that covers the
Abuse Claim of a Litigation Claimant that commenced an Abuse Claim Litigation (a "Settling Trust
Claimant"), (i) such Abuse Claim Litigation shall be promptly dismissed to the extent the Settling Trust
Claimant is seeking a determination of, and the availability of Insurance Recoveries for, the liability of a
Released Party on account of the Settling Trust Claimant's Abuse Claim, (ii) within thirty (30) days of
receipt of the Cash consideration of such Insurance Settlement Agreement, the Survivors' Trust shall pay
the Settling Trust Claimant an amount equivalent to 50% of the Settling Trust Claimant's then-existing
Reserved Amount, calculated based on the value of the Survivors' Trust Assets immediately before receipt
of such Cash consideration from the Insurance Settlement Agreement, (iii) the Settling Trust Claimant
shall be deemed to have rescinded their election of the Litigation Option in favor of the Distribution Option
and the Survivors' Trustee shall be deemed to have consented to such rescission, each in accordance with
Section 9.8.4.7 of the Plan, and (iv) the remaining Cash realized by the Survivors' Trust on account of the
Insurance Settlement Agreement shall be added to the Survivors' Trust Assets. Thereafter, Settling Trust

1 Claimants shall: 1) be treated as Distribution Claimants in all respects, and 2) be entitled to receive *pro*
2 *rata* distributions from the Survivors' Trust Assets in accordance with the terms of this Plan and the
Survivors' Trust Documents.

3 **H. Compensation and Reimbursement of Expenses to Survivors' Trustee and Survivors'**
4 **Trust Professionals.**

5 The Survivors' Trustee shall be entitled to compensation as provided for in the Survivors' Trust
6 Documents. The Survivors' Trustee may retain and reasonably compensate, without Bankruptcy Court
7 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.

8 **I. Excess Survivors' Trust Assets.**

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

12 **J. Indemnification of Debtor, Reorganized Debtor, and Contributing Non-Debtor Catholic**
13 **Entities.**

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

17 **K. Modification of Survivors' Trust Documents.**

18 The Survivors' Trust Documents may not be amended or modified without the consent of the
19 Reorganized Debtor. The Reorganized Debtor shall also have consent rights with respect to the
20 appointment of any successor Survivors' Trustee and Survivors' Trust Advisory Committee members,
which consent shall not be unreasonably withheld. Notwithstanding the foregoing, the indemnification
21 obligations of the Survivors' Trust described in the Plan as to any Released Party may not be amended or
modified without the consent of such Released Party and no such amendment shall affect the rights of any
remaining Non-Settling Insurers.

22 **ARTICLE VIII**

23 **SETTLING INSURERS**

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

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

1 **B. Insurance Settlement Agreements**

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

9 Each Insurance Settlement Agreement is effective and binding upon all Persons who have notice,
10 and any of their successors and assigns, upon the entry of a Final Order approving the Insurance Settlement
11 Agreement and satisfaction of all conditions precedent, provided such settlement shall not affect the rights
12 of any remaining Non-Settling Insurers. Payments by each Settling Insurer to the Survivors' Trust, and
13 the releases by the Debtor and/or the Contributing Non-Debtor Catholic Entities of each Settling Insurer,
14 pursuant to the Insurance Settlement Agreements shall occur and/or be effective according to the terms of
15 each such agreement.

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

17 Each Settling Insurer Policy shall be sold to the issuing Settling Insurer, pursuant to sections 105,
18 363, and 1123 of the Bankruptcy Code, free and clear of all liens and Claims of all Persons, to the extent
19 provided for in each applicable Insurance Settlement Agreement, provided such sale shall not affect the
20 rights of any remaining Non-Settling Insurers.

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

22 The Insurance Settlement Agreements shall survive the confirmation, effectiveness, and
23 consummation of the Plan. The rights of the parties under any Insurance Settlement Agreement shall be
24 determined exclusively under the applicable Insurance Settlement Agreement, the Final Order approving
25 such Insurance Settlement Agreement, the Plan, and the Confirmation Order.

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

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

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

24 **F. Timing**

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

1 **ARTICLE IX**

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

3 **A. Insurance Coverage for Abuse Claims**

4 Holders of Abuse Claims who do not elect to receive an Immediate Payment may seek to have
5 their claim satisfied by electing either (i) the Distribution Option, or (ii) for the purpose of recovering from
6 one or more Non-Settling Insurers under their respective Insurance Policies, the Litigation Option. Absent
7 agreement of the applicable Non-Settling Insurer(s), the Holder of an Abuse Claim may only litigate
8 coverage of such Holder's Abuse Claim under the Non-Settling Insurer's Abuse Insurance Policy(ies) by
9 electing the Litigation Option. Only the applicable Holder of an Abuse Claim may seek recovery for such
10 Abuse Claim against a Non-Settling Insurer pursuant to an Abuse Insurance Policy issued by such Non-
11 Settling Insurer. The Insurance Assignment is subject to the exclusive rights of such Holders.

12 After Confirmation, any Litigation Claimant shall be granted leave to pursue such Claim by filing
13 in the Chapter 11 Case a written statement of intent to do so by electing the Litigation Option (which may
14 be filed under a pseudonym if the claimant's name has not been previously publicly identified, *provided*
15 that (i) the notice otherwise adequately identifies the relevant Claim including the case number for the
16 pending litigation and (ii) the claimant or his or her counsel notifies the Non-Settling Insurers of the
17 claimant's actual name). After the expiration of ninety (90) days following the filing of such written
18 statement, such Holder of an Abuse Claim may continue to pursue such Claim in a separate action filed
19 in a non-bankruptcy court of competent jurisdiction as determined by applicable law, solely to seek a
20 recovery from Abuse Insurance Policies. Affected Non-Settling Insurers shall have the right (and the
21 obligation, to the extent so provided under their respective Abuse Insurance Policy(ies)), to defend such
22 Claim, consistent with the terms of their Abuse Insurance Policies and applicable non-bankruptcy law.
23 Such affected Non-Settling Insurers are also granted leave to defend against Abuse Claims and take other
24 actions authorized in their respective Abuse Insurance Policies in response to Abuse Claims, including
25 paying settlements to which the affected Non-Settling Insurers agree or any judgments.

26 The Debtor (including the estate and the Reorganized Debtor) and the Survivors' Trust will
27 cooperate in the defense of any such claim to the extent provided under the applicable Abuse Insurance
28 Policy or Policies and as requested by an affected Non-Settling Insurer.

Nothing in Section 8.2.2 of the Plan or in this Article IX.A shall diminish or alter the rights of a
Holder of an Abuse Claim who elects the Litigation Option to receive a distribution from the Survivors'
Trust pursuant to Section 9.8.4 herein.

If the Holder of an Abuse Claim elects the Litigation Option then, among other things, (1) the
rights of affected Non-Settling Insurers to defend or associate in the defense of such Abuse Claims shall
be fully preserved so that a Non-Settling Insurer who has offered to, or has an obligation to, defend may
do so, and (2) the rights of affected Non-Settling Insurers to assert all coverage defenses and issues in any
insurance recovery action (under Cal. Ins. Code § 11580 or otherwise) shall also be fully preserved. In
any such insurance recovery action (under Cal. Ins. Code § 11580 or otherwise), Holders of Abuse Claims
shall have no greater or lesser rights than the Debtor, including as to any findings of fact, conclusions of
law, or rulings issued in connection with the Coverage Action or any other coverage litigation between
the Debtor or the Survivors' Trust and any of the Insurers. To the extent any applicable Non-Settling
Insurer elects not to defend an Abuse Claim in the non-bankruptcy court system after receiving proper
notice and opportunity to do so, the Holder of an Abuse Claim shall be entitled to seek a default judgment
against the Debtor as nominal party only, solely to allow such Holder of an Abuse Claim to then pursue
insurance rights under Cal. Ins. Code § 11580 in accordance with the provisions in the Plan.

1 If a Holder of an Abuse Claim elects the Litigation Option, liquidates its Claim, and obtains a final
2 judgment by a Final Order against a Non-Settling Insurer, such Non-Settling Insurer shall pay the amount
3 of the judgment directly to the Holder of such Claim in accordance with, and subject to, the provisions of
4 the Plan. The Holder of an Abuse Claim shall have the exclusive right to liquidate such Holder's Abuse
5 Claim under the Litigation Option and pursue Coverage Claims against a Non-Settling Insurer.

4 **B. Preservation of the Rights of Non-Settling Insurers**

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

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

14 With respect to the Non-Settling Insurers, notwithstanding any provision in the Plan, the Plan
15 Documents, the Confirmation Order, or the Survivors' Trust Documents, nothing contained in any such
16 documents or in this paragraph shall impose, or shall be deemed or construed to impose, any obligation
17 on any Non-Settling Insurer to provide a defense for, settle, or pay any judgment with respect to, any
18 Abuse Claim. Rather, a Non-Settling Insurer's obligation, if any, with respect to an Abuse Claim shall be
19 determined solely by and in accordance with the applicable Abuse Insurance Policy or Abuse Insurance
20 Policies issued by that Non-Settling Insurer subject to applicable non-bankruptcy law. Nothing in the Plan,
21 the Plan Documents, the Confirmation Order, or the Survivors' Trust Documents shall diminish or impair,
22 or be deemed to diminish or impair, the rights of any Non-Settling Insurer to defend any Abuse Claim or
23 to assert any claim, defense, right, or counterclaim in connection with any Abuse Claim or Abuse
24 Insurance Policy in accordance with applicable law; provided, however, that any claim or counterclaim
25 for Contribution (as defined in Section 8.4 of the Plan) against a Settling Insurer shall be addressed as
26 provided herein.

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

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

26 With respect to the Non-Settling Insurers, for purposes of establishing the value of any Abuse
27 Claim for purposes of recovery from, or coverage under, any Abuse Insurance Policy issued by a Non-
28 Settling Insurer, no determination made in the Chapter 11 Case, nor any determinations made by the Abuse
Claims Reviewer or Survivors' Trustee concerning any Abuse Claim at any time, shall be binding on or

1 against a Non-Settling Insurer, nor shall any party (including any Holder of an Abuse Claim against the
2 Debtor) offer into evidence, or seek to admit into evidence, any such alleged determination in any tort
3 actions 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, except
4 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.

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

9 Neither the Abuse Claims Reviewer's nor Survivors' Trustee's review of an Abuse Claim and
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
distributions), shall constitute a trial or an adjudication on the merits, or evidence of liability or damages,
11 in any litigation with the Non-Settling Insurer or any other Person.

12 With respect to Non-Settling Insurers, nothing in the Plan, the Plan Documents, the Confirmation
Order, or the Survivors' Trust Documents shall, under any theory, (a) constitute a trial, a judgment, an
13 adjudication on the merits, or evidence establishing the liability (in the aggregate or otherwise) or
obligation of the Debtor or the Survivors' Trust with respect to any Abuse Claim, (b) constitute a trial, a
14 judgment, an adjudication on the merits, or evidence (or be introduced as evidence) establishing the
liability of any Non-Settling Insurer in current or subsequent litigation for any Claim, including, without
15 limitation, any Abuse Claim, or under any Abuse Insurance Policy, (c) constitute, or be deemed to
constitute (or be introduced to support a determination) of the reasonableness of the amount of any Claim,
16 including any Abuse Claim, either individually or in the aggregate with other Claims, (d) be deemed to
grant to any Person or Entity any right to sue any Non-Settling Insurer directly, in connection with a
17 Claim, including any Abuse Claim, or any Abuse Insurance Policy, that such Person or Entity did not
otherwise have under applicable non-bankruptcy law, (e) constitute a finding or determination (or be
18 introduced to support a finding or determination) that the Debtor is a named insured, additional insured,
or insured in any other way under any Abuse Insurance Policy, (f) constitute a finding or determination
19 (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)
20 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)
21 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 Insurance Coverage Litigation. In
22 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.

23 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
24 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
25 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
26 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
27 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,

28 **THIRD AMENDED DISCLOSURE STATEMENT FOR THIRD AMENDED PLAN OF REORGANIZATION**

1 however, no Non-Settling Insurer may assert the Insurance Assignment as a defense to any Coverage
2 Claim nor challenge the efficacy or validity of the Insurance Assignment, and (ii) all of the Debtor's
3 defenses to liability, both legal and equitable, in connection with any asserted Abuse Claim, and the Non-
4 Settling Insurers' rights to assert all such underlying defenses and insurance coverage defenses in
5 connection with Abuse Claims will not be impaired in any way by the Plan, the Plan Documents, the
6 Confirmation Order, or the Survivors' Trust Documents, but shall be subject to applicable non-bankruptcy
7 law.

8 Any disputes regarding a Non-Settling Insurer's liability for Abuse Claims and/or coverage
9 therefor under any Abuse Insurance Policy shall be resolved under applicable non-bankruptcy law in a
10 court of competent jurisdiction or such other venue as the affected parties (including the Non-Settling
11 Insurer(s)) may agree.

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

15 Any Non-Settling Insurer's legal, equitable, or contractual rights and obligations relating to the
16 Abuse Insurance Policies issued by such Non-Settling Insurer shall be determined under applicable non-
17 bankruptcy law. Nothing in the Plan shall be construed to impair or diminish the Debtor's or any Non-
18 Settling Insurer's legal, equitable, or contractual rights or obligations under any Abuse Insurance Policy
19 including, but not limited to, the ability to negotiate resolution of any dispute; provided, however, (a) that
20 because Non-Settling Insurers would solely be potentially financially responsible for payment of Abuse
21 Claims (and the Debtor would have no such potential financial responsibility), the provisions of Cal. Civil
22 Code § 2860 entitling an insured to appointment of independent counsel in certain circumstances shall not
23 apply to any claims pursued by Holders of Abuse Claims against the Debtor (as a nominal party only) in
24 the non-bankruptcy court system for the purpose of recovering from Debtor (as a nominal party) and (b)
25 neither the Debtor (including the Estate and the Reorganized Debtor) nor the Survivors' Trust shall have
26 the right to (i) direct or interfere with a Non-Settling Insurer's defense of a tort action asserting an Abuse
27 Claim, or (ii) settle an Abuse Claim without the consent of all affected Non-Settling Insurers; provided,
28 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. For the avoidance of doubt, if the Holder of an Abuse Claim has elected the Immediate
Payment or the Distribution Option, nothing in Section 8.3.12 of the Plan shall restrict the Survivors' Trust
from resolving or making a distribution on account of such Abuse Claim without the consent of any Non-
Settling Insurer for purposes of the Immediate Payment or Distribution Option.

29 Except as expressly stated herein, any coverage issues involving the Non-Settling Insurers or the
30 Abuse Insurance Policies issued by the Non-Settling Insurers shall be determined in accordance with
31 applicable non-bankruptcy law. All positions and arguments with respect to available coverage under such
32 Abuse Insurance Policies shall be fully preserved for assertion by the Non-Settling Insurers and Abuse
33 Claimants in any litigation of coverage issues. Subject to the terms of the Plan, the Non-Settling Insurers
34 and Holders of Abuse Claims reserve their rights, if any, to (i) bring proceedings concerning the
35 application and interpretation of the terms of the Abuse Insurance Policies and rights thereunder, as well
36 as whether defense and/or indemnity are owed under the Abuse Insurance Policies, and (ii) oppose any
37 such proceeding commenced by any other person or entity in any court of appropriate jurisdiction as
38 determined under applicable non-bankruptcy law; provided, however, because the Debtor will have

THIRD AMENDED DISCLOSURE STATEMENT FOR THIRD AMENDED PLAN OF REORGANIZATION

1 received a discharge under the Plan, any effort to collect from Abuse Insurance Policies issued by the
2 Non-Settling Insurers to satisfy an Abuse Claim after Confirmation of the Plan shall be sought individually
3 by the applicable Holder of an Abuse Claim after such Holder's Claim has been liquidated as provided
4 herein. Any disputes regarding a Non-Settling Insurer's liability for Abuse Claims (after such Abuse
5 Claim has been liquidated under the provisions set forth above) and/or coverage therefor under Abuse
6 Insurance Policies shall be resolved under applicable non-bankruptcy law in a court of competent
7 jurisdiction or such other venue as the affected parties (including the Non-Settling Insurer(s)) may agree.

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

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

17 **C. Scope of Plan Injunctions With Respect to Non-Settling Insurers**

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

23 If a Non-Settling Insurer asserts it has (a) Contribution Claims directly or indirectly arising out of
24 or in any way relating to such Non-Settling Insurer's payment of loss on behalf of the Debtor or defense
25 expenses incurred in any action that should have been paid by or are otherwise attributable to a Settling
26 Insurer related to any Abuse Claim or (b) rights to recover any self-insured retentions/obligations and/or
27 deductibles (collectively, "Payment Obligations") in connection with its payment of defense and/or
28 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.

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

In any Action, including the Insurance Coverage Litigation, 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

1 Claims are determined by the court presiding over such Claims to be valid, then any judgment or award
2 obtained against such Non-Settling Insurer by such Holder of an Abuse Claim shall be automatically
3 reduced by the amount, if any, that the Survivors' Trust or any of the Settling Insurers is liable to pay such
4 Non-Settling Insurer as a result of the Non-Settling Insurer's Contribution Claim, so that the Contribution
5 Claim is thereby satisfied and extinguished; provided, however, that, as against the Survivors' Trust (as
6 successor to the Debtor), a Non-Settling Insurer may only assert any such Contribution Claim for the
7 payment of deductible or self-insured retention. The Settling Insurers shall be required to cooperate in
8 good faith with the Debtor, the Reorganized Debtor, and/or the Survivors' Trust to take commercially
9 reasonable steps to defend against any Contribution Claim by a Non-Settling Insurer.

6 **E. Cooperation with Non-Settling Insurers**

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

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

15 The Non-Settling Insurers shall reserve all coverage defenses with respect to any current or future
16 failure to cooperate. The Debtor and the Survivors' Trust reserve all rights under the applicable Abuse
17 Insurance Policies of the Non-Settling Insurers. The terms of the Plan (including Articles VIII and IX of
18 the Plan) constitute a voluntary agreement by the Non-Settling Insurers to the Insurance Assignment, and
19 such terms shall not be deemed to be an involuntary order to that effect.

18 **F. Reductions In Non-Settling Insurers' Liability**

19 No Litigation Claimant shall recover in the aggregate from the Survivors' Trust and any Non-
20 Settling Insurer an amount greater than the total amount of the judgment entered by the applicable court
21 of competent jurisdiction on such Holder's underlying Abuse Claim, subject to the terms of Section 5.14
22 of the Plan. A Non-Settling Insurer shall have all rights available under non-bankruptcy law to assert,
23 seek, and enforce any right to offset, recoup, or otherwise reduce its liability on any such entered judgment,
24 including without limitation all rights available under non-bankruptcy law to assert, seek, and recover on
25 such claims against the Survivors' Trust.

23 **ARTICLE X**

24 **MEANS FOR IMPLEMENTATION OF THE PLAN**

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

1 **A. Revesting.**

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

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

15 **B. Child Protection Measures.**

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

20 **C. CCCEB Settlement**

21 Through the CCCEB Settlement, the Plan contemplates that, in full and complete satisfaction of
22 all obligations under the CCCEB Note, on the Effective Date, CCCEB shall transfer fee simple title to the
23 Cathedral Center to the Reorganized Debtor, together with all improvements thereon and all tangible
24 personal property owned by CCCEB and located on or used in connection with operation of the Cathedral
25 Center.

26 In connection with the CCCEB Settlement:

- 27 a. CCCEB shall assign to the Reorganized Debtor, and the Reorganized Debtor shall
28 assume all obligations of CCCEB under, all current contracts related to
maintenance and operation of the Cathedral Center, provided that the Reorganized
Debtor may decline to assume any such contract following reasonable diligence
review, and further provided that to the extent any such contracts are not assignable
under their terms or applicable law or assignment would constitute a breach under
the terms of such contract, Reorganized Debtor may instead, at its election, fund
CCCEB's obligations for payment under any such contracts.
- b. Funds in deposit accounts in the name of or controlled by CCCEB for operation of
the Cathedral Center shall, at the Reorganized Debtor's election, be transferred to
the Reorganized Debtor, or otherwise used for operating expenses related to the
Cathedral Center or otherwise to pay the debts of CCCEB.
- c. CCCEB shall assign to RCBO, and RCBO shall assume all obligations under the
existing User Agreements.

1 d. Following effectuation of the CCCEB Settlement as set forth in the Plan, CCCEB
2 shall have no further obligation or liability of any kind for the debt evidenced by
3 the CCCEB Note, or in connection with the CCCEB Note. The Plan provides that
4 the Debtor will reject the existing lease with CCCEB as it will no longer be
5 necessary.

6 The CCCEB Settlement provides a straightforward, practical resolution of CCCEB's unpaid debt
7 to the Debtor under the CCCEB Note. CCCEB has no material assets other than the Cathedral Center. It
8 also has no income other than lease payments and user fees paid by the Debtor and other users of the
9 Cathedral Center, substantially all of which are devoted to operation and maintenance of the Cathedral
10 Center. CCCEB is therefore unable to service the CCCEB Note and has no foreseeable means to repay
11 the principal balance thereunder. Based on appraisals obtained by the Debtor, the Cathedral Center has a
12 value in excess of the balance due under the CCCEB Note. Sale of the Cathedral Center in order to repay
13 the CCCEB Note is not a viable option for either CCCEB or the Debtor for reasons, including (i) the
14 Cathedral is essential to the Debtor's religious mission and serves as home to the Cathedral of Christ the
15 Light parish Church; (ii) the Debtor relies on use of the administrative offices and rectory in the Cathedral
16 Center; and (iii) the Cathedral Center includes a mausoleum licensed to RCC requiring maintenance in
17 perpetuity. The CCCEB Settlement therefore reflects a practical means for the Debtor to collect under the
18 CCCEB Note through transfer of CCCEB's sole material asset to the Debtor.

19 In evaluating settlements, bankruptcy courts in the Ninth Circuit consider the following factors:
20 (a) The probability of success in the litigation; (b) the difficulties, if any, to be encountered in the matter
21 of collection; (c) the complexity of the litigation involved, and the expense, inconvenience and delay
22 necessarily attending it; and (d) the paramount interest of the creditors. *See In re A & C Properties*, 784
23 F.2d 1377, 1381 (9th Cir. 1986). The obligation of CCCEB to the Debtor is clear, so there is a high
24 probability that the Debtor would prevail in litigation. Because CCCEB has no material assets other than
25 title to the Cathedral Center, the only avenue for collection would be through foreclosure of a judgment
26 lien on the Cathedral Center. If the Debtor were to seek collection of the CCCEB Note by obtaining and
27 executing on a judgment against CCCEB, the end result would be that the Debtor would obtain title to the
28 Cathedral Center real property through foreclosure on a judgment lien. While the litigation would not be
particularly complex, it would entail needless expense and delay. The CCCEB Settlement achieves the
same result without the need for the expense and delay of litigation. Considering the overall paramount
interests of creditors and the interests of the Debtor, the CCCEB Settlement is in the best interests of the
estate and creditors because it achieves the same results that would be achieved through litigation and
collection in a much more expedient, orderly, and less costly manner.¹¹

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

20 On the Effective Date, all Causes of Action held by the Estate or the Debtor other than those
21 included in the Survivors' Trust Assets shall be deemed fully vested in the Reorganized Debtor. Pursuant
22 to Section 1123(b)(3) of the Bankruptcy Code, the Reorganized Debtor shall retain and have the exclusive
23 authority and standing to prosecute, enforce, pursue, sue on, settle or compromise any and all Causes of
24 Action (including Avoidance Actions), arising before the Effective Date, including all Causes of Action
25 of a trustee and debtor-in-possession under the Bankruptcy Code, but not including the Insurance
26 Coverage Litigation, Assigned Insurance Interests, and any other Causes of Action expressly released or
27 compromised as part of or pursuant to the Plan or by other order of the Bankruptcy Court entered prior to
28 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

27 ¹¹ [As discussed in the Committee Letter, the Committee disagrees with these assertions.](#)

1 Causes of Action in the Plan shall not be deemed a waiver of any such Cause of Action by the Debtor,
2 Reorganized Debtor, or the Survivors' Trust.

3 **E. Continued Existence.**

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

10 **F. The Survivors' Trust.**

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

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

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

- 16 a. *Relief from the Automatic Stay.* Effective upon the Effective Date, Holders of Class
17 6 Claims are granted relief from the automatic stay of Section 362 of the
18 Bankruptcy Code solely for the purpose of continuing to prosecute their Class 6
19 Claim in a court of competent jurisdiction (each, a "Class 6 Action"), including but
20 not limited to litigating such action through entry of a judgment, prosecution of any
21 appeals and/or settlement of such action, subject to the terms and conditions set
22 forth herein. All Holders of Class 6 Claims shall be permitted, but not required, to
23 liquidate their Class 6 Action in a court of competent jurisdiction in accordance
24 with 28 U.S.C. § 157(b)(2)(B).
- 25 b. No less than sixty (60) days after the Effective Date, the Reorganized Debtor shall
26 establish the Non-Abuse Litigation Reserve and fund it with \$750,000.00.
- 27 c. *Sources of Recovery for Non-Abuse Litigation Claims.* Notwithstanding any
28 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
each 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; provided, however, no Holder of a Class 6 Claim may recover
more than \$250,000.00 from 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.
- d. *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

1 applicable) shall reasonably cooperate at the sole cost of the Holder of such Class 6
2 Claim to assign to that Holder the right to pursue and receive the proceeds of any
3 applicable coverage under such Insurer's Abuse Insurance Policy or Abuse Insurance
4 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 for Class 6 Claims.

5 **H. Bankruptcy Procedure and Transition.**

6 *Notice Required Post-Confirmation.* Except as otherwise specifically provided in the Plan, notice
7 of Filings in the Bankruptcy Court after the Confirmation Date, including fee applications, shall be
8 required to be given only to Persons or Entities on the Post-Confirmation Notice List. Consistent with the
9 Local Rules of the Bankruptcy Court, no other form of service shall be required on parties receiving
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.

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

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

15 **I. Post-Petition Deposits.**

16 As of the Effective Date, the Reorganized Debtor shall be authorized to close the Adequate
17 Assurance Account, as defined in the *Final Order Establishing Adequate Assurance Procedures With
18 Respect to The Debtor's Utility Providers* [Docket No. 114], and retain all funds held therein. From and
19 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,
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-
or post-petition agreement between the holder of such deposit and the Debtor.

20 **J. Cancellation of Liens**

21 Except as otherwise specifically provided herein, upon the payment of an Allowed Secured Claim
22 in accordance with the Plan, or upon any Secured Claim being Disallowed, any lien securing such Secured
23 Claim shall be deemed released, and the holder of such Secured Claim shall be authorized and directed to
24 release any collateral or other property of the Debtor held by such holder and to take such actions as may
25 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
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.

26 **K. Other Actions.**

27 On and after the Effective Date, the Reorganized Debtor shall be authorized to take such actions
28 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.

THIRD AMENDED DISCLOSURE STATEMENT FOR THIRD AMENDED PLAN OF REORGANIZATION

1 **L. General Settlement.**

2 Pursuant to Sections 105 and 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in
3 consideration for the classification, distributions, releases, and other benefits provided under the Plan, on
4 the Effective Date, the provisions of the Plan shall constitute a good faith compromise and settlement of
5 all Claims and controversies resolved pursuant to the Plan, including without limitation the CCCEB
6 Settlement. On or before the Effective Date, the Bankruptcy Court will have approved, by Final Order,
7 such compromises, and the Bankruptcy Court's findings will constitute its determination that such
8 compromises and settlements are in the best interests of the Debtor, the Estate, Holders of Abuse Claims
9 (including Unknown Abuse Claims), Holders of other Claims, and other parties in interest, and are fair,
10 equitable, and within the range of reasonableness. To the extent a separate Final Order is not entered on
11 or before the Confirmation Date, the entry of the Confirmation Order will constitute the Final Order
12 approving the compromises and settlements hereunder.

8 **M. Closing of the Case.**

9 As soon as reasonably practicable when the Reorganized Debtor deems appropriate, consistent
10 with the provisions of the Plan, the Bankruptcy Code including without limitation Section 350 of the
11 Bankruptcy Code, the Bankruptcy Rules including without limitation Bankruptcy Rule 3022, and the
12 Local Rules of the Bankruptcy Court, the Reorganized Debtor shall file and serve an application for entry
13 of a Final Decree closing the Chapter 11 Case, together with a proposed Final Decree. A Final Decree
14 may be entered before the Survivors' Trust is fully administered, and the expectation that the Survivors'
15 Trust will make further distributions shall not be a basis for delaying entry of a Final Decree. Entry of a
16 Final Decree closing the Chapter 11 Case shall, whether or not specified therein, be without prejudice to
17 the right of the Reorganized Debtor, the United States Trustee, the Survivors' Trustee, or any other party
18 in interest to reopen the Chapter 11 Case for any matter over which the Bankruptcy Court or the District
19 Court has retained jurisdiction under the Plan. Any Final Decree or order closing the Chapter 11 Case
20 will provide that the Bankruptcy Court or the District Court, as appropriate, will retain (a) jurisdiction to
21 enforce, by injunctive relief or otherwise, the Confirmation Order, any other orders entered in this Chapter
22 11 Case, and the obligations created by the Plan and the Plan Documents; and (b) all other jurisdiction
23 and authority granted to it under the Plan and the Plan Documents

17 **ARTICLE XI**

18 **DISPUTED CLAIMS AND CLAIMS DISTRIBUTIONS**

19 **A. Single Claim.**

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

23 **B. Objections to Claims**

24 *Parties Permitted to Object to Claims*

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

1 *Time Limits for Objections*

2 The Reorganized Debtor and the Survivors' Trust may File an objection to any Claim at any time
3 through the closing of the Chapter 11 Case. For all other parties in interest except Non-Settling Insurers
4 who agree to defend against any Litigation Claimant as set forth in Section 5.2.2, Article VIII, and Article
5 IX of the Plan, objections to a Claim must be Filed on or before the Claims Objection Deadline.

6 *Disputed Claims*

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

8 **C. Treatment of Disputed Claims**

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

20 **D. Late Filed Claims.**

21 Claims required to be submitted, but which are not submitted, on or before their applicable Claims
22 Bar Date, or which are not otherwise deemed timely and/or Allowed by order of the Court, shall receive
23 no distribution under the Plan. Instead, they shall be deemed Disallowed Claims, and expunged. The
24 submission of a Ballot shall not constitute an amendable informal Proof of Claim or an amendment to a
25 previously filed Proof of Claim or scheduled Claim. Any amendment to an otherwise timely filed Proof
26 of Claim must be filed on or before the Confirmation Date, provided that the foregoing shall not waive or
27 modify the right of any party in interest to object to amendment of a Claim before the Confirmation Date.
28 The Unknown Abuse Claims Representative need not submit or File a Proof of Claim on behalf of Holders
of Class 5 Claims as a prerequisite to vote on the Plan or for any Class 5 Claims to be deemed Allowed.
If there are any Holders of Class 5 Claims, they shall submit their Claims in accordance with the procedure
for submitting Unknown Abuse Claims under the Trust Documents.

E. Claims Estimation

To effectuate distributions pursuant to the Plan and avoid undue delay in the administration of the Plan, the Reorganized Debtor or the Survivors' Trustee, as applicable, shall have the right to seek an order of the Court pursuant to Section 502(c) of the Bankruptcy Code as to any Disputed Claim, estimating or limiting: (i) the amount that must be withheld from or reserved for distribution purposes on account of 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.

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

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

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

5 *Next Business Day*

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

9 *Timeliness*

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

18 **H. Transfers of Claims.**

19 As of the close of business on the Confirmation Date, there shall be no further changes in the
20 record holders of the Claims for purposes of distributions under the Plan unless the Reorganized Debtor
21 (as to all Claims other than Class 4 and Class 5 Claims) or the Survivors' Trustee (as to Class 4 and Class
22 5 Claims) otherwise agree. Neither the Reorganized Debtor nor the Survivors' Trustee shall have any
23 obligation to recognize any unapproved transfer of Claims occurring after the Confirmation Date.

24 **I. Prepayment of Claims.**

25 Notwithstanding anything to the contrary in the Plan or the Plan Documents, the Reorganized
26 Debtor may prepay all or any portion of an Allowed Claim payable by the Reorganized Debtor or a note
27 issued by the Debtor or Reorganized Debtor in payment of an Allowed Claim at any time without charge
28 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.

1 **L. No Interest on Claims.**

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

8 **M. Provisions Governing Unimpaired Claims.**

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

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

14 Except as otherwise provided in Article V of the Plan, terms for resolution of and distribution to
15 Abuse Claims in Class 4 or Class 5 shall be as provided in the Survivors' Trust Documents. For the
16 avoidance of doubt, (i) any such Holder of an Abuse Claim shall not recover in the aggregate from the
17 Survivors' Trust and any Non-Settling Insurer an amount greater than the amount of the judgment issued
18 by the applicable court of competent jurisdiction on the underlying Abuse Claim, (ii) any such Holder of
19 an Abuse Claim is not barred by this Section 5.14 from seeking extracontractual damages under the
20 holding of *Hand v. Farmers Ins. Exchange*, 23 Cal. App.4th 1847 (1994) ("*Hand*"), and (iii) all defenses
21 and the rights of any Non-Settling Insurer to oppose any such claim by a Holder of an Abuse Claim under
22 *Hand* are fully preserved, including that *Hand* is not a correct statement of applicable law and that it would
23 not apply to any such asserted claim.

24 **ARTICLE XII**

25 **EFFECTIVE DATE**

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

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

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

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

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

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

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

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

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

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

11 **B. Waiver of Conditions Precedent to the Effective Date**

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

19 **C. Revocation of the Plan.**

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

27 **ARTICLE XIII**

28 **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.

1 **B. Ratification.**

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

4 **C. Discharge of Claims**

5 Under Section 1141(d) of the Bankruptcy Code, and except as otherwise specifically provided in
6 the Plan or in any agreement or document executed pursuant to the Plan, the distributions, rights, and
7 treatment of Claims and Causes of Action in the Plan shall be in complete satisfaction, discharge, and
8 release, as of the Effective Date, of Claims and Causes of Action that arose prior to the Effective Date,
9 whether known or unknown, against, the Debtor (including for the avoidance of doubt the Churches) or
10 any of its assets or properties, including without limitation (i) any demands, liabilities, and Causes of
11 Action that arose before the Effective Date, (ii) any liability to the extent such Claims relate to services
12 performed by employees of the Debtors before the Effective Date and that arise from a termination of
13 employment, (iii) any contingent or non-contingent liability on account of representations or warranties
14 issued on or before the Effective Date, and (iv) all debts of the kind specified in Sections 502(g), 502(h),
15 or 502(i) of the Bankruptcy Code. Any default by the Debtor with respect to any Claim existing
16 immediately before or on account of the filing of the Chapter 11 Case shall be deemed cured on the
17 Effective Date. The Confirmation Order shall be a judicial determination of the discharge of all Claims
18 subject to the Effective Date occurring.

13 **D. Confirmation Injunction.**

14 Except as expressly provided in the Plan or the Confirmation Order, as of the Effective Date all
15 Holders of Claims of any nature whatsoever against or in the Debtor or any of its assets or properties based
16 upon any act, omission, transaction, occurrence, or other activity of any nature that occurred before the
17 Effective Date shall be precluded and permanently enjoined from prosecuting or asserting any such
18 discharged Claim against the Debtor or the Reorganized Debtor or the property of the Debtor or
19 Reorganized Debtor. In accordance with the foregoing, except as expressly provided in the Plan or the
20 Confirmation Order, the Confirmation Order shall be a judicial determination of discharge or termination
21 of all Claims, and other debts and liabilities against or in the Debtor pursuant to Sections 105, 524 and
22 1141 of the Bankruptcy Code, and such discharge shall void any judgment obtained against the Debtor at
23 any time to the extent such judgment relates to a discharged Claim.

19 **E. Injunction Against Interference with the Plan.**

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

23 **F. Exculpation**

24 **Subject to the occurrence of the Effective Date, to the fullest extent permissible under**
25 **applicable law and without affecting or limiting either the releases by the Debtor or the Releases by**
26 **Abuse Claimants, and except as otherwise specifically provided in the Plan or the Confirmation**
27 **Order, none of the Exculpated Parties shall have or incur any liability to any Holder of a Claim or**
28 **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,

1 instrument, release, or other agreement or document created or entered into during the Chapter 11
2 Case in connection with the Chapter 11 Case, or upon any other act or omission, transaction,
3 agreement, event, or other occurrence related or relating to the foregoing, and each Exculpated
4 Party hereby is exculpated from any claim or Cause of Action related to the foregoing; provided,
5 however, that the foregoing shall not operate as an exculpation, waiver or release for (i) any express
6 contractual obligation owing by any such Person or Entity, (ii) willful misconduct or gross
7 negligence, and (iii) with respect to Professionals, liability arising from claims of professional
8 negligence which shall be governed by the standard of care otherwise applicable to professional
9 negligence claims under applicable non-bankruptcy law, and, in all respects, the Exculpated Parties
10 shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities
11 under the Plan; provided further that nothing in the Plan shall, or shall be deemed to, release the
12 Exculpated Parties, or exculpate the Exculpated Parties with respect to, their respective obligations
13 or covenants arising pursuant to the Plan.

8 **G. Injunction Related to Exculpation.**

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

16 **H. Releases by the Debtor.**

17 As of the Effective Date, except for the rights that remain in effect from and after the
18 Effective Date to enforce the Plan and the Confirmation Order, pursuant to Section 1123(b) of the
19 Bankruptcy Code, for good and valuable consideration, the adequacy of which is hereby confirmed,
20 including the service of the Released Parties and Settling Insurers, and each of them, to facilitate
21 and implement the reorganization of the Debtor, as an integral component of the Plan, the Debtor,
22 the Reorganized Debtor, and the Estate shall, and shall be deemed to, expressly, conclusively,
23 absolutely, unconditionally, irrevocably, and forever release and discharge each and all of the
24 Released Parties and Settling Insurers of and from any and all Causes of Action (including
25 Avoidance Actions), any and all other Claims, obligations, rights, demands, suits, judgments,
26 damages, debts, remedies, losses and liabilities of any nature whatsoever (including any derivative
27 claims or Causes of Action asserted or that may be asserted on behalf of the Debtor, the Reorganized
28 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

1 relating to the foregoing. Notwithstanding anything to the contrary in the foregoing, the releases set
2 forth in this Section 13.8 shall not be construed as releasing any post-Effective Date obligations of
3 any Person or Entity under the Plan or any document, instrument, or agreement executed to
4 implement the Plan or reinstated under the Plan.

5 **I. Releases by Abuse Claimants.**

6 As of the Effective Date, except for the rights that remain in effect from and after the
7 Effective Date to enforce the Plan and the Confirmation Order, pursuant to Section 1123(b) of the
8 Bankruptcy Code, for good and valuable consideration, the adequacy of which is hereby confirmed,
9 including the service of the Released Parties to facilitate and implement the reorganization of the
10 Debtor, as an integral component of the Plan, and except as otherwise expressly provided in the
11 Plan or the Confirmation Order, to the maximum extent permitted under applicable law, as such
12 law may be extended subsequent to the Effective Date, all Abuse Claimants (including without
13 limitation Unknown Abuse Claims and any Abuse Claims that are Disputed Claims) that timely
14 return a ballot but do not affirmatively opt out of the Releases pursuant to Section 6.2 of the Plan,
15 shall, and shall be deemed to, expressly, conclusively, absolutely, unconditionally, irrevocably, and
16 forever discharge and release each and all of the Released Parties and their respective property and
17 successors and assigns of and from all Abuse Claims and any and all Claims and Causes of Action
18 whatsoever, whether known or unknown, asserted or unasserted, derivative or direct, foreseen or
19 unforeseen, existing or hereinafter arising, in law, equity, or otherwise, whether for tort, fraud,
20 contract, veil piercing or alter-ego theories of liability, successor liability, contribution,
21 indemnification, joint liability, or otherwise, arising from or related in any way to such Abuse
22 Claims.

23 **J. Injunction Related to Releases.**

24 As of the Effective Date, and except as set forth in Articles VIII and IX hereof allowing
25 Litigation Claimants to sue the Debtor (as a nominal party only), all Abuse Claimants that are the
26 subject of Section 13.9 of the Plan are, and shall be, expressly, conclusively, absolutely,
27 unconditionally, irrevocably, and forever stayed, restrained, prohibited, barred and enjoined from
28 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:

THIRD AMENDED DISCLOSURE STATEMENT FOR THIRD AMENDED PLAN OF REORGANIZATION

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

7 b. EXCEPT AS SET FORTH IN ARTICLES VIII AND IX HEREOF FOR
8 ABUSE CLAIMANTS WHO ELECT THE LITIGATION OPTION TO SUE THE DEBTOR (AS
9 A NOMINAL PARTY ONLY), ALL PERSONS WHO HAVE HELD OR ASSERTED, HOLD OR
10 ASSERT, OR MAY IN THE FUTURE HOLD OR ASSERT, ANY CHanneled CLAIMS, ARE
11 HEREBY PERMANENTLY STAYED, ENJOINED, BARRED, AND RESTRAINED FROM
12 TAKING ANY ACTION, DIRECTLY OR INDIRECTLY, FOR THE PURPOSES OF
13 ASSERTING, ENFORCING OR ATTEMPTING TO ASSERT OR ENFORCE ANY
14 CHanneled CLAIMS AGAINST THE RELEASED PARTIES, INCLUDING:

15 (i) COMMENCING OR CONTINUING IN ANY MANNER ANY
16 ACTION OR OTHER PROCEEDING OF ANY KIND WITH RESPECT TO ANY
17 CHanneled CLAIM AGAINST ANY OF THE RELEASED PARTIES OR SETTling
18 INSURERS OR AGAINST THE PROPERTY OF ANY OF THE RELEASED PARTIES OR
19 SETTling INSURERS;

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

26 (iii) CREATING, PERFECTING, OR ENFORCING, OR SEEKING TO
27 ACCOMPLISH ANY OF THE PRECEDING, ANY LIEN OF ANY KIND RELATING TO
28 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

THIRD AMENDED DISCLOSURE STATEMENT FOR THIRD AMENDED PLAN OF REORGANIZATION

1 **PROPERTY OF ANY OF THE RELEASED PARTIES OR SETTling INSURERS.**

2 **L. Provisions Relating to the Channeling Injunction.**

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

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

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

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

13 d. *No Duplicative Recovery.* In no event shall any Abuse Claimant be entitled to
14 receive any payment, reimbursement, or restitution from any Released Party under any theory of liability
15 for the same loss, damage, or other Abuse Claim that is reimbursed by the Survivors' Trust or is otherwise
16 based on the same events, facts, matters, or circumstances that gave rise to the applicable Abuse Claim.
17 This provision does not prohibit a Holder of an Abuse Claim from pursuing recovery from Non-Settling
18 Insurers for coverage of an Abuse Claim, subject to Articles VIII and IX of the Plan.

19 **M. Effect of Channeling Injunction.**

20 The Channeling Injunction is an integral part of the Plan and is essential to the Plan's
21 consummation and implementation. It is intended that the channeling of the Channeled Claims as
22 provided in Section 13.12 of the Plan shall inure to the benefit of the Released Parties and the Settling
23 Insurers. In any action to enforce the injunctive provisions of Section 13.12 of the Plan against a Holder
24 of a Claim whereby it is held by a Final Order that such Holder willfully violated the terms of Section
25 13.12 of the Plan, the moving party may seek an award of costs including reasonable attorneys' fees
26 against such Holder, and such other legal or equitable remedies as are just and proper, after notice and a
27 hearing. The Channeling Injunction does not bar claims against any Non-Settling Insurer except to the
28 extent a Non-Settling Insurer becomes a Settling Insurer.

29 **N. Exclusion Regarding Non-Settling Insurers.**

30 **NOTWITHSTANDING THE FOREGOING, AND FOR THE AVOIDANCE OF DOUBT,**
31 **NOTHING IN THIS ARTICLE XIII (INCLUDING THE RELEASES, INJUNCTIONS, AND**
32 **EXCULPATIONS) LIMITS THE RIGHTS OF A NON-SETTLING INSURER AS SET FORTH**
33 **IN, OR PRESERVED BY, THE PLAN, INCLUDING (I) ARTICLES VIII AND IX AND (II) THE**
34 **RIGHTS OF ANY INSURER (INCLUDING NON-SETTLING INSURERS) TO ASSERT ANY**
35 **CLAIMS FOR REINSURANCE UNDER REINSURANCE CONTRACTS OR CLAIMS UNDER**
36 **RETROCESSIONAL CONTRACTS AGAINST THE SETTling INSURERS AND OTHER**
37 **INSURANCE COMPANIES. FURTHERMORE, THE NON-SETTLING INSURERS ARE NOT**
38 **GRANTING (NOR SHALL THEY BE SUBJECT TO) ANY THIRD-PARTY RELEASE,**
39 **INJUNCTION, OR EXCULPATION COVERING ANY NON-DEBTOR PERSON OR ENTITY**
40 **AND THEY SHALL BE DEEMED TO HAVE OPTED OUT OF ANY SUCH RELEASE,**
41 **INJUNCTION, OR EXCULPATION.**

1 **ARTICLE XIV**

2 **RETENTION OF JURISDICTION**

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

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

8 **ARTICLE XV**

9 **TAX CONSEQUENCES OF THE PLAN**

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

20 This summary does not apply to holders of Claims that are not U.S. Persons (as such term is defined
21 in the Tax Code) or that are otherwise subject to special treatment under U.S. federal income tax law
22 (including, without limitation, banks, governmental authorities or agencies, financial institutions,
23 insurance companies, pass-through entities, tax-exempt organizations, brokers and dealers in securities,
24 mutual funds, small business investment companies, and regulated investment companies). The following
25 discussion assumes that holders of Allowed Claims hold such Claims as "capital assets" within the
26 meaning of section 1221 of the Tax Code. Moreover, this summary does not purport to cover all aspects
27 of U.S. federal income taxation that may apply to holders of Allowed Claims based upon their particular
28 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.

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

25 **A. Federal Income Tax Consequences to Holders of Unsecured Claims**

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

1 The tax consequences to holders of General Unsecured Claims and Abuse Claims will differ and
2 will depend on factors specific to the holder, including but not limited to: (i) whether the Claim, or a
3 portion of the Claim, constitutes a Claim for interest or principal, (ii) the origin of the Claim, (iii) the type
4 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.

5 The Debtor anticipate that Distributions to Abuse Claimants will, in all instances, constitute
6 damages, other than punitive damages, on account of personal physical injuries and physical sickness,
7 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.

8 THERE ARE MANY FACTORS THAT WILL DETERMINE THE TAX CONSEQUENCE TO
9 EACH HOLDER OF A GENERAL UNSECURED CLAIM OR AN ABUSE CLAIM. FURTHERMORE, THE TAX CONSEQUENCES OF THE PLAN ARE COMPLEX, AND IN SOME
10 CASES UNCERTAIN. THEREFORE, IT IS IMPORTANT THAT EACH HOLDER OF A GENERAL
11 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.

12 **B. Federal Income Tax Consequences to the Debtor**

13 The Debtor is a not-for-profit religious corporation having tax-exempt status under 26 U.S.C. §
14 501(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
15 Debtor or the Reorganized Debtor.

16 **C. Tax Consequences to the Survivors' Trust**

17 The Survivors' Trust may satisfy the requirements of a designated settlement fund under Section
18 468B of the Tax Code or a qualified settlement fund under Regulation 1.468B-1 of the Treasury
Regulations. There are certain tax consequences associated with the characterization of the Survivors'
Trust as a designated settlement fund or a qualified settlement fund.

19 **THE DEBTOR EXPRESSES NO OPINION REGARDING WHETHER THE
20 SURVIVORS' TRUST IS A DESIGNATED SETTLEMENT FUND OR A QUALIFIED
21 SETTLEMENT FUND. THE DEBTOR HAS NOT REQUESTED A RULING FROM THE
INTERNAL REVENUE SERVICE OR AN OPINION OF COUNSEL REGARDING WHETHER
22 THE SURVIVORS' TRUST IS A DESIGNATED SETTLEMENT FUND OR A QUALIFIED
SETTLEMENT FUND. ACCORDINGLY, EACH CREDITOR IS URGED TO CONSULT THEIR
23 OWN TAX ADVISOR REGARDING THE CHARACTERIZATION OF THE SURVIVORS'
TRUST AND THE TAX CONSEQUENCES OF SUCH CHARACTERIZATION.**

24 **ARTICLE XVI**

25 **ALTERNATIVES TO THE PLAN**

26 The Debtor believes the Plan is in the best interests of the Creditors and should accordingly be
27 accepted and confirmed. If the Plan as proposed, however, is not confirmed, the following two alternatives
may be available: (a) an alternative plan of reorganization may be proposed and confirmed, or (b) the

1 Chapter 11 Case may be dismissed. As discussed below, two other options, liquidation under chapter 7
2 and the appointment of a chapter 11 trustee, are not viable alternatives in this Chapter 11 Case.

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

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

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

12 If the Plan is not confirmed, the Debtor or another party in interest may seek to dismiss the Chapter
13 11 Case. After appropriate notice and a hearing, the Bankruptcy Court may grant the request and dismiss
14 the Chapter 11 Case. Dismissal of the Chapter 11 Case would have the effect of restoring, or attempting
15 to restore, all parties to the position they were in immediately prior to the Petition Date.

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

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

25 Pursuant to 11 U.S.C. § 1112(c), if a debtor is "not a moneyed corporation", a debtor's chapter 11
26 case cannot be converted to a chapter 7 case without the debtor's consent. The Debtor, as a non-profit
27 entity, is not a moneyed corporation, and may not be forced to convert its Chapter 11 Case to a chapter 7
28 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

THIRD AMENDED DISCLOSURE STATEMENT FOR THIRD AMENDED PLAN OF REORGANIZATION

1 Bankruptcy Code have been made; (vi) the Plan has been accepted by the requisite votes of Creditors
2 (except to the extent that cramdown is available under section 1129(b) of the Bankruptcy Code); (vii) the
3 Plan is feasible and confirmation is not likely to be followed by the liquidation or the need for further
4 financial reorganization of the Debtor; (viii) the Plan is in the “best interests” of all holders of Claims in
5 an Impaired Class by providing to such holders on account of their Claims property of a value, as of the
6 Effective Date, that is not less than the amount that such holder would receive or retain in a chapter 7
7 liquidation, unless each holder of a Claim in such Class has accepted the Plan; and (ix) all U.S. Trustee
8 Fees and expenses payable under 28 U.S.C. § 1930, as determined by the Bankruptcy Court at the
9 Confirmation Hearing, have been paid or the Plan provides for the payment of such fees on the Effective
10 Date.

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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), and Class 6 (Non-Abuse Litigation Claims) 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), and Class 6 (Non-Abuse Litigation Claims).

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

1 **SOLICITATION AND CLAIMS AGENT. TO BE COUNTED, SIGNED BALLOTS MUST BE**
2 **RECEIVED ON OR BEFORE MAY 30, 2025, AT 5:00 P.M., PREVAILING PACIFIC TIME.**

3 **B. Confirmation Hearing**

4 The Bankruptcy Code requires the Bankruptcy Court, after notice, to conduct a hearing regarding
5 whether the Debtor and the Plan have fulfilled the confirmation requirements of section 1129 of the
6 Bankruptcy Code. The Confirmation Hearing has been scheduled for August 25, 2025 at ~~---~~9:30 a.m.
7 **(prevailing Pacific Time)**, before the Honorable William J. Lafferty III, United States Bankruptcy Judge,
8 at the United States Bankruptcy Court for the Northern District of California, United States Courthouse,
9 1300 Clay Street, Courtroom 220, Oakland, CA 94612. The Confirmation Hearing may be adjourned
10 from time to time by the Bankruptcy Court without further notice except for an announcement in open
11 court at the Confirmation Hearing of the date to which the Confirmation Hearing has been adjourned.

12 **C. Confirmation**

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

19 **D. Acceptance of Plan**

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

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

E. Confirmation Without Acceptance of All Impaired Classes

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

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

In general, the “fair and equitable” standard, also known as the “absolute priority rule,” requires
that a dissenting class receive full compensation for its allowed claims before any junior class receives
any distribution. More specifically, section 1129(b) of the Bankruptcy Code provides that a plan can be

1 confirmed under that section if: (a) with respect to a secured class (i) the holders of such claims retain the
2 liens securing such claims to the extent of the allowed amount of such claims and that each holder of a
3 claim of such class receive deferred cash payments equaling the allowed amount of such claim as of the
4 plan's effective date, or (ii) such holders realize the indubitable equivalent of such claims; (b) with respect
5 to an unsecured claim, either (i) the impaired unsecured creditor must receive property of a value equal to
6 the amount of its allowed claim, or (ii) the holders of claims and interests that are junior to the claims of
7 the dissenting class may not receive any property under the plan on account of such junior claim or interest;
8 and (c) with respect to a class of interests, either (i) each holder of an interest of such class must receive
9 or retain on account of such interest property of a value, equal to the greater of the allowed amount of any
10 fixed liquidation preference to which such holder is entitled, any fixed redemption price to which such
11 holder is entitled or the value of such interest, or (ii) the holder of any interest that is junior to the interest
12 of such class may not receive or retain any property on account of such junior interest.

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

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

19 **F. Best Interests Test**

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

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

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

9 **G. Feasibility**

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

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

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

24 Section 1129(a)(1) of the Bankruptcy Code requires that the Plan comply with the applicable
25 provisions of the Bankruptcy Code. The Debtor has considered each of these provisions in the
26 development of the Plan and believe that the Plan complies with all applicable provisions of the
27 Bankruptcy Code.

28 **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. Risks Associated with the Insurance Assignment

The Insurance Assignment effected by the Plan provides Trust Claimants who choose the
Litigation Option (defined above as "Litigation Claimants") with the opportunity to liquidate their
claims against the Debtor (as a nominal party) by way of a judgment in the tort system and then seek
to recover the amount of their judgment under any applicable insurance policies of the Debtor. The
ability of Litigation Claimants to monetize their judgment through recovery from Non-Settling
Insurers on account of the Assigned Insurance Interests is a fundamental aspect of the Plan that the

1 Debtor believes has tremendous value for such Claimants in the form of contractual rights (i.e., the
2 potential insurance coverage for the judgement under the insurance policies) and potential
3 extracontractual rights (i.e., through a potential future cause of action for bad faith against the Non-
4 Settling Insurers). At present, the Debtor believes that it holds no existing bad faith cause of action
5 against any of its Insurers. Therefore, no such cause of action (as opposed to insurance rights) can or
6 will be assigned under the Plan. However, the Debtor believes the intent of the Plan is to assign all
7 of Debtor's rights under its insurance – including any potential future bad faith claims.

8 The Committee contends that Litigation Claimants may, nevertheless, be able to assert
9 potential direct bad faith claims against any of Debtor's insurers should an insurer fail in good faith
10 to pay a covered judgment, after the Effective Date based upon the decision in *Hand v. Farmers Ins.*
11 *Exchange*, 23 Cal. App.4th 1847 (1994) ("*Hand*"). Section 5.14 of the Plan reserves the rights of
12 Litigation Claimants to try to assert such bad faith claims directly based upon potential future actions
13 by the Insurers after the Effective Date based upon the *Hand* decision.

14 The Insurers contest whether any bad faith claims could be successfully asserted by Litigation
15 Claimants, whether directly or through assignment from the Debtor. The Insurers assert, *inter alia*,
16 that the Debtor will not be negatively affected by any post Effective Date future Insurer actions and
17 therefore will not have a bad faith cause of action against the Insurers capable of assignment post
18 Effective date. The Insurers further contest whether *Hand* is a correct statement of California law
19 such that Litigation Claimants could have a direct bad faith cause of action against any Insurers. They
20 also assert that supposed future bad faith claims based on things that have not yet happened are
21 entirely speculative. If the Insurers' contentions in this regard are upheld by a court in future
22 litigation, Litigation Claimants that obtain a covered judgment against the Debtor in name only would
23 be able to recover money from the Non-Settling Insurers under any applicable insurance policy up to
24 the limits of those policies, but would not be able to recover any extracontractual damages (i.e.
25 damages in addition to the insurance coverage provided under the insurance policies) based on any
26 future acts or omissions by the Non-Settling Insurers.

27 The Committee believes the Insurers' position is not an accurate statement of the law, and
28 certain ~~post-confirmation~~ conduct by Insurers that allegedly violate obligations to act in good faith
would survive confirmation of the Plan, such as the obligation to pay a covered judgment, and that
an Insurer's violation of that obligation could give rise to a direct bad faith cause of action on the part
of Litigation Claimants. The Debtor believes this is an open question of law, with strong arguments
on both sides of the issue, and does not predict here how a California court would ultimately rule.

The Debtor notes that the insurance coverage rights assigned to the Litigation Claimants under
the Plan have significant value standing alone even if the Insurers are correct regarding either the
Hand decision, specifically, or bad faith claims, generally, (i.e., such that there is no bad faith
recovery).

In any event, as recognized by the Court in its Memorandum Concerning Certain Issues Raised
During January 21, 2025 Hearing on Approval of Disclosure Statement [Docket No. 1673], the
outcome of the dispute related to potential, future bad faith claims is not merely uncertain, it is
unlikely to be determinable at confirmation, and likely cannot be determined until such time (if ever)

1 that an Insurer is alleged to have acted in bad faith, which may occur, if at all, years after the
2 occurrence of the Effective Date in this case.

3 **B. Objection to Classifications of Claims**

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

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

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

18 **C. Failure to Satisfy Voting Requirements**

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

23 **D. The Plan May Not Be Accepted or Confirmed**

24 The Plan may not be confirmed without the affirmative acceptance of at least one Impaired Class.
25 Even if all voting Classes accept the Plan, the Plan may not be confirmed if the Bankruptcy Court
26 determines that the Plan does not meet the requirements for confirmation set forth in section 1129 of the
27 Bankruptcy Code. The Debtor believes that the Plan satisfies all of the relevant section 1129 requirements.
28 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.

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

The Debtor has made certain assumptions regarding, and has attempted in good faith and to the
best of its ability to estimate, the aggregate number and amount of Claims in each Class, the projected
expenses incurred to date or to be incurred in connection with the confirmation and administration of the
Plan, and the assets which may be available for liquidation and Distribution under the Plan. There can be
no guarantee, however, that the Debtor's assumptions and estimates regarding these amounts will prove
to be accurate.

F. Non-Confirmation or Delay in Confirmation of the Plan

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

1 Specifically, as outlined in the Committee Letter, the Committee does not support this Plan and
2 contests many of the legal positions taken by the Debtor and/or factual statements made herein.
3 Ultimately, the Bankruptcy Court will decide any contested legal or factual issues, and there is no
4 guarantee that those issues will be decided in the Debtor's favor. Confirmation is not assured in light of
5 the Committee's opposition, however strongly the Debtor believes the Plan can and should be confirmed.

6 **G. Non-Consensual Confirmation**

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

10 **H. Consent to Third-Party Releases**

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

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

18 The third-party releases and Channeling Injunction contained in the Plan are an integral part of the
19 Debtor's overall restructuring efforts and are an essential element in obtaining the Contributing Non-
20 Debtor Catholic Entities' support for the Plan. The contributions from the Contributing Non-Debtor
21 Catholic Entities are contingent on the Contributing Non-Debtor Catholic Entities receiving the benefit of
22 the Plan's third-party releases. Failure of Abuse Claimants to consent to the third-party releases will
23 reduce the Contributing Non-Debtor Catholic Entities' contributions and thus may result in reduced
24 recoveries for Abuse Claimants under the Plan. Should this scenario occur, the Contributing Non-Debtor
25 Catholic Entities may not approve the confirmation order, which is a condition of confirmation under the
26 Plan, and the Plan may fail, which will significantly delay any recovery for Abuse Claimants.

27 **I. Risk of Non-Occurrence of the Effective Date**

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

J. Non-Settling Insurers May Raise Objections to Confirmation

Certain Non-Settling Insurers may object to confirmation of the Plan by asserting that the Plan
impermissibly alters their contractual rights, duties and obligations under their Insurance Policies. For
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.

Although the Debtor does not believe there is any merit to such objections or assertions, if any,
because the Plan incorporates the settlement the Debtor reached with its Insurers (as discussed above), if
the Non-Settling Insurers were to raise and prevail on such contentions, the Bankruptcy Court might find
that the Plan is not feasible or otherwise not confirmable.

1 **K. Post-Confirmation Litigation May Not Result in Additional Recovery**

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

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

11 **L. Confirmation of the Plan may be Delayed or Denied by the District Court**

12 The Debtor's position is that the Bankruptcy Court has constitutional authority to confirm the Plan.
13 If it is determined that the Bankruptcy Court lacks the authority to approve such provisions, the Debtor
14 anticipates that the Bankruptcy Court will issue proposed findings of fact and conclusions of law with
15 respect to the confirmation of the Plan. The Bankruptcy Court's findings and conclusions would then be
16 subject to *de novo* review by the District Court for the Northern District of California before the Plan can
17 be confirmed, which may result in a delay in the occurrence of the Effective Date. It is difficult to estimate
18 how long the District Court would take to render a decision with respect to confirmation of the Plan,
19 however, in the recent Boy Scouts of America bankruptcy case which included similar plan concepts, the
20 District Court for the District of Delaware took approximately six months to review and affirm the
21 bankruptcy court's findings and conclusions and to issue a confirmation order.

22 **ARTICLE XIX**

23 **BANKRUPTCY RULE 9019 REQUEST**

24 Pursuant to Bankruptcy Rule 9019 and through the Plan, the Debtor requests approval of all
25 compromises and settlements included in the Plan or contemplated.

26 **ARTICLE XX**

27 **RECOMMENDATION AND CONCLUSION**

28 The Debtor believes that the Plan is in the best interests of all Creditors. The Plan as structured
allows Creditors to participate in Distributions believed to be in excess of those which would otherwise
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.

FOR ALL OF THE REASONS SET FORTH IN THIS DISCLOSURE STATEMENT, THE
DEBTOR BELIEVES THAT THE CONFIRMATION AND CONSUMMATION OF THE PLAN IS
PREFERABLE TO ALL OTHER ALTERNATIVES. THE DEBTOR STRONGLY RECOMMENDS
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
PACIFIC TIME ON [MAY 30, 2025](#).

[Signature Page Follows]

THIRD AMENDED DISCLOSURE STATEMENT FOR THIRD AMENDED PLAN OF REORGANIZATION

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THIRD AMENDED DISCLOSURE STATEMENT FOR THIRD AMENDED PLAN OF REORGANIZATION

1 DATED: ~~March 17~~ April [], 2025.

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 Geoffrey S. Goodman

16 Mark C. Moore

17 /s/Shane J. Moses

18 Shane J. Moses

19 *Counsel for the Debtor*
20 *and Debtor in Possession*

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28 **THIRD AMENDED DISCLOSURE STATEMENT FOR THIRD AMENDED PLAN OF REORGANIZATION**

Summary report:	
Litera Compare for Word 11.7.0.54 Document comparison done on 4/2/2025 6:27:05 PM	
Style name: Color	
Intelligent Table Comparison: Active	
Original DMS: nd://4909-7915-2422/5/RCBO – Third Amended Disclosure Statement.docx	
Modified DMS: nd://4909-7915-2422/7/RCBO – Third Amended Disclosure Statement.docx	
Changes:	
<u>Add</u>	119
Delete	106
Move From	2
<u>Move To</u>	2
<u>Table Insert</u>	0
Table Delete	1
<u>Table moves to</u>	0
Table moves from	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	230

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EXHIBIT 2

Revised Form of Ballot for Class 3 (General Unsecured Claims)

1 UNITED STATES BANKRUPTCY COURT
2 NORTHERN DISTRICT OF CALIFORNIA
3 OAKLAND DIVISION

4 In re:

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

7 Debtor.

8 Case No. 23-40523 WJL

9 Chapter 11

10 **BALLOT FOR ACCEPTING OR REJECTING**
11 **THE DEBTOR'S PLAN OF REORGANIZATION**

12 *CLASS 3 – General Unsecured Claims*

13 **THE VOTING DEADLINE TO ACCEPT OR REJECT**
14 **THE PLAN IS 5:00 P.M., PREVAILING PACIFIC TIME,**
15 **ON MAY 30, 2025 (the “Voting Deadline”)**

16 This ballot (the “Ballot”) is provided to you to solicit your vote to accept or reject the *Debtor’s*
17 *Third Amended Plan of Reorganization for The Roman Catholic Bishop of Oakland* dated and filed on
18 March 17, 2025 (as may be amended from time to time, the “Plan”), for the Roman Catholic Bishop of
19 Oakland (the “Debtor”), in the above-captioned Chapter 11 Case.¹

20 **Please use this Ballot to cast your vote to accept or reject the Plan if you are, as of April 1,**
21 **2025 (the “Voting Record Date”), a holder of a General Unsecured Claim against the Debtor that**
22 **arose before the May 8, 2023, filing of the Debtor’s Bankruptcy Case.**

23 The Bankruptcy Court has approved a *Third Amended Disclosure Statement for Debtor’s Third*
24 *Amended Plan of Reorganization* dated and filed on April 2, 2025 (the “Disclosure Statement”) with
25 respect to the Plan. A copy of the Disclosure Statement, along with the Plan, was included in the package
26 of materials you received with this Ballot (the “Solicitation Package”). The Disclosure Statement
27 provides information to assist you in deciding how to vote on the Plan. If you do not have the Solicitation
28 Package, you may obtain a copy free of charge from the website for the Chapter 11 Case at
<https://veritaglobal.net/rcbo>. Copies of the Disclosure Statement and Plan will also be on file with the
Office of the Clerk of the Court for review during normal business hours (a fee may be charged).

You should review the Disclosure Statement and the Plan in their entirety before you vote.
You may wish to seek independent legal advice concerning the Plan and the classification and
treatment of your Claim under the Plan. Your claim has been placed in Class 3 (General
Unsecured Claims) under the Plan. If you hold claims in more than one class under the Plan, you
will receive a Ballot for each class in which you are entitled to vote.

The Bankruptcy Court’s approval of the Disclosure Statement does not indicate its approval of
the Plan. The Plan will be confirmed by the Bankruptcy Court and thereby made binding on you only if
the Plan (i) is accepted by the holders of at least two-thirds in amount and more than one-half in number

¹ Capitalized terms used but not defined herein have the meanings ascribed to such terms in the Plan.

1 of the Claims in each impaired Class of Claims that vote on the Plan, and (ii) otherwise satisfies the
2 applicable requirements of section 1129(a) of the Bankruptcy Code. If the requisite acceptances are not
3 obtained, the Bankruptcy Court nonetheless may confirm the Plan if it finds the Plan (i) provides fair and
4 equitable treatment to, and does not unfairly discriminate against, the Class or Classes rejecting the Plan
5 and (ii) otherwise satisfies the requirements of section 1129(b) of the Bankruptcy Code.

6 **If your Ballot is not received on or before May 30, 2025 at 5:00 P.M. (PT) and such deadline
7 is not extended, your vote will not count as either an acceptance or rejection of the Plan. To have
8 your vote counted, please complete, sign, and date this ballot and return it so that it is received no
9 later than the Voting Deadline, as follows:**

10 **SUBMISSION BY MAIL, OVERNIGHT, OR PERSONAL DELIVERY**

11 **YOUR BALLOT MUST BE SENT VIA FIRST CLASS MAIL (IN THE ENCLOSED
12 ENVELOPE)
13 OR VIA OVERNIGHT COURIER OR PERSONAL DELIVERY TO:**

14 **The Roman Catholic Bishop of Oakland
15 Ballot Processing c/o Verita
16 222 N. Pacific Coast Highway, 3rd Floor
17 El Segundo, CA 90245**

18 **OR**

19 **ELECTRONIC ONLINE SUBMISSION**

20 **Alternatively, parties may submit a Ballot via electronic online transmission solely through the
21 customized online balloting portal (the “E-Balloting Portal”) on the Debtors’ case website,
22 <https://veritaglobal.net/rcbo> clicking on the “E-Ballot” link on or before the Voting
23 Deadline. Parties submitting a Ballot via the E-Balloting Portal must not submit a paper
24 ballot.**

25 **IMPORTANT NOTE: You will need the following information to retrieve and submit your
26 customized E-Ballot:**

27 **Unique E-Ballot ID#: _____**

28 **The Debtor’s books and records indicate that you hold and/or have
asserted a claim in the following Class and amount:**

**Class: 3 (General Unsecured Claims)
Amount:**

1 PLEASE READ THE ATTACHED VOTING INFORMATION AND INSTRUCTIONS BEFORE
2 COMPLETING THIS BALLOT.

3 PLEASE COMPLETE ALL APPLICABLE ITEMS BELOW. PLEASE REVIEW THE
4 ACKNOWLEDGEMENT CONTAINED IN ITEM 3 AND FILL IN ALL OF THE
5 INFORMATION REQUESTED. IF THIS BALLOT IS NOT SIGNED ON THE APPROPRIATE
6 LINES BELOW, THIS BALLOT WILL NOT BE VALID OR COUNTED AS HAVING BEEN
7 CAST.

8 **PLEASE COMPLETE THE FOLLOWING:**

9
10 **Item 1. Voting Amount.** The undersigned certifies that, as of the Voting Record Date, the undersigned
11 held a Claim or Claims in Class 3 (General Unsecured Claims) against the Debtor in the following
12 aggregate amount:

13 \$ _____²

14
15 **Item 2. Vote to Accept or Reject the Plan.** Please vote below either to accept or to reject the Plan with
16 respect to your Claims in Class 3. Any Ballot not marked either to accept or reject the Plan, or marked
17 both to accept and to reject the Plan, shall not be counted in determining acceptance or rejection of the
18 Plan. The undersigned, the holder of a Claim or Claims in Class 3 (General Unsecured Claims) set forth
19 in Item 1, votes as follows (check *only* one box below):

20 ACCEPTS THE PLAN

21 REJECTS THE PLAN

22 [Continued on Next Page]

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² For voting purposes only, and subject to tabulation rules.

1 **Item 3. Acknowledgments.** By signing this Ballot, the undersigned acknowledges receipt of a
2 copy of the Disclosure Statement, the Plan, and the other applicable solicitation materials, and
3 acknowledges that the solicitation is being made pursuant to the terms and conditions set forth herein. The
4 undersigned claimant certifies that as of the Voting Record Date he or she is the holder of the Claim or
5 Claims identified in Item 1 above (or is the authorized signatory of such holder). The undersigned
6 understands that an otherwise properly completed, executed, and timely returned Ballot failing to indicate
7 either acceptance or rejection of the Plan, or indicating both acceptance and rejection of the Plan, will not
8 be counted.
9

10 _____
11 Print Name of Creditor

12 _____
13 Signature

14 _____
15 Name and Title of Signatory (if different than creditor)

16 _____
17 Street Address

18 _____
19 E-mail Address

20 _____
21 Telephone Number

22 _____
23 Date Completed
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1 **VOTING INFORMATION AND INSTRUCTIONS FOR COMPLETING THE BALLOT**

2 1. The Debtor mailed this Ballot to you for the purpose of soliciting your vote to accept or reject the Plan.
3 The terms of the Plan are described in the Disclosure Statement, including all exhibits thereto.
4 **PLEASE READ THE PLAN AND DISCLOSURE STATEMENT CAREFULLY BEFORE COMPLETING THE BALLOT.**

5 2. Item 1. Complete Item 1.

6 3. Item 2. In one of the boxes provided in Item 2 of the Ballot, please indicate acceptance or rejection of
7 the Plan (not both). If you hold multiple claims in Class 3, the Debtor will aggregate those claims for
8 voting purposes as one (1) claim. You must vote your entire Class 3 General Unsecured Claim to
9 accept or reject the Plan. You may not split your vote.

10 4. Item 3. Review the certifications and acknowledgements in Item 3. Complete the Ballot by providing
11 all the information requested in Item 3.

12 5. **SIGN THE BALLOT.**

13 6. The Debtor will not count any executed ballot received that either (a) does not indicate either an
14 acceptance or rejection of the plan, or (b) that indicates both an acceptance and rejection of the Plan.

15 7. **BALLOTS RECEIVED AFTER THE VOTING DEADLINE WILL NOT BE COUNTED.**

16 8. If you are completing this Ballot on behalf of another person or entity, indicate your relationship with
17 such person or entity and the capacity in which you are signing and, if requested, submit satisfactory
18 evidence of your authority to do so (*e.g.*, a power of attorney).

19 9. The amounts set forth on the Ballot **are solely for purposes of voting** to accept or reject the Plan. The
20 Ballot does not constitute an allowance of your Claim for purposes of distribution under the Plan and
21 is without prejudice to the rights of the Debtor or any other party (*i.e.*, the right of the Debtor or any
22 other party to contest the amount or validity of any Claim for purposes of allowance or distribution
23 under the Plan).

24 10. The Ballot does not constitute and shall not be deemed a Proof of Claim or an assertion of a Claim.

25 11. In the event that (i) the Debtor revokes or withdraws the Plan, or (ii) the Confirmation Order is not
26 entered or the Effective Date of the Plan does not occur, this Ballot shall automatically be null and
27 void and deemed withdrawn without any requirement of affirmative action by or notice to you.

28 **IF YOU (1) HAVE ANY QUESTIONS REGARDING THIS BALLOT, (2) DID NOT RECEIVE A RETURN ENVELOPE, (3) DID NOT RECEIVE A COPY OF THE DISCLOSURE STATEMENT OR PLAN, OR (4) NEED ADDITIONAL COPIES OF THE BALLOT OR OTHER ENCLOSED MATERIAL, PLEASE CONTACT VERITA, THE DEBTORS CLAIMS AND VOTING AGENT AT (888)-733-1425 (U.S./CANADA) OR (310)-751-2631 (INTERNATIONAL), OR EMAIL RCBOINFO@VERITAGLOBAL.COM. VERITA IS NOT AUTHORIZED TO, AND WILL NOT, PROVIDE LEGAL ADVICE.**

PLEASE DO NOT DIRECT ANY INQUIRIES TO THE BANKRUPTCY COURT.

EXHIBIT 3

Revised Form of Ballot for Class 4 (Abuse Claims)

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1 UNITED STATES BANKRUPTCY COURT
2 NORTHERN DISTRICT OF CALIFORNIA
3 OAKLAND DIVISION

4 In re:

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

7 Debtor.

Case No. 23-40523 WJL

Chapter 11

8 **BALLOT FOR ACCEPTING OR REJECTING THE DEBTOR'S PLAN OF**
9 **REORGANIZATION**

10 ***CLASS 4- Abuse Claims***

11 **THE VOTING DEADLINE TO ACCEPT OR REJECT**
12 **THE PLAN IS 5:00 P.M., PREVAILING PACIFIC TIME,**
13 **ON MAY 30, 2025 (the "Voting Deadline")**

14 This ballot (the "Ballot") is provided to you to solicit your vote to accept or reject the *Debtor's Third Amended Plan of Reorganization* dated and filed on March 17, 2025 (as may be amended from time to time, the "Plan"), for the Roman Catholic Bishop of Oakland (the "Debtor"), in the above-captioned Chapter 11 Case.¹

15 **Please use this Ballot to cast your vote to accept or reject the Plan if you are, as of April 1,**
16 **2025 (the "Voting Record Date"), a holder of a Claim against the Debtor based on sexual abuse**
17 **that arose before the May 8, 2023, filing of the Debtor's Bankruptcy Case.**

18 In addition, the Plan provides that if the Plan is confirmed, certain release, injunction,
19 exculpation and discharge provisions set forth in Article XIII of the Plan will become effective as of the
20 Effective Date of the Plan. **These include the "Releases by Holders of Abuse Claims" set forth in**
21 **Section 13.9 of the Plan, and in Schedule 1 attached hereto (the "Third-Party Release"). The**
22 **Third-Party Release provides for release by consenting claimants of claims against certain non-**
23 **debtor affiliates of the Debtor, including the Roman Catholic Welfare Corporation.**

24 In accordance with the terms of the Plan, **by casting this Ballot to vote either to accept or**
25 **reject the Plan you will be deemed to grant the Third-Party Release unless you "opt out" of the**
26 **Third-Party Release by checking the box in Item 4 below.**

27 The Bankruptcy Court has approved a *Third Amended Disclosure Statement for Debtor's Third*
28 *Amended Plan of Reorganization* dated and filed on April 2, 2025 (the "Disclosure Statement") with
respect to the Plan. A copy of the Disclosure Statement, along with the Plan, was included in the package
of materials you received with this Ballot (the "Solicitation Package"). The Disclosure Statement
provides information to assist you in deciding how to vote on the Plan. If you do not have the Solicitation
Package, you may obtain a copy free of charge from the website for the Chapter 11 Case at

¹ Capitalized terms used but not defined herein have the meanings ascribed to such terms in the Plan.
Case: 23-40523 Doc# 1872-3 Filed: 04/02/25 Entered: 04/02/25 20:38:12 Page 2
of 9

1 <https://veritaglobal.net/rcbo>. Copies of the Disclosure Statement and Plan will also be on file with the
2 Office of the Clerk of the Court for review during normal business hours (a fee may be charged).

3 **You should review the Disclosure Statement and the Plan in their entirety before you vote.**
4 **You may wish to seek independent legal advice concerning the Plan and the classification and**
5 **treatment of your Claim under the Plan. Your claim has been placed in Class 4 (Abuse Claims)**
6 **under the Plan. If you hold claims in more than one class under the Plan, you will receive a Ballot**
7 **for each class in which you are entitled to vote.**

8 The Bankruptcy Court's approval of the Disclosure Statement does not indicate its approval of
9 the Plan. The Plan will be confirmed by the Bankruptcy Court and thereby made binding on you only if
10 the Plan (i) is accepted by the holders of at least two-thirds in amount and more than one-half in number
11 of the Claims in each impaired Class of Claims that vote on the Plan, and (ii) otherwise satisfies the
12 applicable requirements of section 1129(a) of the Bankruptcy Code. If the requisite acceptances are not
13 obtained, the Bankruptcy Court nonetheless may confirm the Plan if it finds the Plan (i) provides fair and
14 equitable treatment to, and does not unfairly discriminate against, the Class or Classes rejecting the Plan
15 and (ii) otherwise satisfies the requirements of section 1129(b) of the Bankruptcy Code.

16 **If your Ballot is not received on or before May 30, 2025 at 5:00 P.M. (PT) and such deadline**
17 **is not extended, your vote will not count as either an acceptance or rejection of the Plan. To have**
18 **your vote counted, please complete, sign, and date this ballot and return it so that it is received no**
19 **later than the Voting Deadline, as follows:**

20 **SUBMISSION BY MAIL, OVERNIGHT, OR PERSONAL DELIVERY**

21 **YOUR BALLOT MUST BE SENT VIA FIRST CLASS MAIL (IN THE ENCLOSED**
22 **ENVELOPE)**
23 **OR VIA OVERNIGHT COURIER OR PERSONAL DELIVERY TO:**

24 **The Roman Catholic Bishop of Oakland**
25 **Ballot Processing c/o Verita**
26 **222 N. Pacific Coast Highway, 3rd Floor**
27 **El Segundo, CA 90245**

28 **OR**

ELECTRONIC ONLINE SUBMISSION

Alternatively, parties may submit a Ballot via electronic online transmission solely through the
customized online balloting portal (the "E-Balloting Portal") on the Debtors' case website,
<https://veritaglobal.net/rcbo> clicking on the "E-Ballot" link on or before the Voting
Deadline. Parties submitting a Ballot via the E-Balloting Portal must not submit a paper
ballot.

IMPORTANT NOTE: You will need the following information to retrieve and submit your
customized E-Ballot:

Unique E-Ballot ID#: _____

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2 PLEASE READ THE ATTACHED VOTING INFORMATION AND INSTRUCTIONS BEFORE
3 COMPLETING THIS BALLOT.

4 PLEASE COMPLETE ALL APPLICABLE ITEMS BELOW. PLEASE REVIEW THE
5 ACKNOWLEDGEMENT CONTAINED IN ITEM 3 AND FILL IN ALL OF THE
6 INFORMATION REQUESTED. IF THIS BALLOT IS NOT SIGNED ON THE APPROPRIATE
7 LINES BELOW, THIS BALLOT WILL NOT BE VALID OR COUNTED AS HAVING BEEN
8 CAST.

9 **PLEASE COMPLETE THE FOLLOWING:**

10 **Item 1. Certification of Claim.** For purposes of voting to accept or reject the Joint Plan, the undersigned
11 certifies that as of the Voting Record Date, the undersigned holds a Claim in Class 4 (Abuse Claims)
12 against the Debtor.

13 **Item 2. Vote to Accept or Reject the Plan.** Please vote below either to accept or to reject the Plan with
14 respect to your Claim in Class 4. Any Ballot not marked either to accept or reject the Plan, or marked both
15 to accept and to reject the Plan, shall not be counted in determining acceptance or rejection of the Plan.
16 The undersigned, the holder of Claim in Class 4 (Abuse Claims) set forth in Item 1, votes as follows
17 (check *only* one box below):

18 ACCEPTS THE PLAN

19 REJECTS THE PLAN

20 **Item 3. Election Regarding Immediate Payment.** Under section 9.7 of the Plan, Holders of Class 4
21 Claims (also called Abuse Claims) have the option of electing to receive an Immediate Payment (as
22 defined in section 1.1.65 of the Plan) within 30 days of the Effective Date in the amount of \$50,000. If
23 you elect to receive an Immediate Payment, all recovery on your Abuse Claim is limited to the Immediate
24 Payment, and you will not be able to seek any additional recovery on account of the Abuse Claim from
25 any other party, including Non-Settling Insurers. Correspondingly, if you elect the Immediate Payment,
26 your Abuse Claim will not be scored or subject to Claim objections.

27 If you wish to elect to receive the Immediate Payment, you may do so by checking the box below.
28 Alternatively, you may elect to receive the Immediate Payment at any time prior to the Effective Date of
the Plan. **Before making the election below, you should carefully read Sections I.C. and VII.F of the
Disclosure Statement.** If you do not make an election prior to the Effective Date of the Plan, you will be
considered to have not elected the Immediate Payment, and will be paid as a Trust Claimant.

The undersigned, the holder of the Claim in Class 4 (Abuse Claims) set forth in Item 1, elects as follows
(check *only* one box below):

I elect to receive an Immediate Payment as the sole distribution I will receive under
the Plan.

I DO NOT elect to receive an Immediate Payment.

1 **Item 4. Opt-Out of Third-Party Release.** The checkbox below is for purposes of indicating
2 whether you decline to grant the Third-Party Release as provided in Section 13.9 of the Plan, and described
3 in Article II and Article III.F., III.G., and III.I. of the Disclosure Statement. **If you do not wish to grant
4 the releases in Section 13.9 of the Plan, then you need to check the box below.**

5 By checking this box, the undersigned Holder of a Claim in Class 4 (Abuse Claims):

6 Elects **not** to grant the Third-Party Release contained in Section 13.9 of the Plan.

7 **YOU MUST AFFIRMATIVELY CHECK THE BOX ABOVE IN ORDER TO OPT-OUT OF THE
8 THIRD-PARTY RELEASE. If you return this Ballot without checking the box to opt-out, you will
9 be deemed to consent to the Third-Party Release.**

10 As set forth in the Plan and Disclosure Statement, the contribution of up to \$28.50 million by The Roman
11 Catholic Welfare Corporation (“**RCWC**”) to the Survivors’ Trust will be reduced depending on the
12 number of Abuse Claimants that opt out of releasing claims against RCWC through the Third-Party
13 Release. **Opting out of the Third-Party Release may therefore reduce the amount available for
14 distribution to Abuse Claimants.** More information on RCWC’s contribution is provided in the
15 Disclosure Statement.

16 Please also be advised that the debtor release contained in section 13.8 of the plan is separate from and
17 independent of the Third-Party Release. If you object to the debtor release, you must file a separate
18 objection with the bankruptcy court in accordance with the procedures described in the disclosure
19 statement order.

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Item 5. Acknowledgments. By signing this Ballot, the undersigned acknowledges receipt of a copy of the Disclosure Statement, the Plan, and the other applicable solicitation materials, and acknowledges that the solicitation is being made pursuant to the terms and conditions set forth therein. The undersigned further certifies that: 1) as of the Voting Record Date he or she is the holder of the Claim identified in Item 1 above (or is the authorized signatory of such holder), and 2) if the undersigned is not the claimant, that he or she has consulted the claimant on whose behalf this Ballot is being completed, executed, and returned regarding the decisions reflected herein. The undersigned understands that an otherwise properly completed, executed, and returned Ballot failing to indicate either acceptance or rejection of the Plan, or indicating both acceptance and rejection of the Plan, will not be counted.

Print Name of Creditor

Signature

Name and Title of Signatory (if different than creditor)

Relationship to Creditor (if not the creditor)

Street Address

E-mail Address

Telephone Number

Date Completed

1 **VOTING INFORMATION AND INSTRUCTIONS FOR COMPLETING THE BALLOT**

- 2 1. The Debtor mailed this Ballot to you for the purpose of soliciting your vote to accept or reject the Plan.
3 The terms of the Plan are described in the Disclosure Statement, including all exhibits thereto.
4 **PLEASE READ THE PLAN AND DISCLOSURE STATEMENT CAREFULLY BEFORE**
5 **COMPLETING THE BALLOT.**
- 6 2. Item 1. Confirm that Item 1 is correct.
- 7 3. Item 2. In one of the boxes provided in Item 2 of the Ballot, please indicate acceptance or rejection of
8 the Plan (not both). If you hold multiple claims in Class 4, the Debtor will aggregate those claims for
9 voting purposes as one (1) claim. You must vote your entire Class 4 Claim to accept or reject the Plan.
10 You may not split your vote.
- 11 4. Item 3. Indicate whether you wish to elect the Immediate Payment by checking the appropriate box.
- 12 5. Item 4. Review the information provided and indicate whether you opt out of providing the releases
13 in Section 13.9 of the Plan. If you wish to opt out, check the box in Item 4 on the Ballot. If you wish
14 to not opt out, leave the box unchecked.
- 15 6. Item 5. Review the certifications and acknowledgements in Item 5. Complete the Ballot by providing
16 all the information requested in Item 5.
- 17 7. **SIGN THE BALLOT.**
- 18 8. The Debtor will not count any executed ballot received that either (a) does not indicate either an
19 acceptance or rejection of the plan, or (b) that indicates both an acceptance and rejection of the Plan.
- 20 9. **BALLOTS RECEIVED AFTER THE VOTING DEADLINE WILL NOT BE COUNTED.**
- 21 10. If you are completing this Ballot on behalf of another person or entity, indicate your relationship with
22 such person or entity and the capacity in which you are signing, confirm that you have consulted the
23 claimant regarding the decisions reflected in the Ballot, and, if requested, submit satisfactory evidence
24 of your authority to do so (*e.g.*, a power of attorney).
- 25 11. The Ballot does not constitute and shall not be deemed a Proof of Claim or an assertion of a Claim.
- 26 12. In the event that (i) the Debtor revokes or withdraws the Plan, or (ii) the Confirmation Order is not
27 entered or the Effective Date of the Plan does not occur, this Ballot shall automatically be null and
28 void and deemed withdrawn without any requirement of affirmative action by or notice to you.

IF YOU (1) HAVE ANY QUESTIONS REGARDING THIS BALLOT, (2) DID NOT RECEIVE A RETURN ENVELOPE, (3) DID NOT RECEIVE A COPY OF THE DISCLOSURE STATEMENT OR PLAN, OR (4) NEED ADDITIONAL COPIES OF THE BALLOT OR OTHER ENCLOSED MATERIAL, PLEASE CONTACT VERITA, THE DEBTORS CLAIMS AND VOTING AGENT AT (888)-733-1425 (U.S./CANADA) OR (310)-751-2631 (INTERNATIONAL), OR EMAIL RCBOINFO@VERITAGLOBAL.COM. VERITA IS NOT AUTHORIZED TO, AND WILL NOT, PROVIDE LEGAL ADVICE.

PLEASE DO NOT DIRECT ANY INQUIRIES TO THE BANKRUPTCY COURT.

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Schedule 1 to Class 4 Ballot: Third-Party Release From Plan

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 Abuse Claimants (including without limitation Unknown Abuse Claims and any Abuse Claims that are Disputed Claims) that timely return a Ballot but do not affirmatively opt 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.

Injunction Related to Releases. As of the Effective Date, and except as set forth in Articles VIII and IX hereof for Abuse Claimants who elect the Litigation Option to sue the Debtor (as a nominal party only), all Abuse Claimants that are the subject of Section 13.9 hereof 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,

1 **arbitral, administrative or other proceeding) in any forum; (b) enforcing, attaching (including,**
2 **without limitation, any prejudgment attachment), collecting, or in any way seeking to recover any**
3 **judgment, award, decree, or other order; (c) creating, perfecting or in any way enforcing in any**
4 **matter, directly or indirectly, any lien or encumbrance; and/or (d) setting off, seeking**
5 **reimbursement or contributions from, or subrogation against, or otherwise recouping in any**
6 **manner, directly or indirectly, any amount against any liability or obligation that is discharged**
7 **under Section 13.3 of the Plan or released under Section 13.9 of the Plan.**

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EXHIBIT 4

Revised Form of Ballot for Class 5 (Unknown Abuse Claims)

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1 UNITED STATES BANKRUPTCY COURT
2 NORTHERN DISTRICT OF CALIFORNIA
3 OAKLAND DIVISION

4 In re:

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

7 Debtor.

Case No. 23-40523 WJL

Chapter 11

8 **BALLOT FOR ACCEPTING OR REJECTING THE DEBTOR'S PLAN OF**
9 **REORGANIZATION**

10 *CLASS 5 – Unknown Abuse Claims*

11 **THE VOTING DEADLINE TO ACCEPT OR REJECT**
12 **THE PLAN IS 5:00 P.M., PREVAILING PACIFIC TIME,**
13 **ON MAY 30, 2025 (the “Voting Deadline”)**

14 This ballot (the “Ballot”) is provided to you to solicit your vote to accept or reject the *Debtor’s*
15 *Third Amended Plan of Reorganization* dated and filed on March 17, 2025 (as may be amended from
16 time to time, the “Plan”), for the Roman Catholic Bishop of Oakland (the “Debtor”), in the above-
17 captioned Bankruptcy Case.¹

18 **Please use this Ballot to cast your vote to accept or reject the Plan on behalf of Holders of**
19 **Unknown Abuse Claims (as defined in the Plan) against the Debtor based on sexual abuse that**
20 **arose before the May 8, 2023, filing of the Debtor’s Bankruptcy Case.**

21 In addition, the Plan provides that if the Plan is confirmed, certain release, injunction,
22 exculpation and discharge provisions set forth in Article XIII of the Plan will become effective as of the
23 Effective Date of the Plan. **These include the “Releases by Holders of Abuse Claims” set forth in**
24 **Section 13.9 of the Plan, and in Schedule 1 attached hereto (the “Third-Party Release”). The**
25 **Third-Party Release provides for release by consenting claimants of claims against certain non-**
26 **debtor affiliates of the Debtor, including the Roman Catholic Welfare Corporation.**

27 In accordance with the terms of the Plan, **by casting this Ballot to vote either to accept or**
28 **reject the Plan you will be deemed to grant the Third-Party Release unless you “opt out” of the**
Third-Party Release by checking the box in Item 3 below.

The Bankruptcy Court has approved a *Third Amended Disclosure Statement for Debtor’s Third*
Amended Plan of Reorganization dated and filed on April 2, 2025 (the “Disclosure Statement”) with
respect to the Plan. A copy of the Disclosure Statement, along with the Plan, was included in the package
of materials you received with this Ballot (the “Solicitation Package”). The Disclosure Statement
provides information to assist you in deciding how to vote on the Plan. If you do not have the Solicitation
Package, you may obtain a copy free of charge from the website for the Chapter 11 Case at

¹ Capitalized terms used but not defined herein have the meanings ascribed to such terms in the Plan.
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of 8

1 <https://veritaglobal.net/rcbo>. Copies of the Disclosure Statement and Plan will also be on file with the
2 Office of the Clerk of the Court for review during normal business hours (a fee may be charged).

3 **You should review the Disclosure Statement and the Plan in their entirety before you vote.**
4 **You may wish to seek independent legal advice concerning the Plan and the classification and**
5 **treatment of the Unknown Abuse Claims under the Plan.**

6 The Bankruptcy Court's approval of the Disclosure Statement does not indicate its approval of
7 the Plan. The Plan will be confirmed by the Bankruptcy Court and thereby made binding on you only if
8 the Plan (i) is accepted by the holders of at least two-thirds in amount and more than one-half in number
9 of the Claims in each impaired Class of Claims that vote on the Plan, and (ii) otherwise satisfies the
10 applicable requirements of section 1129(a) of the Bankruptcy Code. If the requisite acceptances are not
11 obtained, the Bankruptcy Court nonetheless may confirm the Plan if it finds the Plan (i) provides fair and
12 equitable treatment to, and does not unfairly discriminate against, the Class or Classes rejecting the Plan
13 and (ii) otherwise satisfies the requirements of section 1129(b) of the Bankruptcy Code.

14 **If your Ballot is not received on or before May 30, 2025 at 5:00 P.M. (PT) and such deadline**
15 **is not extended, your vote will not count as either an acceptance or rejection of the Plan. To have**
16 **your vote counted, please complete, sign, and date this ballot and return it so that it is received no**
17 **later than the Voting Deadline, as follows:**

18 **SUBMISSION BY MAIL, OVERNIGHT, OR PERSONAL DELIVERY**

19 **YOUR BALLOT MUST BE SENT VIA FIRST CLASS MAIL (IN THE ENCLOSED**
20 **ENVELOPE)**
21 **OR VIA OVERNIGHT COURIER OR PERSONAL DELIVERY TO:**

22 **The Roman Catholic Bishop of Oakland**
23 **Ballot Processing c/o Verita**
24 **222 N. Pacific Coast Highway, 3rd Floor**
25 **El Segundo, CA 90245**

26 **OR**

27 **ELECTRONIC ONLINE SUBMISSION**

28 **Alternatively, parties may submit a Ballot via electronic online transmission solely through the**
29 **customized online balloting portal (the "E-Balloting Portal") on the Debtors' case website,**
30 **<https://veritaglobal.net/rcbo> clicking on the "E-Ballot" link on or before the Voting**
31 **Deadline. Parties submitting a Ballot via the E-Balloting Portal must not submit a paper**
32 **ballot.**

33 **IMPORTANT NOTE: You will need the following information to retrieve and submit your**
34 **customized E-Ballot:**

35 **Unique E-Ballot ID#:**

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2 PLEASE READ THE ATTACHED VOTING INFORMATION AND INSTRUCTIONS BEFORE
3 COMPLETING THIS BALLOT.

4 PLEASE COMPLETE ALL APPLICABLE ITEMS BELOW. PLEASE REVIEW THE
5 ACKNOWLEDGEMENT CONTAINED IN ITEM 3 AND FILL IN ALL OF THE
6 INFORMATION REQUESTED. IF THIS BALLOT IS NOT SIGNED ON THE APPROPRIATE
7 LINES BELOW, THIS BALLOT WILL NOT BE VALID OR COUNTED AS HAVING BEEN
8 CAST.

9 **PLEASE COMPLETE THE FOLLOWING:**

10 **Item 1. Certification of Claim.** For purposes of voting to accept or reject the Joint Plan, the undersigned
11 certifies that as of the Voting Record Date, the undersigned is the duly appointed Unknown Abuse Claims
12 Representative in this Bankruptcy Case for holders Claim in Class 5 (Unknown Abuse Claims) against
13 the Debtor. For voting purposes only, you will vote a single Class 5 Claim valued at \$1.00. This amount
14 shall have no effect on the amount of any distribution a Class 5 Claim may receive and is solely for
15 purposes of tabulating votes.

16 **Item 2. Vote to Accept or Reject the Plan.** Please vote below either to accept or to reject the Plan with
17 respect to the Class 5 Claims. Any Ballot not marked either to accept or reject the Plan, or marked both to
18 accept and to reject the Plan, shall not be counted in determining acceptance or rejection of the Plan. The
19 undersigned, the Unknown Abuse Claims Representative on behalf of Class 5 Unknown Abuse Claims
20 votes as follows (check *only* one box below):

21 ACCEPTS THE PLAN

22 REJECTS THE PLAN

23 **Item 3. Opt-Out of Third-Party Release.** The checkbox below is for purposes of indicating
24 whether you decline on behalf of the Holders of Unknown Abuse Claims to grant the Third-Party Release
25 as provided in Section 13.9 of the Plan, and described in Article II and Article III.F., III.G., and III.I. of
26 the Disclosure Statement. **If you do not wish to grant the releases in Section 13.9 of the Plan, then you
27 need to check the box below.**

28 By checking this box, the undersigned Unknown Abuse Claims Representative:

Elects **not** to grant the Third-Party Release contained in Section 13.9 of the Plan.

**YOU MUST AFFIRMATIVELY CHECK THE BOX ABOVE IN ORDER TO OPT-OUT OF THE
THIRD-PARTY RELEASE. If you return this Ballot without checking the box to opt-out, Holders
of Unknown Abuse Claims will be deemed to consent to the Third-Party Release.**

As set forth in the Plan and Disclosure Statement, the contribution of up to \$14.25 million by The
Roman Catholic Welfare Corporation (“RCWC”) to the Survivors’ Trust will be reduced depending on
the number of Abuse Claimants that opt out of releasing claims against RCWC through the Third-Party
Release. **Opting out of the Third-Party Release may therefore reduce the amount available for
distribution to Abuse Claimants.** More information on RCWC’s contribution is provided in the
Disclosure Statement.

1 **Item 4. Acknowledgments.** By signing this Ballot, the undersigned acknowledges receipt of a
2 copy of the Disclosure Statement, the Plan, and the other applicable solicitation materials, and
3 acknowledges that the solicitation is being made pursuant to the terms and conditions set forth herein. The
4 undersigned claimant certifies that as of the Voting Record Date he or she is the duly appointed Unknown
5 Abuse Claims Representative. The undersigned understands that an otherwise properly completed,
6 executed, and timely returned Ballot failing to indicate either acceptance or rejection of the Plan, or
7 indicating both acceptance and rejection of the Plan, will not be counted.

8 _____
9 Print Name of Creditor

10 _____
11 Signature

12 _____
13 Name and Title of Signatory (if different than creditor)

14 _____
15 Street Address

16 _____
17 E-mail Address

18 _____
19 Telephone Number

20 _____
21 Date Completed

1 **VOTING INFORMATION AND INSTRUCTIONS FOR COMPLETING THE BALLOT**

- 2 1. The Debtor mailed this Ballot to you for the purpose of soliciting your vote to accept or reject the Plan.
3 The terms of the Plan are described in the Disclosure Statement, including all exhibits thereto.
4 **PLEASE READ THE PLAN AND DISCLOSURE STATEMENT CAREFULLY BEFORE**
5 **COMPLETING THE BALLOT.**
- 6 2. Item 1. Confirm that the information in Item 1 of the Ballot is correct.
- 7 3. Item 2. In one of the boxes provided in Item 2 of the Ballot, please indicate acceptance or rejection of
8 the Plan (not both).
- 9 4. Item 3. Review the information provided and indicate whether you opt out of providing the releases
10 in Section 13.9 of the Plan. If you wish to opt out, check the box in Item 4 on the Ballot. If you wish
11 to not opt out, leave the box unchecked.
- 12 5. Item 4. Review the certifications and acknowledgements in Item 5. Complete the Ballot by providing
13 all the information requested in Item 5.
- 14 6. **SIGN THE BALLOT.**
- 15 7. The Debtor will not count any executed ballot received that either (a) does not indicate either an
16 acceptance or rejection of the plan, or (b) that indicates both an acceptance and rejection of the Plan.
- 17 8. **BALLOTS RECEIVED AFTER THE VOTING DEADLINE WILL NOT BE COUNTED.**
- 18 9. If you are completing this Ballot on behalf of another person or entity, indicate your relationship with
19 such person or entity and the capacity in which you are signing.
- 20 10. The Ballot does not constitute and shall not be deemed a Proof of Claim or an assertion of a Claim.
- 21 11. In the event that (i) the Debtor revokes or withdraws the Plan, or (ii) the Confirmation Order is not
22 entered or the Effective Date of the Plan does not occur, this Ballot shall automatically be null and
23 void and deemed withdrawn without any requirement of affirmative action by or notice to you.

24 **IF YOU (1) HAVE ANY QUESTIONS REGARDING THIS BALLOT, (2) DID NOT RECEIVE A**
25 **RETURN ENVELOPE, (3) DID NOT RECEIVE A COPY OF THE DISCLOSURE STATEMENT**
26 **OR PLAN, OR (4) NEED ADDITIONAL COPIES OF THE BALLOT OR OTHER ENCLOSED**
27 **MATERIAL, PLEASE CONTACT VERITA, THE DEBTORS CLAIMS AND VOTING AGENT**
28 **AT (888)-733-1425 (U.S./CANADA) OR (310)-751-2631 (INTERNATIONAL), OR EMAIL**
RCBOINFO@VERITAGLOBAL.COM. VERITA IS NOT AUTHORIZED TO, AND WILL NOT,
PROVIDE LEGAL ADVICE.

PLEASE DO NOT DIRECT ANY INQUIRIES TO THE BANKRUPTCY COURT.

1 Schedule 1 to Class 5 Ballot: Third-Party Release From Plan

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3 ***Releases by Holders of Abuse Claims.*** As of the Effective Date, except for the rights that

4 remain in effect from and after the Effective Date to enforce the Plan and the Confirmation Order,

5 pursuant to Section 1123(b) of the Bankruptcy Code, for good and valuable consideration, the

6 adequacy of which is hereby confirmed, including the service of the Released Parties to facilitate

7 and implement the reorganization of the Debtor, as an integral component of the Plan, and except

8 as otherwise expressly provided in the Plan or the Confirmation Order, to the maximum extent

9 permitted under applicable law, as such law may be extended subsequent to the Effective Date, all

10 Abuse Claimants (including without limitation Unknown Abuse Claims and any Abuse Claims that

11 are Disputed Claims) that timely return a Ballot but do not affirmatively opt out of the Releases

12 pursuant to Section 6.2 of the Plan, shall, and shall be deemed to, expressly, conclusively, absolutely,

13 unconditionally, irrevocably, and forever discharge and release each and all of the Released Parties

14 and their respective property and successors and assigns of and from all Abuse Claims and any and

15 all Claims and Causes of Action whatsoever, whether known or unknown, asserted or unasserted,

16 derivative or direct, foreseen or unforeseen, existing or hereinafter arising, in law, equity, or

17 otherwise, whether for tort, fraud, contract, veil piercing or alter-ego theories of liability, successor

18 liability, contribution, indemnification, joint liability, or otherwise, arising from or related in any

19 way to such Abuse Claims.

20

21 ***Injunction Related to Releases.*** As of the Effective Date, and except as set forth in Articles

22 VIII and IX hereof for Abuse Claimants who elect the Litigation Option to sue the Debtor (as a

23 nominal party only), all Abuse Claimants that are the subject of Section 13.9 hereof are, and shall

24 be, expressly, conclusively, absolutely, unconditionally, irrevocably, and forever stayed, restrained,

25 prohibited, barred and enjoined from taking any of the following actions against any Released Party

26 or its property or successors or assigns on account of or based on the subject matter of such Claims,

27 whether directly or indirectly, derivatively or otherwise: (a) commencing, conducting or continuing

28 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,

1 **without limitation, any prejudgment attachment), collecting, or in any way seeking to recover any**
2 **judgment, award, decree, or other order; (c) creating, perfecting or in any way enforcing in any**
3 **matter, directly or indirectly, any lien or encumbrance; and/or (d) setting off, seeking**
4 **reimbursement or contributions from, or subrogation against, or otherwise recouping in any**
5 **manner, directly or indirectly, any amount against any liability or obligation that is discharged**
6 **under Section 13.3 of the Plan or released under Section 13.9 of the Plan.**

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EXHIBIT 5

Revised Form of Ballot for Class 6 (Non-Abuse Litigation Claims)

1 UNITED STATES BANKRUPTCY COURT
2 NORTHERN DISTRICT OF CALIFORNIA
3 OAKLAND DIVISION

4 In re:

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

7 Debtor.

Case No. 23-40523 WJL

Chapter 11

8 **BALLOT FOR ACCEPTING OR REJECTING THE DEBTOR'S PLAN OF**
9 **REORGANIZATION**

10 *CLASS 6 – Non-Abuse Litigation Claims*

11 **THE VOTING DEADLINE TO ACCEPT OR REJECT**
12 **THE PLAN IS 5:00 P.M., PREVAILING PACIFIC TIME,**
13 **ON MAY 30, 2025 (the “Voting Deadline”)**

14 This ballot (the “Ballot”) is provided to you to solicit your vote to accept or reject the *Debtor’s Third Amended Plan of Reorganization* dated and filed on March 17, 2025 (as may be amended from time to time, the “Plan”), for the Roman Catholic Bishop of Oakland (the “Debtor”), in the above-captioned Chapter 11 Case.¹

15 **Please use this Ballot to cast your vote to accept or reject the Plan if you are, as of April 1,**
16 **2025 (the “Voting Record Date”), a holder of a Non-Abuse Litigation Claim against the Debtor**
17 **that arose before the May 8, 2023, filing of the Debtor’s Bankruptcy Case.**

18 The Bankruptcy Court has approved a *Third Amended Disclosure Statement for Debtor’s Third*
19 *Amended Plan of Reorganization* dated and filed on April 2, 2025 (the “Disclosure Statement”) with
20 respect to the Plan. A copy of the Disclosure Statement, along with the Plan, was included in the package
21 of materials you received with this Ballot (the “Solicitation Package”). The Disclosure Statement
22 provides information to assist you in deciding how to vote on the Plan. If you do not have the Solicitation
23 Package, you may obtain a copy free of charge from the website for the Chapter 11 Case at
24 <https://veritaglobal.net/rcbo>. Copies of the Disclosure Statement and Plan will also be on file with the
25 Office of the Clerk of the Court for review during normal business hours (a fee may be charged).

26 **You should review the Disclosure Statement and the Plan in their entirety before you vote.**
27 **You may wish to seek independent legal advice concerning the Plan and the classification and**
28 **treatment of your Claim under the Plan. Your claim has been placed in Class 6 (Non-Abuse**
Litigation Claims) under the Plan. If you hold claims in more than one class under the Plan, you
will receive a Ballot for each class in which you are entitled to vote.

The Bankruptcy Court’s approval of the Disclosure Statement does not indicate its approval of the Plan. The Plan will be confirmed by the Bankruptcy Court and thereby made binding on you only if the Plan (i) is accepted by the holders of at least two-thirds in amount and more than one-half in number

¹ Capitalized terms used but not defined herein have the meanings ascribed to such terms in the Plan.
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of 6

1 of the Claims in each impaired Class of Claims that vote on the Plan, and (ii) otherwise satisfies the
2 applicable requirements of section 1129(a) of the Bankruptcy Code. If the requisite acceptances are not
3 obtained, the Bankruptcy Court nonetheless may confirm the Plan if it finds the Plan (i) provides fair and
4 equitable treatment to, and does not unfairly discriminate against, the Class or Classes rejecting the Plan
5 and (ii) otherwise satisfies the requirements of section 1129(b) of the Bankruptcy Code.

6 **If your Ballot is not received on or before May 30, 2025 at 5:00 P.M. (PT) and such deadline
7 is not extended, your vote will not count as either an acceptance or rejection of the Plan. To have
8 your vote counted, please complete, sign, and date this ballot and return it so that it is received no
9 later than the Voting Deadline, as follows:**

10 **SUBMISSION BY MAIL, OVERNIGHT, OR PERSONAL DELIVERY**

11 **YOUR BALLOT MUST BE SENT VIA FIRST CLASS MAIL (IN THE ENCLOSED
12 ENVELOPE)
13 OR VIA OVERNIGHT COURIER OR PERSONAL DELIVERY TO:**

14 **The Roman Catholic Bishop of Oakland
15 Ballot Processing c/o Verita
16 222 N. Pacific Coast Highway, 3rd Floor
17 El Segundo, CA 90245**

18 **OR**

19 **ELECTRONIC ONLINE SUBMISSION**

20 **Alternatively, parties may submit a Ballot via electronic online transmission solely through the
21 customized online balloting portal (the “E-Balloting Portal”) on the Debtors’ case website,
22 <https://veritaglobal.net/rcbo> clicking on the “E-Ballot” link on or before the Voting
23 Deadline. Parties submitting a Ballot via the E-Balloting Portal must not submit a paper
24 ballot.**

25 **IMPORTANT NOTE: You will need the following information to retrieve and submit your
26 customized E-Ballot:**

27 **Unique E-Ballot ID#: _____**

28 **The Debtor’s books and records indicate that you hold and/or have
asserted a claim in the following Class and amount:**

**Class: 6 (Non-Abuse Litigation Claims)
Amount:**

1 PLEASE READ THE ATTACHED VOTING INFORMATION AND INSTRUCTIONS BEFORE
2 COMPLETING THIS BALLOT.

3 PLEASE COMPLETE ALL APPLICABLE ITEMS BELOW. PLEASE REVIEW THE
4 ACKNOWLEDGEMENT CONTAINED IN ITEM 3 AND FILL IN ALL OF THE
5 INFORMATION REQUESTED. IF THIS BALLOT IS NOT SIGNED ON THE APPROPRIATE
6 LINES BELOW, THIS BALLOT WILL NOT BE VALID OR COUNTED AS HAVING BEEN
7 CAST.

8 **PLEASE COMPLETE THE FOLLOWING:**

9
10 **Item 1. Voting Amount.** The undersigned certifies that, as of the Voting Record Date, the undersigned
11 held a Claim or Claims in Class 6 (Non-Abuse Litigation Claims) against the Debtor in the following
12 aggregate amount:

13 \$ _____²

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15 **Item 2. Vote to Accept or Reject the Plan.** Please vote below either to accept or to reject the Plan with
16 respect to your Claim or Claims in Class 6. Any Ballot not marked either to accept or reject the Plan, or
17 marked both to accept and to reject the Plan, shall not be counted in determining acceptance or rejection
18 of the Plan. The undersigned, the holder of a Claim or Claims in Class 6 (Non-Abuse Litigation Claims)
19 set forth in Item 1, votes as follows (check *only* one box below):

20 ACCEPTS THE PLAN

21 REJECTS THE PLAN

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² For voting purposes only, and subject to tabulation rules.

1 **Item 3. Acknowledgments.** By signing this Ballot, the undersigned acknowledges receipt of a
2 copy of the Disclosure Statement, the Plan, and the other applicable solicitation materials, and
3 acknowledges that the solicitation is being made pursuant to the terms and conditions set forth herein. The
4 undersigned claimant certifies that as of the Voting Record Date he or she is the holder of the Claim or
5 Claims identified in Item 1 above (or is the authorized signatory of such holder). The undersigned
6 understands that an otherwise properly completed, executed, and timely returned Ballot failing to indicate
7 either acceptance or rejection of the Plan, or indicating both acceptance and rejection of the Plan, will not
8 be counted.
9

10 _____
11 Print Name of Creditor

12 _____
13 Signature

14 _____
15 Name and Title of Signatory (if different than creditor)

16 _____
17 Street Address

18 _____
19 E-mail Address

20 _____
21 Telephone Number

22 _____
23 Date Completed
24
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1 **VOTING INFORMATION AND INSTRUCTIONS FOR COMPLETING THE BALLOT**

- 2 1. The Debtor mailed this Ballot to you for the purpose of soliciting your vote to accept or reject the Plan.
3 The terms of the Plan are described in the Disclosure Statement, including all exhibits thereto.
4 **PLEASE READ THE PLAN AND DISCLOSURE STATEMENT CAREFULLY BEFORE**
5 **COMPLETING THE BALLOT.**
- 6 2. Item 1. Complete Item 1.
- 7 3. Item 2. In one of the boxes provided in Item 2 of the Ballot, please indicate acceptance or rejection of
8 the Plan (not both). If you hold multiple claims in Class 6, the Debtor will aggregate those claims for
9 voting purposes as one (1) claim. You must vote your entire Class 6 Non-Abuse Litigation Claim to
10 accept or reject the Plan. You may not split your vote.
- 11 4. Item 3. Review the certifications and acknowledgements in Item 3. Complete the Ballot by providing
12 all the information requested in Item 3.
- 13 5. **SIGN THE BALLOT.**
- 14 6. The Debtor will not count any executed ballot received that either (a) does not indicate either an
15 acceptance or rejection of the plan, or (b) that indicates both an acceptance and rejection of the Plan.
- 16 7. **BALLOTS RECEIVED AFTER THE VOTING DEADLINE WILL NOT BE COUNTED.**
- 17 8. If you are completing this Ballot on behalf of another person or entity, indicate your relationship with
18 such person or entity and the capacity in which you are signing and, if requested, submit satisfactory
19 evidence of your authority to do so (*e.g.*, a power of attorney).
- 20 9. The amounts set forth on the Ballot **are solely for purposes of voting** to accept or reject the Plan. The
21 Ballot does not constitute an allowance of your Claim for purposes of distribution under the Plan and
22 is without prejudice to the rights of the Debtor or any other party (*i.e.*, the right of the Debtor or any
23 other party to contest the amount or validity of any Claim for purposes of allowance or distribution
24 under the Plan).
- 25 10. The Ballot does not constitute and shall not be deemed a Proof of Claim or an assertion of a Claim.
- 26 11. In the event that (i) the Debtor revokes or withdraws the Plan, or (ii) the Confirmation Order is not
27 entered or the Effective Date of the Plan does not occur, this Ballot shall automatically be null and
28 void and deemed withdrawn without any requirement of affirmative action by or notice to you.

21 **IF YOU (1) HAVE ANY QUESTIONS REGARDING THIS BALLOT, (2) DID NOT RECEIVE A**
22 **RETURN ENVELOPE, (3) DID NOT RECEIVE A COPY OF THE DISCLOSURE STATEMENT**
23 **OR PLAN, OR (4) NEED ADDITIONAL COPIES OF THE BALLOT OR OTHER ENCLOSED**
24 **MATERIAL, PLEASE CONTACT VERITA, THE DEBTORS CLAIMS AND VOTING AGENT**
25 **AT (888)-733-1425 (U.S./CANADA) OR (310)-751-2631 (INTERNATIONAL), OR EMAIL**
26 **RCBOINFO@VERITAGLOBAL.COM. VERITA IS NOT AUTHORIZED TO, AND WILL NOT,**
27 **PROVIDE LEGAL ADVICE.**

28 **PLEASE DO NOT DIRECT ANY INQUIRIES TO THE BANKRUPTCY COURT.**

EXHIBIT 6

Revised Form of Confirmation Hearing Notice

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1 **FOLEY & LARDNER LLP**

2 Thomas F. Carlucci (CA Bar No. 135767)
3 Tel: (415) 984-9824; tcarlucci@foley.com
4 Shane J. Moses (CA Bar No. 250533)
5 Tel: (415) 438-6404; smoses@foley.com
6 Ann Marie Uetz (admitted *pro hac vice*)
7 Tel: (313) 234-7114; auetz@foley.com
8 Matthew D. Lee (admitted *pro hac vice*)
9 Tel: (608) 258-4203; mdlee@foley.com
10 Geoffrey S. Goodman (*pro hac vice* requested)
11 Tel: (312) 832-4515; ggoodman@foley.com
12 Mark C. Moore (admitted *pro hac vice*)
13 Tel: (214) 999-4150; mmoore@foley.com
14 555 California Street, Suite 1700
15 San Francisco, CA 94104-1520

16 *Counsel for the Debtor
17 and Debtor in Possession*

18 **UNITED STATES BANKRUPTCY COURT**
19 **NORTHERN DISTRICT OF CALIFORNIA**
20 **OAKLAND DIVISION**

21 In re:
22 THE ROMAN CATHOLIC BISHOP OF
23 OAKLAND, a California corporation sole,
24 Debtor.

Case No. 23-40523 WJL

Chapter 11

**NOTICE OF (A) HEARING TO CONSIDER
CONFIRMATION OF CHAPTER 11 PLAN
OF REORGANIZATION; (B) DEADLINES
FOR VOTING TO ACCEPT OR REJECT
PLAN AND FILING ANY OBJECTIONS TO
PLAN; AND (C) RELATED MATTERS**

Judge: Hon. William J. Lafferty

Date: ~~[TBD]~~ [August 25, 2025](#)

Time: ~~[TBD]~~ [9:30 a.m.](#)

Place: United States Bankruptcy Court
1300 Clay Street
Courtroom 220
Oakland, CA 94612

25 **TO: THE COURT, ALL HOLDERS OF CLAIMS, AND PARTIES-IN-INTEREST**

1 **PLEASE TAKE NOTICE THAT:**

2 **Approval of Disclosure Statement.** On ~~4-1-2025~~ **April 1**, 2025, the United States Bankruptcy
3 Court for the Northern District of California (the “Bankruptcy Court”) entered an order [Docket No. [•
4]] (the “Disclosure Statement Order”) approving the *Third Amended Disclosure Statement for Debtor’s*
5 *Third Amended Plan of Reorganization* dated and filed on ~~March 17~~ **April 2**, 2025 [Docket No. ____] (the
6 “Disclosure Statement”) in connection with the *Debtor’s Third Amended Plan of Reorganization* dated
7 and filed on March 17, 2025 [Docket No. ~~_____~~ **18301**] (together with the Plan Supplement and Exhibits
8 thereto, as they may be amended, the “Plan).¹ The Disclosure Statement Order authorizes the Debtor to
9 solicit votes to accept or reject the Plan pursuant to chapter 11 of title 11 of the United States Code, 11
10 U.S.C. §§ 101-1532 (the “Bankruptcy Code”).

11 If you wish to review the Plan, Disclosure Statement, and/or Disclosure Statement Order (the “Plan
12 Documents”), you may receive a copy of the Plan Documents free of charge from Kurtzman Carson
13 Consultants, LLC dba Verita Global, the balloting agent retained by the Debtor in this Chapter 11 Case
14 (“Verita”), by: (a) accessing the Chapter 11 case website at <https://veritaglobal.net/rcbo>; (b) writing to
15 The Roman Catholic Bishop of Oakland Ballot Processing c/o Verita 222 N. Pacific Coast Highway, 3rd
16 Floor El Segundo, CA 90245; (c) emailing at: RCBOInfo@veritaglobal.com; and/or (d) calling the case
17 hotline at (866) 662-2072. Please be advised that Verita is authorized to answer questions and provide
18 additional copies of solicitation materials but may **not** advise you as to whether you should object to the
19 Plan, or provide any other legal advice. You may also obtain copies of any pleadings filed in this Chapter
20 11 Case for a fee via PACER at: <https://ecf.canb.uscourts.gov/bankruptcy>.

21 **INFORMATION REGARDING CONFIRMATION HEARING**

22 **Confirmation Hearing.** A hearing to consider confirmation of the Plan (the “Confirmation
23 Hearing”), shall commence at ~~4-1-2025~~ **9:30 a.m. (prevailing Pacific time) on 4-1-2025** **August 25, 2025**
24 at the United States Bankruptcy Court, 1300 Clay Street, Oakland, California, before the Honorable
25 William J. Lafferty, United States Bankruptcy Judge. The Confirmation Hearing may be adjourned or
26 continued from time to time without further notice except as announced in open court or filed on the Court’s
27 docket. The Debtor may modify the Plan, if necessary, prior to, during, or as a result of the Confirmation
28 Hearing in accordance with the terms of the Plan without further notice, subject to the terms of the
Disclosure Statement Order.

18 The Hearing will be held in person in the courtroom, provided that (1) parties in interest may
19 attend by Zoom Webinar/AT&T Teleconference; (2) additional information is available on Judge
20 Lafferty’s Procedures page on the Court’s website, which is <http://www.canb.uscourts.gov>; and (3)
21 information on how to attend the hearing by Zoom Webinar/AT&T Teleconference will be included
22 with each calendar posted under Judge Lafferty’s calendar on the court’s website.

23 **INFORMATION REGARDING VOTING TO CONFIRM OR REJECT PLAN**

24 **Record Date for Voting Purposes.** Only holders of Claims in Class 3 (General Unsecured
25 Claims), Class 4 (Abuse Claims), Class 5 (Unknown Abuse Claims), and Class 6 (Non-Abuse Litigation
26 Claims), each as described in the Disclosure Statement and Plan, as of ~~4-1-2025~~ **April 1**, 2025 (the
27 “Voting Record Date”) are entitled to vote on the Plan.

28 **Voting Procedures.** If you are entitled to vote on the Plan, you will receive a Solicitation Package
which shall include a copy of (i) the Disclosure Statement Order, (ii) this Notice, (iii) the Disclosure
Statement, attached to which is the Plan, and (iv) a ballot (the “Ballot”). If you are a Holder of a Claim in
Class 4 or Class 5, your Ballot will also include a section whereby you may elect to opt out of certain

¹ All capitalized terms used but not defined herein have the meanings ascribed to such terms in the Plan and Disclosure Statement, as applicable.

1 releases provided under the Plan. Please review the Ballot for specific instructions as to how to vote.
2 **Failure to follow the voting instructions may disqualify your vote.**

3 **Voting Deadline.** The deadline to vote on the Plan is ~~11:59 p.m.~~ **May 30, 2025 at 5:00 p.m.**
4 (prevailing Pacific time) (the “Voting Deadline”). If you are entitled to vote on the Plan, your ballot
5 must be sent by first class mail, overnight mail or hand delivery to **The Roman Catholic Bishop of**
6 **Oakland Ballot Processing c/o Verita 222 N. Pacific Coast Highway, 3rd Floor El Segundo, CA**
7 **90245**, or submitted via electronic online transmission solely through the customized online balloting
8 portal (the “E-Balloting Portal”) on the case website, <https://veritaglobal.net/rcbo> and must be **actually**
9 **received** by the Voting Deadline. **Otherwise your vote will not be counted.** **Ballots submitted by**
10 **facsimile or email will not be counted.**

11 **Creditors and Parties in Interest Not Entitled to Vote.** Only Holders of Claims in Classes 3, 4, 5,
12 and 6 are entitled to vote on the Plan. Holders of Administrative Claims, Priority Tax Claims, Professional
13 Fee Claims, and U.S. Trustee Fee Claims (the “Unclassified Claims”), and Holders of Claims in Class 1
14 (RCC Secured Claim), Class 2 (Priority Unsecured Claims, other than Unclassified Claims), Class 7A
15 (Contribution Claims Related to Class 4 Claims), and Class 7B (Contribution Claims Related to Class 5
16 Claims) are not entitled to vote on the Plan. Such holders will receive a Notice of Non-Voting Status instead
17 of a Ballot. If you have timely filed a Proof of Claim and disagree with the Debtor’s classification of,
18 objection to, or request for estimation of your Claim and believe you should be entitled to vote on the Plan,
19 then you must serve counsel for the Debtor and file with the Court a motion (a “Rule 3018 Motion”) for an
20 order pursuant to Rule 3018(a) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) to
21 temporarily allow your claim in a different amount or in a different class for purposes of voting to
22 accept or reject the Plan. **All Rule 3018 Motions must be filed on or before the 10th day after the later**
23 **of (i) service of this Notice, and (ii) service of notice of an objection or request for estimation, if any,**
24 **as to such Claim, 11:59 p.m., 2025.** As to any creditor filing a Rule 3018 Motion, such creditor’s Ballot
25 will not be counted unless/until otherwise ordered by the Court. Creditors may contact the Debtor’s
26 counsel at the contact information listed herein to receive an appropriate Ballot for any claim for which a
27 proof of claim has been timely filed and a Rule 3018 Motion has been granted. **Rule 3018 Motions that**
28 **are not timely filed and served in the manner set forth above will not be considered.**

OBJECTIONS TO CONFIRMATION OF THE PLAN

18 Objections to confirmation of the Plan, if any, must (a) be in writing; (b) conform to the Bankruptcy
19 Rules and the Local Rules; (c) state the basis for the objection, and the specific grounds therefor; and (d) be
20 filed with the Court and served so as to be actually received not later than ~~11:59 p.m.~~ **August 6, 2025**, by
21 (i) counsel to the Debtor, Foley & Lardner, LLC, 555 California Street, Ste. 1700, San Francisco, CA 94104,
22 Attn: Ann Marie Uetz (auez@foley.com), Matthew Lee (mdlee@foley.com), and Shane Moses
23 (smoses@foley.com); (ii) the Office of the United States Trustee for the Northern District of California,
24 Office of the United States Trustee, 450 Golden Gate Avenue, Room 05-0153, San Francisco, California
25 94102, Attn: Jason Blumberg (jason.blumberg@usdoj.gov), (iii) counsel to the Official Committee of
26 Unsecured Creditors, Keller Benvenuti Kim LLP, 425 Market Street, 26th Floor San Francisco, California
27 94105, Attn: Gabrielle L. Albert (galbert@kblklp.com), ~~and~~ Lowenstein Sandler LLP, One Lowenstein
28 Drive Roseland, New Jersey 07068, Attn: Jeffrey D. Prol (jprol@lowenstein.com) and Brent Weisenberg
(bweisenberg@lowenstein.com), ~~and~~ Burns Bair LLP, 10 E. Doty Street, Suite 600, Madison, WI 53703-
3392, Attn: Timothy Burns (tburns@burnsbair.com) and Jesse Bair (jbair@burnsbair.com); and (iv) those
persons who have formally appeared and requested service in this case pursuant to Rule 2002 of the Federal
Rules of Bankruptcy Procedure. **Any objections not timely filed and served in accordance with the**
provisions set forth above may not be considered by the Court. Failure to file and serve a timely
objection may result in waiver of any objection.

PLAN RELEASE, EXCULPATION, AND INJUNCTION PROVISIONS

28 The Plan proposes certain releases, injunctions, and exculpations in furtherance of the Plan,
including releases by Holders of Claims in Class 4 (Abuse Claims), and Class 5 (Unknown Abuse

1 **Claims) of Claims against certain non-debtor entities.** The Plan provides the Debtor (including its
2 Churches), other related entities including the Roman Catholic Welfare Corporation of Oakland
3 (“RCWC”) and Adventus (together with RCWC, the “Contributing Non-Debtor Catholic Entities”), and
4 Settling Insurers (as defined in the Plan), shall receive the benefit of certain releases, exculpation, and
5 injunctions, which are summarized below, and set forth in more detail in the Disclosure Statement and in
6 the Plan.

7 **Exculpation.** Section 13.6 of the Plan provides that, to the extent permitted under
8 applicable Ninth Circuit law, (a) the Exit Facility Lender, (b) the Debtor, including the
9 Churches, (c) the Reorganized Debtor, including the Churches, (d) the Committee, (e) the
10 Committee’s members, (f) each Contributing Non-Debtor Catholic Entity, (g) the College
11 of Consultors of the Diocese of Oakland and each of its members, (h) The Diocese of
12 Oakland Finance Council and each of its members, (i) the Presbyteral Council of the
13 Diocese of Oakland and each of its members, (j) the Mediators, (k) the Unknown Abuse
14 Claims Representative, and (l) for each of the foregoing, their respective officers, directors,
15 agents, employees, equity holders, attorneys, financial advisors, accountants, and other
16 duly authorized employed Professionals in this Chapter 11 Case, will be released from
17 certain of their acts and omissions that occurred from the Petition Date through Effective
18 Date, or in preparation of the Chapter 11 Case. None of these parties will be exculpated for
19 (i) any express contractual obligation owing by any such Person or Entity, (ii) willful
20 misconduct or gross negligence, and (iii) with respect to Professionals, liability arising
21 from claims of professional negligence which shall be governed by the standard of care
22 otherwise applicable to professional negligence claims under applicable non-bankruptcy
23 law. Nor shall these parties be exculpated with respect to their respective obligations or
24 covenants arising under the Plan.

25 **Releases.** The Plan states certain parties, including the Contributing Non-Debtor
26 Catholic Entities, will be granted releases and a channeling injunction regarding all Abuse
27 Claims to the extent such releases are granted by the Holders of those Claims in accordance
28 with the terms of the Plan the (“Third-Party Release”). **If the Plan is confirmed, Holders
of Class 4 or Class 5 Claims will not be able to recover directly from or pursue further
litigation against such parties to the extent such Holders granted them releases in
accordance with the terms of the Plan and recoveries on account of Class 4 and Class
5 Claims will be limited by the terms of the Plan.**

Injunctions. The Plan provides for certain injunctions, including a channeling
injunction which will channel certain Claims, including all Abuse Claims against the
Debtor or any released claims against Contributing Non-Debtor Catholic Entities, into the
Survivors’ Trust. This means that any Holder of a Claim that is channeled will no longer
be permitted to pursue their Claim except as set forth in the Plan.

If you are the Holder of an Abuse Claim in either Class 4 or are the Unknown Abuse Claims
Representative on behalf of Class 5, you have the ability to opt out of providing the Third-Party Release
of Contributing Non-Debtor Catholic Entities by affirmatively withholding consent or “opting out” of
such Third-Party Release by checking the box on your Ballot indicating your decision to opt out of
providing the Third-Party Release. Opting out of the Third-Party Release for Contributing Non-Debtor
Catholic Entities does not change the proposed treatment for any Holder of an Abuse Claim except to the
extent opting out results in a reduction of the amount such Contributing Non-Debtor Catholic Entity
contributes to the Survivors’ Trust. As set forth in the Plan and Disclosure Statement, the contribution of
up to \$28.5 million by The Roman Catholic Welfare Corporation (“RCWC”) to the Survivors’ Trust will
be reduced depending on the number of Abuse Claimants that opt out of releasing claims against RCWC
through the Third-Party Release. **Opting out of the Third-Party Release may therefore reduce the
amount available for distribution to Abuse Claimants.** More information on RCWC’s contribution to
the Survivors’ Trust and the Third-Party Release is provided in the Disclosure Statement.

1 You may be deemed to grant the Third-Party Release of Non-Debtor Catholic Entities under
2 the Plan. Holders of Class 4 or Class 5 Claims are deemed under the Plan to have consented to the
3 Third-Party Release pursuant to Section 13.9 of the Plan if: 1) they return a ballot voting for or
4 against the Plan, and 2) they do not check the box indicating their election to opt out of the third-
party release in favor of Contributing Non-Debtor Catholic Entities. Holders of Class 4 or Class 5
Claims that do not return a ballot will not be deemed to consent to the Third-Party Release.

5 **Opt-Out Deadline.** The deadline for Holders of Class 4 or Class 5 Claims to submit a Ballot
6 indicating an election to opt out of the Third-Party Release is the Voting Deadline.

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

10 DATED: April [__], 2025

FOLEY & LARDNER LLP

Thomas F. Carlucci

Shane J. Moses

Ann Marie Uetz

Matthew D. Lee

Geoffrey S. Goodman

Mark C. Moore

/s/ DRAFT

Shane J. Moses

*Counsel for the Debtor
and Debtor in Possession*

EXHIBIT 7

Revised Form of Notice of Non-Voting Status

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1 **FOLEY & LARDNER LLP**

2 Thomas F. Carlucci (CA Bar No. 135767)
3 Tel: (415) 984-9824; tcarlucci@foley.com
4 Shane J. Moses (CA Bar No. 250533)
5 Tel: (415) 438-6404; smoses@foley.com
6 Ann Marie Uetz (admitted *pro hac vice*)
7 Tel: (313) 234-7114; auetz@foley.com
8 Matthew D. Lee (admitted *pro hac vice*)
9 Tel: (608) 258-4203; mdlee@foley.com
10 Mark C. Moore (admitted *pro hac vice*)
11 Tel: (214) 999-4150; mmoore@foley.com
12 555 California Street, Suite 1700
13 San Francisco, CA 94104-1520

14 *Counsel for the Debtor
15 and Debtor in Possession*

16 **UNITED STATES BANKRUPTCY COURT**
17 **NORTHERN DISTRICT OF CALIFORNIA**
18 **OAKLAND DIVISION**

19 In re:
20 THE ROMAN CATHOLIC BISHOP OF
21 OAKLAND, a California corporation sole,
22 Debtor.

23 Case No. 23-40523 WJL

24 Chapter 11

25 **NOTICE OF NON-VOTING STATUS**

26 **TO: THE COURT, ALL HOLDERS OF CLAIMS, AND PARTIES-IN-INTEREST**

27 **PLEASE TAKE NOTICE THAT:**

28 **Approval of Disclosure Statement.** On [•] [•], ~~2024~~2025, the United States Bankruptcy Court for the Northern District of California (the “Bankruptcy Court”) entered an order [Docket No [•]] (the “Disclosure Statement Order”) approving the [*Third Amended Disclosure Statement for Debtor’s Third Amended Plan of Reorganization*](#)~~Disclosure Statement for Debtor’s Plan of Reorganization dated and filed on November 8, 2024 filed on April 3, 2025~~ [Docket No. ~~_____~~1445] (the “Disclosure Statement”) in connection with the Debtor’s [*Third Amended Plan of Reorganization*](#) dated and filed on ~~November 8~~March 17, ~~2024~~2025 [Docket No. 1444] (together with the Plan Supplement and Exhibits thereto, as they may be amended, the “Plan”).¹ The Disclosure Statement Order authorizes the Debtor to solicit votes to accept or reject the Plan pursuant to chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the “Bankruptcy Code”).

Non-Voting Status. Pursuant to Section 1126(f) of the Bankruptcy Code, creditors holding Claims in Class 1 (RCC Secured Claim) and Class 2 (Priority Unsecured Claims) under the Plan, which are unimpaired, are conclusively presumed to have accepted the Plan and not entitled to vote on the Plan. Also, pursuant to Section 1126(g) of the Bankruptcy Code, creditors holding Claims in Class 7A

¹ All capitalized terms used but not defined herein have the meanings ascribed to such terms in the Plan.

1 (Contribution Claims Related to Class 4 Claims) and Class 7B (Contribution Claims Related to Class 5
2 Claims) which shall neither receive nor retain any property under the Plan on account of such Claims, are
3 conclusively presumed to have rejected the Plan and not entitled to vote on the Plan. Accordingly, the
4 Debtor is not required to transmit a Solicitation Package to Holders of Claims in Classes 1, 2, 7A, and 7B
5 of the Plan (each, a “Non-Voting Class”) pursuant to the Disclosure Statement Order. Instead, **you have
6 been sent this notice because you have been identified as a Holder of a Claim in a Non-Voting Class.**

7 **How to Obtain Additional Information or a Copy of the Plan and Disclosure Statement.** If
8 you wish to review the Plan, Disclosure Statement, Disclosure Statement Order, and/or notice of the
9 hearing to consider confirmation of the plan (the “Plan Documents”), you may receive a copy of the Plan
10 Documents free of charge from Kurtzman Carson Consultants, LLC dba Verita Global, the balloting agent
11 retained by the Debtor in this Chapter 11 Case (“Verita”), by: (a) accessing the Chapter 11 Case website
12 at <https://veritaglobal.net/rcbo>; (b) writing to The Roman Catholic Bishop of Oakland Ballot Processing
13 c/o Verita 222 N. Pacific Coast Highway, 3rd Floor El Segundo, CA 90245; (c) emailing at:
14 RCBOInfo@veritaglobal.com; and/or (d) calling the case hotline at (866) 662-2072. Please be advised
15 that Verita is authorized to answer questions and provide additional copies of solicitation materials but
16 may **not** advise you as to whether you should object to the Plan or provide any other legal advice. You
17 may also obtain copies of any pleadings filed in this Chapter 11 Case for a fee via PACER at:
18 <https://ecf.canb.uscourts.gov/bankruptcy>.

19 **Additional Information Regarding Confirmation Hearing.** Additional information regarding
20 the hearing set to consider confirmation of the Plan, including the deadline for filing of objections to the
21 plan, is provided in the *Notice of (A) Hearing to Consider Confirmation of Chapter 11 Plan of
22 Reorganization; (B) Deadlines For Voting to Accept or Reject Plan and Filing Any Objections to Plan;
23 And (C) Related Matters* (the “Confirmation Hearing Notice”) filed by the Debtor, a copy of which is
24 provided together with this Notice of Non-Voting Status. A copy of the Confirmation Hearing Notice
25 may also be obtained by contacting Verita as provided above. **Objections to the Plan not timely filed
26 and served in accordance with the provisions of Confirmation Hearing Notice will be waived and
27 not considered by the Court.**

28 DATED: ~~December~~ April [__], 20254

FOLEY & LARDNER LLP

Thomas F. Carlucci
Shane J. Moses
Ann Marie Uetz
Matthew D. Lee
Mark C. Moore

Shane J. Moses

*Counsel for the Debtor
and Debtor in Possession*

EXHIBIT 8
Form of Committee Letter

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**FROM THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS OF THE
ROMAN CATHOLIC BISHOP OF OAKLAND**

The Committee Recommends Sexual Abuse Survivors

(I) Vote to Reject (Vote Against) the Diocese's Chapter 11 Plan of Reorganization

and

(II) Opt-Out of the Plan's Release Provision

The Official Committee of Unsecured Creditors (referred to as the "**Committee**") in the chapter 11 bankruptcy case of the Roman Catholic Bishop of Oakland (referred to as the "**Diocese**") consists of 9 survivors of sexual abuse who represent the interests of all survivors.

The Diocese filed a Plan of Reorganization (referred to as the "**Plan**") under which it proposes to pay survivors for the horrendous pain and trauma they have suffered at the hands of priests and other employees that the Diocese failed to properly supervise. All survivors in this bankruptcy may vote on the Plan.

The Committee strongly recommends that you vote to REJECT the Plan and OPT-OUT of granting the Roman Catholic Welfare Corporation a release. The problem with the Plan is that the settlement amount being paid to survivors is far too low. The Diocese proposes to pay over 350 survivors just \$115 million over 5 years while the Debtor's affiliate, the Roman Catholic Welfare Corporation, proposes to pay \$28.5 million, but will reduce its payment if survivors do not grant it a release. This is far less, per survivor, than the Diocese's previous settlements with survivors which averaged \$1.1 million each (\$1.7 million each in today's dollars).

The Diocese has hundreds of millions of dollars of assets from which to pay survivors. In fact, the Plan proposes to pay survivors \$31 million to \$61 million less than the Diocese offered in prior versions of the Plan based on the Debtor's own estimated valuation of certain property it was going to assign to survivors (which valuation the Committee contested).

Many of you were harmed by some of the most notorious perpetrators in the Catholic Church. The Plan does not begin to reconcile the years of negligence with the harm the Diocese failed to stop.

The Plan also fails to include any changes or additions to its current programs that should be preventing and detecting child sexual abuse. As recently as 2019, a Diocese priest was arrested on suspicion of child sexual abuse. The Diocese has not shown that it is dedicated to the reconciliation and healing of survivors.

The Committee strongly believes:

1. **You deserve significantly more compensation than the Diocese is offering.**
2. **The Diocese is grossly undervaluing and unlawfully shielding assets from you.**
3. **If the Plan is not approved, survivors will be able to receive considerably more money from the Diocese.**

You were harmed by the institution you trusted. You have lived with the pain and suffering for years, even decades. **You deserve fair compensation for your injuries.**

Please review the accompanying letter from the Committee and the *Answers to Frequently Asked Questions* attached as **Exhibit 1** to learn more about why the Committee concludes the Plan should not be supported by survivors

or

contact the Committee's legal counsel with any questions about the Committee's recommendation at:

Lowenstein Sandler LLP
One Lowenstein Drive
Roseland, NJ 07068
Jeffrey D. Prol, Esq.
Brent Weisenberg, Esq.
Email: jprol@lowenstein.com
Email: bweisenberg@lowenstein.com

**FROM THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS
OF THE ROMAN CATHOLIC BISHOP OF OAKLAND**

April [●], 2025

To: Holders of Abuse Claims Entitled to Vote on the Third Amended Plan of Reorganization in the Bankruptcy Case of The Roman Catholic Bishop of Oakland (Chapter 11 Case No. 23-40523 WJL)

The Official Committee of Unsecured Creditors (the “*Committee*”) of The Roman Catholic Bishop of Oakland (the “*Diocese*”) represents the interests of survivors of sexual abuse (“*Abuse Claimants*”) that have filed claims (“*Abuse Claims*”) against the Diocese in its bankruptcy case which is pending before the United States Bankruptcy Court for the Northern District of California (the “*Bankruptcy Court*”). The members of the Committee each hold an Abuse Claim against the Diocese.

On April [●], 2025, the Bankruptcy Court approved the Diocese’s *Third Amended Disclosure Statement For Debtor’s Third Amended Chapter 11 Plan* (ECF No. ●) (the “*Disclosure Statement*”) describing the *Debtor’s Third Amended Plan of Reorganization* [ECF No. 1830] (the “*Plan*”). The Diocese is now authorized to solicit votes for its Plan. You are receiving this letter along with a ballot for voting on the Plan.

The Committee believes the Diocese does not treat Abuse Claims fairly under the Plan. ***The Committee recommends that Abuse Claimants vote to REJECT the Plan.*** Please read the *Answers to Frequently Asked Questions* attached as **Exhibit 1** to learn more about how to cast your vote and why your vote is important.

The Plan, if approved, will resolve claims like yours and allow the Diocese to emerge from bankruptcy. But, as detailed below, the Committee believes that the Plan is unfair and inequitable because, among other things, the Diocese can pay Abuse Claimants considerably more than it proposes. At the same time, the Diocese seeks approval of so-called third-party releases which, unless you take certain affirmative action explained in the attached *Answers to Frequently Asked Questions*, will release any claims you may hold against the Diocese’s affiliates (collectively, the “*Non-Debtor Catholic Entities*”), including the Roman Catholic Welfare Corporation (“*RCWC*”), which operates the schools within the Diocese. ***The Committee recommends that Abuse Claimants OPT-OUT of the releases by checking the appropriate box on the ballot.***

Since its appointment, the Committee has devoted substantial time and effort to investigating the nature and extent of the Diocese’s assets, its relationship with the Non-Debtor Catholic Entities, the claims held by and against the Diocese and the Diocese’s rights and claims against certain insurance companies that issued policies that cover liability for Abuse Claims (the “*Insurers*”). The Committee has engaged in extensive mediation with the Diocese and the Insurers in an effort to reach a consensual plan of reorganization that would provide for the fair and equitable treatment of Abuse Claims. Unfortunately, despite its best efforts, the Committee has not reached an agreement with the Diocese, the Non-Debtor Catholic Entities or the Insurers.

The Committee believes that the Diocese has refused to recognize the true financial value of Abuse Claims and, in turn, is not contributing enough of its assets to compensate Abuse Claimants. The Committee has thus rejected the Diocese's offers of settlement, which the Committee views as a refusal to recognize the true scope of the harm that the Diocese has caused.

In the Committee's opinion, once the Diocese realized that the Committee would not support the Plan, it reached an agreement with the Insurers to craft a Plan that the Insurers would not object to and which the Diocese could try to obtain Bankruptcy Court approval of over the objection of Abuse Claimants.¹ As explained below, the Plan provides for an assignment of certain claims the Diocese may have against the Insurers for the benefit of certain Abuse Claimants. But the assignment would grant the Insurers more rights than they have under state law and deprive Abuse Claimants of certain of their rights. The Committee thus vehemently objects to the proposed assignment contained within the Plan.

The Plan would create, and the Diocese and certain of the Non-Debtor Catholic Entities would fund, a trust (the "*Survivors' Trust*") for the benefit of Abuse Claimants in exchange for a discharge and release of all claims held by Abuse Claimants. The Survivors' Trust would be funded with:

- (i) \$115 million in cash contributed by the Diocese (paid over 5 years);
- (ii) \$28.5 million in cash (the "*RCWC Cash Contribution*") contributed by RCWC, which is a co-defendant with the Diocese in certain state court actions, or may otherwise have liability to survivors, subject to reduction if it does not receive consensual releases from all survivors holding claims against it; and
- (iii) The rights and interests of the Diocese in the Non-Settling Insurer Policies.

The Committee believes that the Diocese and the Non-Debtor Catholic Entities have hundreds of millions of dollars of liability on account of Abuse Claims and should be dedicating more of their assets to satisfy those liabilities. The Committee will thus object to the Plan because it believes the treatment afforded Abuse Claimants both violates the law and is unfair and inequitable to Abuse Claimants. Specifically, the Committee asserts that:²

- ***The Diocese Has Underreported The Nature And Value Of Its Assets.*** After a thorough investigation, the Committee has concluded that the Diocese owns hundreds of millions of dollars of assets that it is not using to compensate Abuse Claimants. The Diocese owns more than 250 parcels of real estate in Alameda and Contra Costa Counties that are worth hundreds of millions of dollars that are not being contributed to the Survivors' Trust. The Committee has also commenced litigation to recover hundreds of millions of dollars of other assets that are

¹ The Insurers provided insurance coverage to the Diocese during the time periods when abuse is alleged to have occurred and, therefore, the Committee believes have significant financial exposure on account of Abuse Claims.

² The Court has not made any ruling with respect to the following assertions by the Committee.

purportedly owned by the Non-Debtor Catholic Entities for the benefit of Survivors. If these claims are successfully litigated or settled, the total assets of the Diocese could be increased by hundreds of millions of dollars, a portion of which could be used to compensate Abuse Claimants. If the Plan is approved, all of these claims will be released. Each of the claims asserted by the Committee is explained in **Exhibit 2** attached.

- ***The Amount Proposed To Be Paid By RCWC in Exchange for a Release of About 100 Abuse Claims Is Inadequate.*** The Plan currently provides for RCWC to pay \$28.5 million to the Survivors' Trust contingent on the number of releases it secures from the 100 or so Abuse Claimants asserting Abuse Claims against RCWC. If all 100 Abuse Claimants grant RCWC a release, RCWC would contribute on average about \$285,000 per Abuse Claim. The Committee urges Abuse Claimants not to grant RCWC a release because its proposed payment dramatically undervalues its liability. *First*, prior settlements of Abuse Claims by the Diocese and RCWC averaged \$1.7 million per claim (adjusted for inflation). Even this per claim amount does not reflect what an Abuse Claimant might receive if he or she were to litigate their claim in California state court. *Second*, RCWC owns hundreds of millions of dollars in assets, including cash, investments, and unencumbered real estate. Thus, a contribution far greater than \$285,000 per Abuse Claimant should be insisted on before any Abuse Claimant grants RCWC a release.
- ***The Plan Violates Certain Protections Afforded To Abuse Claims Under The Bankruptcy Code.*** The Committee will argue that the Plan was not proposed in good faith. Evidence of the Diocese's bad faith includes:
 - (i) ***The Diocese Has Not Pursued Collection of a \$40 Million Loan it Made to an Affiliate.*** The Diocese has not pursued collection of a \$40 million loan it made to The Catholic Cathedral Corporation (the "***Cathedral Corporation***") in or about 2009 that the Cathedral Corporation has yet to repay. Rather, under the Plan, the Diocese will deem its claim satisfied by taking ownership of the Cathedral and the land on which it sits without providing any valuation of those assets.
 - (ii) ***The Diocese Does Not Propose to Sell a Meaningful Amount of its Vast Real Estate Holdings to Fund Distributions to Abuse Claimants.*** The Diocese commenced a "Mission Alignment Process" before the Chapter 11 Case through which it recognized that it was necessary to consolidate parishes to reduce operational costs and liquidate real estate that was no longer critical to its mission to raise funds to compensate Abuse Claimants. But the Plan does not provide for implementing the "Mission Alignment Process" as conceived prior to the bankruptcy. In turn, the Diocese fails to sell surplus property for what could be tens of millions of dollars which could be used to pay Abuse Claimants or to realize the operational efficiencies which could be achieved by closing parishes.

(iii) ***The Diocese Fails To Use Hundreds of Millions of Dollars of Assets to Pay Abuse Claimants.***

- In the Plan, the Diocese ignores the Bishop’s wide-ranging power to control the operations and purse strings of the Non-Debtor Catholic Entities and fails to use those powers to contribute available assets to the Survivors’ Trust for the benefit of Abuse Claimants. The Committee has filed an adversary proceeding to recover these assets from the Non-Debtor Catholic Entities.
- In Article IV.D of the Disclosure Statement, the Diocese asserts that all funds raised through the Bishop’s Ministries Appeal (“**BMA**”) are “restricted to fund the particular ministries and programs that the BMA was designed to support and facilitate ...” But when the Diocese was attempting to raise funds in the bond market, the Bishop represented that all funds received from the “Bishop’s Appeal” were unrestricted and available to pay “the budgeted expenses of the Diocese as well as any amounts payable on debt of the Diocese, including the Bonds.”³
- The Debtor has an ownership interest in, and is one of two members of, the Catholic Telemedia Network (“**CTN**”) and has authority to appoint one-half of CTN’s Board of Directors. As a result, the Committee asserts that the Bishop exercises control over CTN and any grants that may be made to the Debtor. Historically, the Debtor has received approximately \$2 million in grants from CTN.

(iv) ***The Diocese Seeks to Assign its Rights Under Its Insurance Policies To Abuse Claimants But In Doing So, Impairs Abuse Claimants’ Rights.*** The Plan creates a substantial risk that extra-contractual or “bad faith” claims against the Insurers will be eliminated, meaning there will be no legal ramifications if they engage in unfair claims handling. Bad faith exposure incentivizes insurance companies to fairly, promptly and equitably pay claims. If they fail to do so, they are potentially liable for judgments in excess of policy limits or other consequential damages caused by their conduct. There are consequences for insurers if they do not live up to their obligations. But under the Plan, these consequences may be eliminated. This means that regardless of whether Insurers settle claims fairly or deny claims in bad faith, the most they will ever have to pay are their policy limits. The Plan heavily stacks the deck in favor of the Insurers by removing the normal state-law tools that a claimant would have to ensure that insurers do not improperly engage in years of litigation in order to avoid liability.

(v) ***The Plan May Actually Decrease the Amount Being Received by***

³ Upon information and belief, in or about 2022, the Diocese renamed “The Bishop’s Appeal.” It is now called “The Bishop’s Ministries Appeal.”

Survivors. In the prior version of the Plan, the Diocese was to pay, into the Survivors' Trust, \$103 million and assign the Livermore Property to the Survivors' Trust. The Diocese asserts that the Livermore Property has value of \$43 million to \$81 million. The current Plan now provides for the Diocese to pay \$115 million but the Debtor will retain the Livermore Property. Using the Debtor's valuations of the Livermore Property, the current Plan has the Diocese paying \$31 million less than under the prior Plan (using the low-end valuation of the Livermore Property) and \$69 million less than under the prior Plan (using the high-end valuation of the Livermore Property).

For these reasons, among others, the Committee recommends that Abuse Claimants vote to REJECT the Plan. Please read the Answers to Frequently Asked Questions attached as Exhibit 1 to learn more about how to cast your vote and why your vote is important.

Despite the problems with the Plan identified above, the Committee will continue to negotiate with the Diocese and other interested parties to reach a consensual resolution that maximizes value and treats all of the Diocese's stakeholders fairly. The Committee remains hopeful that these negotiations will eliminate the need for litigation over confirmation of the Plan and will expedite the Diocese's emergence from chapter 11.

If you have any questions about this letter, the Plan, the Disclosure Statement or the voting procedures, please first read the attached *Answers to Frequently Asked Questions* and if you have remaining questions, contact Lowenstein Sandler LLP by emailing Jeffrey Prol at jprol@lowenstein.com or Brent Weisenberg at bweisenberg@lowenstein.com.

Very truly yours,

THE OFFICIAL COMMITTEE OF
UNSECURED CREDITORS OF THE
ROMAN CATHOLIC BISHOP OF
OAKLAND

Exhibit 1

ANSWERS TO FREQUENTLY ASKED QUESTIONS

Why am I receiving this letter?

The Roman Catholic Bishop of Oakland (the “*Diocese*”) filed for bankruptcy protection under chapter 11, which is often called a “reorganization” bankruptcy. The Diocese is seeking Bankruptcy Court approval of a plan of reorganization (the “*Plan*”) under which it, and others described below, propose to pay \$143.5 million (subject to reduction) plus assign rights against its insurance carriers to a trust for the benefit of survivors of sexual abuse (“*Abuse Claimants*,” and their claims, “*Abuse Claims*”), in final satisfaction of all claims against them. The Disclosure Statement accompanying this letter, which describes the Plan, must be sent to you under the Bankruptcy Code.

We, the Official Committee of Unsecured Creditors (the “*Committee*”), represent the interests of all Abuse Claimants. As an Abuse Claimant, the Diocese has sent you a ballot asking for you to vote for the Plan. You should read the Plan and Disclosure Statement provided by the Diocese in full and may choose to consult your own personal attorney to discuss those documents. ***But the Committee has sent the attached letter to recommend that you vote to reject (vote against) the Plan.***

What is a committee?

Creditors’ committees play a major role in chapter 11 cases. A committee is appointed by the United States Trustee and ordinarily consists of unsecured creditors (individuals and/or entities) who hold the largest unsecured claims against the debtor.

Committees serve in a fiduciary capacity to monitor the affairs of the debtor, and to protect the interests of all similarly situated creditors. Among other things, a committee may: consult the debtor in possession on administration of the case; investigate the debtor’s conduct and operation of the business; and participate in formulating a plan. A creditors’ committee can be an important safeguard to the proper management of the business by the debtor in possession.

A creditors’ committee may retain counsel to advise it as a collective group. Counsel to a committee does not represent any individual creditors in a bankruptcy case. Rather, it represents the interests of all creditors within a specific class of creditors.

Who is the Committee in this Chapter 11 Case?

The Office of the United States Trustee appointed the Committee. The Committee consists of nine creditors holding claims against the Diocese based on sexual abuse by members of the clergy, workers, teachers, volunteers, or other persons or entities associated with or representing the Diocese and/or the non-debtors, or other Diocese-related institutions served by the Diocese. Counsel to the Committee represents the interests of Abuse Claimants but does not represent individual creditors in this case.

What is a plan of reorganization?

A chapter 11 plan of reorganization lays out how the debtor will pay its debt obligations moving forward. It gives the debtor the chance to restructure and renegotiate the terms of paying back creditors. In chapter 11, the debtor has the initial right to propose a plan for dealing with its debts for consideration by the creditors and bankruptcy court.

Chapter 11 plans divide creditors into groups known as classes of creditors. Classes of creditors whose rights are affected may vote on the plan. Creditors whose rights are unaffected are presumed to have accepted the plan. A plan may be confirmed by the Bankruptcy Court if it gets the required votes and satisfies certain legal requirements.

How many creditors in a class need to accept a plan for it to be confirmed by the court?

Plan acceptance is determined by the voting of creditors with allowed claims and shareholders with allowed interests. The votes are counted both by the number of creditors casting votes and the amount of dollars represented by creditors casting ballots. A plan is accepted by a class if it is approved by more than 1/2 of the total claims, and at least 2/3 of the dollar value of the claims, based on the creditors actually voting, in that class.

Can a plan of reorganization be approved even if a class of creditors votes to reject the plan?

Yes, provided the Bankruptcy Court finds that the Plan (1) does not unfairly discriminate and (2) is fair and equitable.

The phrase “cramdown” is the way the Bankruptcy Court may confirm a plan that has not been accepted by every class of claims and interests. In general, a court may “cram down” a class and order confirmation even if a class votes to reject the plan, as long as *at least one class* has accepted the plan, the plan does not discriminate unfairly and the plan is “fair and equitable.” The questions of unfair discrimination and whether the Plan is fair and equitable are legal terms, and do not take on their regular dictionary meaning.

The Committee intends to submit a fulsome objection to confirmation of the Plan explaining, in part, why the Plan is not fair and equitable.

What does the Diocese’s Plan propose to pay me (an Abuse Claimant)?

The Plan would create, and the Diocese and certain of the Non-Debtor Catholic Entities would fund, a trust (the “*Survivors’ Trust*”) for the benefit of Abuse Claimants in exchange for a discharge and release of all claims held by Abuse Claimants. The Survivors’ Trust would be funded with:

- (i) \$115 million in cash contributed by the Diocese (paid over 5 years);
- (ii) \$28.5 million in cash (the “*RCWC Cash Contribution*”) contributed by RCWC, which is a co-defendant or otherwise potentially liable with the Diocese in

connection with about 100 Abuse Claims, subject to reduction if it does not receive consensual releases from all Abuse Claimants asserting claims against it; and

- (iii) The rights and interests of the Diocese in the Non-Settling Insurer Policies.

Five million dollars from the \$115 million paid by the Diocese will be set aside to pay “unknown” Abuse Claims, which are claims asserted in the future by Abuse Claimants that could not have been filed by the deadline by which all claims were to be filed in the Diocese’s bankruptcy case (July 25, 2023) under a valid exception under the law.

How does the Survivors’ Trust Distribution Plan work?

The designated reviewer hired by the Survivors’ Trustee (the “*Abuse Claim Reviewer*”) will assess each Abuse Claim under the Survivors’ Trust Distribution Plan to determine whether the Survivor is entitled to a distribution from the Survivors’ Trust. If the Abuse Claims Reviewer determines a Survivor is entitled to a distribution, the Survivor will receive a distribution under the Trust Distribution Plan.

Pages 8 to 11 of the Survivors’ Trust Distribution Plan, which is attached as an exhibit to the Disclosure Statement, explains how each Abuse Claim will be reviewed and then awarded points by using so-called Evaluation Factors. The Abuse Claim Reviewer will assign points to each Abuse Claim for each of the Evaluation Factors set forth in Section 4, 4.1, iii. Evaluation Factors. The number of points awarded each Abuse Claimant will correlate to the actual dollar distribution each Abuse Claimant receives. In other words, the more points an Abuse Claimant receives, the higher the distribution.

For more information about the Survivors’ Trust Distribution Plan, please see Exhibit F to the Disclosure Statement.

What happens if the Plan is approved?

On the date the Plan becomes effective, the Diocese will be discharged and released from all claims. All persons or entities who held, hold, or may hold claims against the Diocese will be enjoined from taking action to recover against the Diocese on account of such claim.

The Plan provides for an injunction that prevents the assertion and prosecution of all claims against the Diocese, and if agreed to by Abuse Claimants, its affiliates, whether filed before or after the Claims Bar Date. In consideration for the Diocese and certain of its affiliates’ undertakings under the Plan, their contributions to the Survivors’ Trust, all Abuse Claims will be channeled into the Survivors’ Trust and resolved under the Plan as the sole and exclusive remedy for all holders of channeled claims. All holders of channeled claims will be permanently enjoined from taking any action to assert or enforce any channeled claim against the Diocese and, if agreed to by the Abuse Claimant, its affiliates. In other words, any known or unknown sexual abuse survivor that holds a claim against the Diocese and, if agreed to by the Abuse Claimant, its affiliates will never be permitted to proceed with legal action on those claims against those parties.

What happens if the Plan is not approved?

Rejection of the Diocese's Plan may allow the Committee to continue negotiations with the Diocese, other Catholic entities, and the Insurers to develop a consensual plan of reorganization or put forward its own alternative plan. The Committee believes that, given the significant value of the Diocese's assets, if the current Plan is not confirmed, an alternative plan can preserve the ongoing operations of the Diocese while still providing for greater recoveries to Abuse Claimants.

Alternatively, the Diocese may ask the Bankruptcy Court to dismiss the bankruptcy case. If the Diocese's bankruptcy case is dismissed, the pending lawsuits filed by Abuse Claimants in State Court will proceed as though no bankruptcy occurred. All lawsuits that were previously stayed (put on pause) because of the Diocese's bankruptcy filing can continue to be prosecuted by Abuse Claimants in State Court.

What happens to the adversary proceedings commenced by the Committee if the Plan is approved?

The Committee filed two complaints in the Diocese's bankruptcy case. These complaints seek to, among other things, recover assets from the Diocese's affiliates to increase potential recoveries for Abuse Claimants by tens if not hundreds of millions of dollars. If the Plan is approved, then the claims asserted by the Committee will be dismissed, and the Committee's complaints will be dismissed. Thus, the Committee will be denied the chance to prosecute the claims that could lead to exponentially increasing the monies available to fund a plan and provide greater recoveries to Abuse Claimants.

Claims and causes of action asserted in the complaints are explained in [Exhibit 2](#).

What is a "third-party release" and does the Plan provide for them?

A release is a contract by which an individual agrees to waive a claim or right against another individual or entity that it otherwise would have a right to enforce.

Plans of reorganization (which are essentially contracts between a debtor and its creditor constituents setting out the treatment of a debtor's obligations for each class of its creditors and interest holders) in bankruptcy regularly provide for releases of all claims held by creditors against the debtor in consideration for the distribution the creditors receive under the Plan. Courts regularly approve of these releases.

The phrase "third-party release" means a release of claims between non-debtor parties in a Plan of Reorganization.

Debtors in bankruptcy use third-party releases to encourage participation and contribution from non-debtor parties whose participation in or effect on the chapter 11 process will allegedly affect the debtor's ability to reorganize.

The Diocese's Plan provides for a third-party release of a number of entities, including churches, schools (operated by the Roman Catholic Welfare Corporation), missions and other diocesan-related entities. Unless you elect to "opt-out" of the release, any claim that you may hold against these entities, whether filed before or after the Claims Bar Date, will be extinguished and you will no longer be able to prosecute your claim(s) against them in state court. Indeed, even if you did not file a claim against the Diocese, your claim against the parishes, schools, missions, other diocesan-related entities and the Diocese's insurers will be released. Likewise, there will be no insurance available to satisfy any claims against these entities.

Who are the Non-Debtor Catholic Entities proposed to receive a release if they contribute assets to the Survivors' Trust and an Abuse Claimant does not opt out of the Plan's release provision?

- (i) Roman Catholic Cemeteries of the Diocese of Oakland;
- (ii) The Oakland Parochial Fund;
- (iii) Roman Catholic Welfare Corporation of Oakland (or any school it managed, manages, operated or operates);
- (iv) Lumen Christi Academies of the Roman Catholic Diocese of Oakland;
- (v) The Catholic Cathedral Corporation of the East Bay;
- (vi) The Oakland Society for the Propagation of the Faith;
- (vii) Catholic Charities of the Diocese of Oakland, Inc. (d/b/a Catholic Charities of the East Bay);
- (viii) Catholic Church Support Services (d/b/a Catholic Management Services);
- (ix) Furrer Properties, Inc.;
- (x) Adventus;
- (xi) Catholic Foundation for the Diocese of Oakland;
- (xii) Christ the Light Cathedral Corporation;
- (xiii) or any religious order.

How and by when do I cast my vote?

You should have received a ballot for accepting or rejecting the Diocese's Plan of Reorganization (a "**Ballot**") by mail or by email. To cast your vote, you must complete the Ballot

including the following information: name, social security number, telephone number, date, and signature. You must also specify whether you accept or reject the Plan by checking the appropriate box. As mentioned, *the Committee recommends that you check the box which states “**REJECTS THE PLAN.**”*

You must properly deliver the Ballot to the Claims and Noticing Agent (Verita Global) by mail or overnight courier or by using an electronic ballot.

The completed Ballot must be received by the Claims and Noticing Agent on or before **May 30, 2025 at 5:00 p.m. (prevailing Pacific Time)** (the “*Voting Deadline*”).

To submit your Ballot by mail or overnight courier to the Claims and Noticing Agent, please send your Ballot to:

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

To submit your Ballot electronically, you should access the customized online balloting portal (the “*E-Balloting Portal*”) on the Debtors’ case website, <https://veritaglobal.net/rcbo> clicking on the “E-Ballot” link on or before the Voting Deadline. Parties submitting a ballot via the E-Balloting Portal must not submit a paper ballot.

How do I “opt-out” of the Plan’s release provision?

Holders of Abuse Claims who do not affirmatively opt out of the releases provided by the Plan by checking the appropriate box on the Ballot (Item 4.) indicating that they opt not to grant the releases set forth in the Plan, will be deemed to have granted Non-Debtor Catholic Entities a release.

Who can I contact if I have further questions?

If you have any other questions, you may contact Lowenstein Sandler LLP by emailing Jeffrey Prol at jprol@lowenstein.com or Brent Weisenberg at bweisenberg@lowenstein.com.

Exhibit 2

SUMMARY OF COMMITTEE'S CLAIMS AND CAUSES OF ACTION

I.

Executive Summary

After an extensive investigation, the Official Committee of Unsecured Creditors (the “*Committee*”) has concluded that the Roman Catholic Bishop of Oakland (the “*Diocese*”) and certain of its related entities (collectively, the “*Non-Debtor Catholic Entities*”) own hundreds of millions of dollars in cash, investments and other assets which can, and should, be used to compensate survivors of sexual abuse holding claims against the Diocese (“*Abuse Claimants*”). But the Diocese is only using a small portion of its property to compensate Abuse Claimants. The Committee has therefore sued the Diocese and the Non-Debtor Catholic Entities under different legal theories to increase the amount being paid to Abuse Claimants. The Committee contends that the Non-Debtor Catholic Entities, which are not in bankruptcy but have significant assets, are not separate and distinct from the Diocese, and thus, their assets can and should be used to pay Abuse Claimants

The below summarizes the two lawsuits (known as “adversary proceedings”) the Committee has filed to recover assets from Non-Debtor Catholic Entities to increase the assets available to compensate Abuse Claimants. *If the Committee succeeds on any number of its claims, the amount you receive may be far more than the Plan proposes to pay you.*

Electronic copies of the Committee’s pleadings described in this Summary are available free of charge at <https://veritaglobal.net/RCBO>.

II.

The Church and OPF Adversary Proceeding

On November 20, 2024, the Committee filed an adversary complaint against the Diocese and the OPF. Generally speaking, the Committee asks the Bankruptcy Court to determine that Diocese Churches are part of the Diocese and their assets are in fact owned by the Diocese and determining that the transfers made by the Diocese to OPF should be returned to the Diocese so that it may use those funds to pay Abuse Claimants.

The Diocese has since conceded in pleadings that the Churches are not independent entities and do not hold property independently from the Diocese. The Diocese and OPF further conceded that assets held by OPF on behalf of the Diocese or Churches are, except to the extent subject to donor restrictions or held by a non-debtor, property of the Diocese’s estate available to pay creditors. The Diocese and the Committee are negotiating a stipulation whereby the Diocese would formally admit these facts, which would render pursuit of these particular claims unnecessary and increase the funds the Diocese admits are available to pay Abuse Claimants.

The Committee's pursuit of these claims led to the withdrawal of the \$35 million claim previously asserted by OPF. The Committee intends to amend the Complaint to challenge the alleged restrictions over certain funds which the Diocese claims prevent those funds from being used to pay creditors. *If the Committee is successful, Abuse Claimants should receive considerably more compensation than proposed in the Plan.*

III.

The Non-Debtor Catholic Entities Adversary Proceeding

On December 11, 2024, the Committee filed a second adversary complaint against the Diocese and the Non-Debtor Catholic Entities. The Committee seeks entry of an order (i) declaring that the property purportedly held by the Non-Debtor Catholic Entities (including cash and investments) is property of the Diocese's estate; and (ii) ordering substantive consolidation of the Diocese's estate with the Non-Debtor Catholic Entities. *If the Committee is successful, Abuse Claimants should receive considerably more money than proposed in the Plan.*

EXHIBIT 9
Redline of Proposed Order

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14 555 California Street, Suite 1700
15 San Francisco, CA 94104-1520

16 *Counsel for the Debtor
17 and Debtor in Possession*

18 **UNITED STATES BANKRUPTCY COURT**
19 **NORTHERN DISTRICT OF CALIFORNIA**
20 **OAKLAND DIVISION**

21 In re:
22 THE ROMAN CATHOLIC BISHOP OF
23 OAKLAND, a California corporation sole,
24 Debtor.

Case No. 23-40523 WJL

Chapter 11

~~PROPOSED~~ ORDER (I) APPROVING
THIRD AMENDED DISCLOSURE
STATEMENT; (II) ESTABLISHING
PROCEDURES FOR PLAN
SOLICITATION, NOTICE, AND
BALLOTING

Judge: Hon. William J. Lafferty

Date: April 1, 2025

Time: 10:30 a.m.

Place: United States Bankruptcy Court
1300 Clay Street
Courtroom 220
Oakland, CA 94612

1 This matter comes before the Court on the *Debtor’s Motion for Order (I) Approving Disclosure*
2 *Statement; and (II) Establishing Procedures for Plan Solicitation, Notice, and Balloting* [Docket No.
3 1453] (the “Motion”) filed by the Roman Catholic Bishop of Oakland, a California corporation sole, and
4 the debtor and debtor in possession (the “Debtor” or “RCBO”) in the above-captioned chapter 11
5 bankruptcy case (the “Chapter 11 Case”) and the *Third Amended Disclosure Statement for Debtor’s Third*
6 *Amended Plan of Reorganization* dated and filed on March 17, 2025 [Docket No. 1831] ~~(the “revised~~
7 ~~further as filed on April 3, 2025 [Docket No.]~~) (the “Disclosure Statement”). The Court has considered
8 the Motion, the Disclosure Statement, the *Debtor’s Third Amended Plan of Reorganization* dated and filed
9 on March 17, 2025 [Docket No. 1830] (as it may be amended, modified, or supplemented, and including
10 all exhibits thereto, the “Plan”),¹ the *Debtor’s Notice of Filing Third Amended Disclosure Statement for*
11 *Debtor’s Third Amended Plan of Reorganization* [Docket No. 1832] ~~(the “Notice of Filing”)~~, the Debtor’s
12 Supplement to the Motion [Docket ~~No. 1835~~], all other documents filed in support of or opposition
13 to the Motion and Disclosure Statement, the record in this case, and the representations of counsel. An
14 initial hearing having been held on December 18, 2024, further hearings having been held on January 16,
15 21, and 30, 2025, and a further continued hearing having been held at the date and time set forth above
16 ~~(collectively, the “Hearing”)~~, to consider the relief requested in the Motion and the adequacy of the
17 Debtor’s Disclosure Statement ~~(collectively, the “Hearing”)~~; upon all of the proceedings before the Court;
18 and the Court having determined that the legal and factual bases set forth in the Motion establish just cause
19 for the relief granted herein; and it appearing that the relief requested in the Motion is in the best interests
20 of the Debtor, its estate and its creditors; and after due deliberation and sufficient cause appearing therefor;

21 **IT IS HEREBY FOUND AND DETERMINED THAT:**

22 A. This Court has jurisdiction to consider the Motion and the relief requested therein,
23 including approval of the Disclosure Statement, in accordance with 28 U.S.C. §§ 157 and 1334. This
24 matter is a core proceeding pursuant to 28 U.S.C. § 157(b).

25
26
27
28 ¹ Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Motion, Disclosure
Statement, or the Plan, as applicable.

1 B. The Disclosure Statement contains adequate information about the Plan within the meaning
2 of section 1125 of the Bankruptcy Code.

3 C. The Disclosure Statement (including all applicable exhibits thereto) provides sufficient
4 notice of the injunction, exculpation, and release provisions contained in the Plan, in accordance with
5 Bankruptcy Rule 3016(c).

6 D. Due and proper notice of the Disclosure Statement, the Motion, the Hearing, and the
7 deadline for filing objections to the Disclosure Statement was provided and no further notice is necessary.

8 E. The forms of Ballots approved herein are consistent with Official Form No. 314, address
9 the particular needs of this Chapter 11 Case, and are appropriate for the Holders of Class 3, Class 4, Class
10 5, and Class 6 Claims entitled to vote to accept or reject the Plan. The voting instructions attached to the
11 Ballots contain adequate information to instruct all members of the Voting Classes how to submit their
12 vote.

13 F. Holders of Claims in Class 1 (RCC Secured Claim) are conclusively presumed to accept
14 the Plan, Holders of Claims in Class 2 (Priority Unsecured Claims, other than non-classified claims set
15 forth in Article III of the Plan) are conclusively presumed to accept the Plan, Holders of Claims in Class
16 7A (Contribution Claims Related to Class 4 Claims) are deemed to reject the Plan, and Holders of Claims
17 in Class 7B (Contribution Claims Related to Class 5 Claims) are deemed to reject the Plan (Class 1, Class
18 2, Class 7A, and Class 7B Claims are collectively, the “Non-Voting Classes”). Accordingly, members of
19 the Non-Voting Classes are not entitled to receive a Ballot or to vote to accept or reject the Plan.

20 G. The period, as set forth below, during which the Debtor may solicit acceptances to the Plan
21 is a reasonable period of time for entities entitled to vote on the Plan to make an informed decision whether
22 to accept or reject the Plan.

23 H. The procedures for the solicitation and tabulation of votes to accept or reject the Plan set
24 forth herein provide for a fair and equitable voting process and are consistent with Section 1126 of the
25 Bankruptcy Code.

26 I. The procedures proposed in the Motion for confirming creditors’ consent to the Plan’s
27 releases of third parties and related injunctions, including without limitation a channeling injunction that
28

1 permanently channels all Class 4 and Class 5 Claims against Contributing Non-Debtor Entities to the
2 extent set forth in the Plan to a Survivors' Trust (as defined and further described in the Disclosure
3 Statement) (collectively, the "Third-Party Releases") are fair and equitable. The materials to be contained
4 in the Solicitation Packages will provide each creditor with sufficient notice and information to determine
5 whether to consent to the Third-Party Releases.

6 **NOW, THEREFORE, IT IS ORDERED THAT:**

7 1. The Motion is GRANTED as set forth herein.

8 2. Any and all objections to the Motion, including without limitation any objections to the
9 adequacy of the Disclosure Statement, not otherwise settled, withdrawn, or resolved by the terms of this
10 Order are hereby overruled in their entirety.

11 **Approval of Documents**

12 3. The Disclosure Statement is hereby approved pursuant to 11 U.S.C. § 1125(b) and Fed. R.
13 Bankr. P. 3017(b).

14 4. The Ballots are hereby approved for purposes of solicitation and voting on the Plan in
15 substantially the following forms: for Class 3 Claims (General Unsecured Claims) attached ~~hereto as~~
16 Exhibit 12 to the Notice of Revised Forms of Plan Solicitation Documents [Docket No. [•]] (the "Notice
17 of Forms"), for Class 4 Claims (Abuse Claims) attached ~~hereto as~~ Exhibit 23 to the Notice of Forms, for
18 Class 5 Claims (Unknown Abuse Claims) attached ~~hereto as~~ Exhibit 34, to the Notice of Forms, for Class
19 6 Claims (Non-Abuse Litigation Claims) attached ~~hereto as~~ Exhibit 45 to the Notice of Forms.

20 5. The form of Confirmation Hearing Notice is approved in substantially the form attached
21 ~~hereto as~~ Exhibit 56 to the Notice of Forms.

22 6. The form of Notice of Non-Voting Status is approved in substantially the form attached
23 ~~hereto as~~ Exhibit 67 to the Notice of Forms.

24 **The Confirmation Hearing**

25 7. A hearing to consider confirmation of the Plan (the "Confirmation Hearing") shall
26 commence at ~~10:30 a.m.~~ 9:30 a.m. (prevailing Pacific time) on ~~August 25, 2025~~ August 25, 2025, and continue
27

1 thereafter as necessary, as set forth in the Court's separately entered Order Setting Schedule for
2 Confirmation Hearing (the "Scheduling Order").

3 8. The Confirmation Hearing may be adjourned or continued from time to time by the Court
4 or by the Debtor with the consent of the Committee, which consent shall not be unreasonably withheld,
5 without further notice except for as announced in open court or as filed on the Court's docket. The Plan
6 may be modified pursuant to Section 1127 of the Bankruptcy Code ~~prior to, during, or as a result of the~~
7 ~~Confirmation Hearing, in each case without further notice to parties in interest.~~

8 9. Objections or responses to confirmation of the Plan, if any, must (a) be in writing; (b)
9 conform to the Bankruptcy Rules and the Local Rules; (c) state the basis for the objection, and the specific
10 grounds therefor; and (d) be filed with the Court and served so as to be actually received not later than ~~[~~
11 ~~•—|•—|~~ August 6, 2025, by (i) counsel to the Debtor, Foley & Lardner LLP, 555 California Street, Ste.
12 1700, San Francisco, CA 94104, Attn: Ann Marie Uetz (auetz@foley.com), Matthew Lee
13 (mdlee@foley.com), and Shane Moses (smoses@foley.com); (ii) the Office of the United States Trustee
14 for the Northern District of California, Office of the United States Trustee, 450 Golden Gate Avenue,
15 Room 05-0153, San Francisco, California 94102, Attn: Jason Blumberg (jason.blumberg@usdoj.gov),
16 (iii) counsel to the Official Committee of Unsecured Creditors (the "Committee"), Keller Benvenuti Kim
17 LLP, 425 Market Street, 26th Floor San Francisco, California 94105, Attn: Gabrielle L. Albert
18 (galbert@kbkllp.com) ~~and~~, Lowenstein Sandler LLP, One Lowenstein Drive Roseland, New Jersey
19 07068, Attn: Jeffrey D. Prol (jprol@lowenstein.com) and Brent Weisenberg
20 (bweisenberg@lowenstein.com) and Burns Bair LLP, 10 E. Doty Street, Suite 600, Madison, WI 53703-
21 3392, Attn: Timothy Burns (tburns@burnsbair.com) and Jesse Bair (jbair@burnsbair.com); and (iv) those
22 persons who have formally appeared and requested service in this case pursuant to Rule 2002 of the
23 Federal Rules of Bankruptcy Procedure. All objections not timely filed and served in accordance with the
24 provisions of this Order are hereby deemed waived and will not be considered by this Court.

25 10. The Debtor and any other party in interest supporting the Plan shall file any reply to any
26 objections to confirmation no later than ~~[~~ ~~•—|•—|~~ August 18, 2025.

27 ///

28

~~[PROPOSED]~~ ORDER APPROVING DISCLOSURE STATEMENT

-5-

1 **Solicitation Procedures**

2 11. For the purposes of determining (a) upon whom service must be made following approval
3 of the Disclosure Statement pursuant to Rule 3017(d), and (b) which Holders of Claims are entitled to
4 vote on the Plan pursuant to Rule 3018(a), the Voting Record Date (the "Voting Record Date") shall be
5 ~~[-●-] [-●-]~~ April 1, 2025.

6 12. The Voting Record Date shall also be the record date for purposes of determining which
7 Creditors are entitled to receive a Notice of Non-Voting Status.

8 13. No later than ~~[-●-] [-●-]~~ April 11, 2025 (the "Solicitation Mailing Date"), the Debtor
9 shall complete the mailing of Solicitation Packages to Holders of Claims in Class 3 (General Unsecured
10 Claims), Class 4 (Abuse Claims), and Class 6 (Non-Abuse Litigation Claims), and to the Unknown Claims
11 Representative on behalf of Holders of Claims in Class 5 (Unknown Abuse Claims) (collectively, the
12 "Voting Classes"), entitled to vote on the Plan as of the Voting Record Date.

13 14. Solicitation Packages distributed to Holders of Claims in Voting Classes and to the
14 Unknown Abuse Claims Representative shall contain a copy of (i) the Confirmation Hearing Notice; (ii)
15 this Order; (iii) the appropriate Ballot to accept or reject the Plan, with detailed voting instructions and a
16 pre-addressed, postage prepaid return envelope; ~~and~~ (iv) the Disclosure Statement and Plan; and (v) the
17 letter, in the form attached as Exhibit 8 to the Notice of Forms, from the Committee to Holders of Class 4
18 Claims. The Debtor is authorized to make non-substantive changes to the Disclosure Statement, the Plan,
19 and related documents without further order of the Court, including ministerial changes to correct
20 typographical and grammatical errors, and to make conforming changes among the Disclosure Statement,
21 the Plan, and any other materials in the Solicitation Packages, before mailing the Solicitation Packages;
22 provided, however, the Debtor shall provide the Committee no less than two (2) business days' notice of
23 any such changes.

24 15. Solicitation Packages shall be provided to all Holders of Claims in the Voting Classes
25 appearing in the Debtor's Schedule F (as amended, *see* Docket No. 161 at pp. 40-157) or who filed Proofs
26 of Claim before the applicable Bar Date (or whose Claims were deemed timely by order of this Court)
27 and whose Claims are not the subject of a pending objection as of the Voting Record Date ~~(as defined~~
28

1 ~~below~~). Notwithstanding the foregoing or anything herein to the contrary, all persons who filed a Proof
2 of Claim asserting an Abuse Claim shall receive a Solicitation Package containing a Ballot for voting on
3 the Plan, regardless of the contingent, unliquidated, and disputed nature of such Claim, and
4 notwithstanding any pending objections to their Claims.

5 16. Solicitation Packages for Holders of Claims in Classes 3 and 6 shall be sent to the names
6 and addresses reflected in the Proofs of Claim filed by the claimants, or in the Debtor's schedules if no
7 Proof of Claim was filed by the Voting Record Date.

8 17. Solicitation Packages for Holders of Class 4 Claims shall be served via the noticing address
9 included on their Proof of Claim, if any, based on the information reflected on the claims register
10 maintained by Verita as of the Voting Record Date. If such noticing address is the address of the Holder
11 of such Class 4 Claim's attorney, such Holder shall be served the Solicitation Package through such
12 attorney unless either the Holder or their attorney has notified the Debtor or Verita that the representation
13 has terminated. The Debtor may serve such attorneys for Holders of Class 4 Claims with Solicitation
14 Packages via email, and may serve attorneys who represent more than one Holder of a Class 4 Claim with
15 only one copy of the Solicitation Package, ~~and with the consent of such attorneys may serve such~~
16 ~~solicitation packages via email~~, provided the Debtor shall provide separate Ballots for each such Holder
17 of a Class 4 Claim.

18 18. The Debtor shall provide the Unknown Abuse Claims Representative, appointed pursuant
19 to this Court's Order entered on ~~[redacted]~~ December 20, 2024 [Docket No. ~~[redacted]~~ 1554], with a single
20 Class 5 Ballot for purposes of voting to accept or reject the Plan in ~~their~~ his capacity as representative for
21 the Holders of Class 5 Claims. Compliance with this paragraph shall constitute sufficient notice and
22 service of the Solicitation Package with regard to Class 5 Claims. Notwithstanding anything herein to the
23 contrary, the Committee reserves the right to object as to whether the Unknown Abuse Claims
24 Representative may cast a ballot in this case on behalf of Class 5.

25 19. The Debtor may provide creditors who have more than one Claim with only one
26 Solicitation Package and one Ballot for each Voting Class to which they belong.

1 20. The Debtor is not required to distribute a Solicitation Package to any person who holds a
2 Claim as to which no Proof of Claim has been filed and that either (i) is scheduled as contingent,
3 unliquidated, or disputed, or (ii) is not scheduled in an amount greater than \$0, unless the Holder of such
4 Claim files a motion for temporary allowance of a claim under Bankruptcy Rule 3018.

5 21. Not later than the Solicitation Mailing Date, the Debtor shall serve Holders of Claims in
6 Classes 1, 2, 7A, and 7B (the “Non-Voting Classes”) with (i) the Confirmation Hearing Notice, and (ii)
7 the Notice of Non-Voting Status.

8 22. Not later than the Solicitation Mailing Date, the Debtor shall distribute ~~a~~ copies of the
9 Confirmation Hearing Notice, this Order, and the Disclosure Statement and Plan to: (a) the United States
10 Trustee; (b) counsel for the Committee; (c) the United States Attorney for the Northern District of
11 California; and (d) all other persons that have filed notices of appearances and requests for documents in
12 the Chapter 11 Case, to the extent such persons are not separately receiving a Solicitation Package or
13 Notice of Non-Voting Status.

14 23. Not later than the Solicitation Mailing Date, the Debtor shall distribute a copy of the
15 Confirmation Hearing Notice to any other persons listed on the master mailing matrix maintained for the
16 Chapter 11 Case, to the extent such persons are not previously identified herein to received notice.

17 24. The Debtor is not required to distribute copies of the Plan, Disclosure Statement, or
18 ~~Disclosure Statement~~this Order to any Holder of a Claim in a Non-Voting Class, or any Holder of an
19 Unclassified Claim, unless such party makes a request for copies of such documents by (a) calling the
20 Debtor’s toll-free restructuring hotline at (888)-733-1425 (U.S./Canada) or (310)-751-2631
21 (International), or (b) e-mailing RCBOInfo@veritaglobal.com.

22 25. Any party-in-interest may obtain free of charge an electronic or paper copy of the Plan,
23 Disclosure Statement, this Order, or related documents by (a) calling the Debtor’s toll-free restructuring
24 hotline at (888)-733-1425 (U.S./Canada) or (310)-751-2631 (International), or (b) e-mailing
25 RCBOInfo@veritaglobal.com.

26 26. The Ballots, the Notice of Non-Voting Status, and the Confirmation Hearing Notice shall
27 be distributed in paper format unless otherwise provided herein; however, because the Plan and Disclosure
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1 Statement may be cumbersome and costly to print and mail, the Debtor is authorized to distribute, or cause
2 to be distributed, the Plan, Disclosure Statement, and this Order via USB flash drive, at its discretion.

3 27. Verita shall serve the Solicitation Package, the Notice of Non-Voting Status, and notices
4 regarding the Confirmation Hearing, as set forth above. Should any mailing of Solicitation Packages,
5 Notice of Non-Voting Status, and Confirmation Hearing Notices be returned by the United States Postal
6 Service or courier, the Debtor and Verita need not resend those documents to the same address(es). The
7 Debtor and Verita are further relieved of any obligation to attempt to locate the correct address and resend,
8 ~~before the Voting Deadline,~~ the Solicitation Packages, Notice of Non-Voting Status, and Confirmation
9 Hearing Notices that are returned as undeliverable, unless and until the Debtor is provided with accurate
10 addresses for such persons. The Debtor's failure to ensure receipt by mail of Solicitation Packages or any
11 other materials related to voting or confirmation of the Plan by such persons (a) shall not constitute
12 inadequate notice of the Confirmation Hearing or Voting Deadline and (b) shall not constitute a violation
13 of Bankruptcy Rule 3017(d).

14 28. Service of the Confirmation Hearing Notice ~~together~~ in accordance with this Order is
15 hereby found to be adequate and reasonably calculated under the circumstances to comply with the due
16 process rights of all creditors and parties in interest, including without limitation, all Holders of Claims
17 that may be subject to the Third-Party Releases provided for under the Plan, and no other or further notice
18 of the Confirmation Hearing is necessary or shall be required.

19 Voting and Tabulation

20 29. To be counted as a vote to accept or reject the Plan, all Ballots must be properly completed,
21 signed, dated and returned by only one of the following return methods: (a) first-class mail (whether in
22 the return envelope provided with each Ballot or otherwise); (b) overnight courier; (c) hand delivery; or
23 (d) electronic, online transmission, through a customized online balloting portal (the "E-Balloting Portal")
24 on the Bankruptcy Case website maintained by Verita. Any parties entitled to vote on the Plan may cast
25 an electronic Ballot which allows the claimant to electronically sign and submit a Ballot instantly by using
26 the E-Balloting Portal. In order to be counted, Ballots must be **actually received** no later than ~~11~~
27 ~~5:00 p.m. Pacific Time on May 30, 2025~~ (the "Voting Deadline"). The Debtor may extend the Voting
28

1 Deadline ~~in its discretion~~ with the consent of the Committee, which consent shall not be unreasonably
2 withheld, as to any individual Claim or Claims or as to all Claims. Consistent with the form of Class 4
3 Ballot, the E-Balloting Portal will include a requirement for any person submitting a Ballot on behalf of a
4 Class 4 claimant to certify that that he or she has consulted the claimant on whose behalf the Ballot is
5 being submitted regarding the decisions reflected therein.

6 30. Solely for purposes of voting to accept or reject the Plan and not for the purpose of the
7 allowance of, or distribution on account of, any Claim, and without prejudice to the rights of any party in
8 interest in any other context, each Holder of a Class 3, or Class 6 Claim entitled to vote on the Plan is
9 entitled to vote the amount of such Claim as provided: (a) in a timely filed Proof of Claim or, if no Proof
10 of Claim was filed, the amount of such Claim as provided in, the Debtor's Schedules of Assets and
11 Liabilities (as amended, the "Schedules"), or (b) an agreement with the Debtor fixing the allowed amount
12 of such Claim for voting purposes, subject to the following exceptions and specific procedures:

- 13 a) if a Claim is deemed Allowed under the Plan, such Claim is Allowed for voting purposes
14 in the deemed Allowed amount set forth in the Plan;
- 15 b) if a Claim for which a Proof of Claim has been timely filed is contingent, unliquidated,
16 or disputed, and such Claim has not been Allowed, such Claim will be temporarily
17 Allowed, for voting purposes only, in the non-contingent and fully liquidated amount
18 listed on the Proof of Claim (disregarding any unliquidated or contingent amounts); and
19 if such filed Proof of Claim does not clearly and expressly state a non-contingent and
20 liquidated amount, then a vote on account of such Claim shall be counted as \$1, unless
21 such Claim is objected to as set forth in paragraph (f) below;
- 22 c) if a Claim has been estimated or otherwise Allowed for voting purposes by order of the
23 Court, such Claim is temporarily allowed in the amount so estimated or allowed by the
24 Court for voting purposes only, and not for purposes of allowance or distribution;
- 25 d) a Claim shall be disallowed for voting purposes if the Claim is listed in the Schedules as
26 contingent, unliquidated, or disputed and a Proof of Claim for such Claim was not (i)
27 filed by the applicable bar date for the filing of Proofs of Claim established by the Court
28 or (ii) deemed timely filed by an order of the Court before the Voting Deadline;
- 29 e) if a party has served an objection or request for estimation as to a Claim at least
30 ~~ten~~ fourteen (~~10~~ 14) days before the Voting Deadline, such Claim is temporarily
31 disallowed for voting purposes only and not for purposes of allowance or distribution,
32 except as ordered by the Court before the Voting Deadline;

- 1 f) Proofs of Claim filed for \$0.00 or which do not specify a claim amount are not entitled
2 to vote, other than Claims in Class 4 or Class 5 which are treated as set forth below;
- 3 g) for purposes of voting, classification and treatment, under the Plan, each person that
4 holds or has filed more than one Claim shall be treated as if such person has only one
5 Claim in each applicable Class in the amount of the total of the aggregated Claims of
6 such entity in such Class;
- 7 h) any person that filed ~~or purchased~~ duplicate Claims in the same Class shall be provided
8 with only one Solicitation Package and one Ballot for voting a single Claim in such
9 Class, regardless of whether the Debtor has objected to such duplicate Claims;
- 10 i) if a Proof of Claim has been amended by a later Proof of Claim filed on or before the
11 Voting Record Date, the ~~later filed amending Claim shall be entitled to vote in a manner~~
12 ~~consistent with these tabulation rules~~ last Proof of Claim filed shall govern, and the earlier
13 filed Claim shall be disallowed for voting purposes, regardless of whether the Debtor has
14 objected to such amended Claim; and
- 15 j) except as otherwise ordered by the Court, any amendments to a Proof of Claim after the
16 Voting Record Date shall not be considered for purposes of these tabulation rules.

17 31. Solely for purposes of voting to accept or reject the Plan and not for the purpose of the
18 allowance of, or distribution on account of, any Claim, and without prejudice to the rights of any party in
19 interest in any other context, each Holder of a Class 4 Claim who has filed a Proof of Claim shall have
20 their Claim temporarily allowed in the Amount of \$1.00, notwithstanding the contingent, unliquidated,
21 and disputed nature of such Claim, or any objections that may be pending with respect to such Claim. The
22 foregoing general procedure will be subject to the following exceptions and specific procedures:

- 23 a) for purposes of voting, classification and treatment, under the Plan, each Holder of a Class
24 4 Claim that holds or has filed more than one Claim shall be treated as if they have only
25 one Class 4 Claim;
- 26 b) any Holder of a Class 4 Claim that filed ~~or purchased~~ duplicate Class 4 Claims shall be
27 provided with only one Solicitation Package and one Ballot for voting a single Class 4
28 Claim, regardless of whether any party in interest has objected to such duplicate Claims;
and
- c) any Person scheduled as having a contingent, unliquidated or disputed Class 4 Claim who
has not filed a Proof of Claim shall have their claim disallowed for voting purposes
unless they file a Rule 3018 Motion in accordance with the procedures below.

32. Subject to the Committee's reservation of rights herein, the Unknown Abuse Claims
Representative shall be entitled to vote a single Class 5 Claim on behalf of Holders of Class 5 Claims,
which shall be Allowed for voting purposes only in the amount of \$1.00.

1 33. The following procedures shall apply for tabulating votes:

- 2 a) Verita shall date-stamp all Ballots when received, with any Ballots received on the
3 Voting Deadline date *and* time-stamped;
- 4 b) any Ballot that is otherwise properly completed, executed, and timely returned but does
5 not indicate an acceptance or rejection of the Plan, or that indicates both an acceptance
6 and rejection of the Plan, will not be counted;
- 7 c) if a Creditor casts more than one Ballot voting the same Claim before the Voting
8 Deadline, the last dated, validly executed Ballot received before the Voting Deadline
9 shall be deemed to reflect the voter's intent and thus to supersede any prior Ballots;
- 10 d) Creditors must vote all of their Claims within a particular Class to either accept or reject
11 the Plan, and may not split their votes within the Voting Class and thus a Ballot (or group
12 of Ballots) within the Voting Class that partially accepts and partially rejects the Plan
13 shall ~~be deemed to have voted to accept the Plan~~ not be counted;
- 14 e) notwithstanding anything contained herein to the contrary, the Debtor, ~~in its discretion~~
15 with the consent of the Committee, which consent shall not be unreasonably withheld,
16 may waive any defects in a Ballot, or enter into a stipulation to settle or resolve any
17 dispute in relation thereto, with a Holder of a Claim that has completed a Ballot;
- 18 f) notwithstanding anything contained herein to the contrary, Verita, with the Debtor's and
19 Committee's consent, which consent by the Committee shall not be unreasonably
20 withheld, may contact entities entitled to vote to cure any defects in their Ballots;
21 provided, however, that Verita shall contact counsel of record for any such Holder of a
22 Class 4 Claim represented by counsel; and
- 23 g) except as otherwise provided in this ~~Motion~~ Order, for purposes of determining whether
24 the numerosity and Claim amount requirements of Sections 1126(c) and 1126(d) of the
25 Bankruptcy Code have been satisfied, Verita will tabulate only those Ballots received on
26 or before the Voting Deadline.

27 34. The following Ballots will not be counted or considered for any purpose in determining
28 whether the Plan has been accepted or rejected: (i) any Ballot received after the Voting Deadline unless the
Debtor, ~~in writing~~ with the consent of the Committee, which consent shall not be unreasonably withheld,
grants an extension of the Voting Deadline with respect to such Ballot in writing; (ii) any Ballot that is
illegible or contains insufficient information to permit the identification of the voter; (iii) any Ballot cast
by a person or entity that does not hold a Claim in a Class entitled to vote to accept or reject the Plan; (iv)
any unsigned Ballot; and (v) any Ballot submitted by email, facsimile, or any other means of electronic
submission other than utilization of the E-Balloting Portal, unless the Debtor with the consent of the

1 Committee, which consent shall not be unreasonably withheld, specifically consents in writing to receipt
2 of such Ballot by such means.

3 35. If any creditor seeks to challenge the allowance or disallowance of its Claim for voting
4 purposes in accordance with the above procedures, such creditor shall serve a motion for an order pursuant
5 to Bankruptcy Rule 3018(a) (a “Rule 3018 Motion”) temporarily allowing such Claim for purposes of
6 voting to accept or reject the Plan on or before the 10th day after the later of (i) service of the Confirmation
7 Hearing Notice, and (ii) service of notice of an objection or request for estimation, if any, as to such Claim.

8 36. Any Rule 3018 Motion shall (i) be made in writing, (ii) comply with the Bankruptcy Code,
9 the Bankruptcy Rules, and the Local Rules, (iii) set forth the name of the party asserting the Rule 3018
10 Motion, and (iv) state with particularity the legal and factual bases for the Rule 3018 Motion. In the event
11 a Rule 3018 Motion is filed, the Debtor shall provide such creditor with a provisional Ballot, to be counted
12 only in accordance with the terms of any order adjudicating such Rule 3018 Motion entered by the Court
13 prior to the Voting Deadline.

14 37. Upon the expiration of the Voting Deadline, the Debtor shall file a certification provided
15 by Verita in writing (the “Tabulation Certification”) of the amount and number (as applicable) of Allowed
16 Claims in the Voting Classes that voted to accept or reject the Plan. The Debtor shall file the Tabulation
17 Certification and copies of all voting ballots not later than ~~three (3) days prior to the Confirmation Hearing~~
18 ~~pursuant to Local Bankruptcy Rule 3020-1(a)~~ five (5) business after the Voting Deadline.

19 **Third-Party Release Procedures**

20 38. The following procedures regarding the Third-Party Releases (as defined in the Plan) are
21 hereby approved:

- 22 a) any Holder of a Class 4 Claim or the Unknown Claims Representative on behalf of Class
23 5 Claims may indicate that they do not consent to, and opt out of, the Third-Party
24 Releases by returning the appropriate Class 4 or Class 5 Ballot with the box checked in
25 Item 4 of each such Ballot to indicated their opt out (such Ballot, an “Opt-Out Ballot”),
26 (a) by first-class mail (whether in the return envelope provided with each Ballot or
27 otherwise); (b) by overnight courier; (c) by hand delivery; or (d) via Verita’s E-Balloting
28 Portal so it is actually received by Verita no later than the Voting Deadline;
- b) in order to be effective to opt out of the Third-Party Releases, an Opt-Out Ballot must
be actually received no later than the Voting Deadline, and the opt out election on any

1 Ballot received after the Voting Deadline shall be disregarded, and shall have no effect;
2 and,

- 3 c) any Holder of a Class 4 Claim, or the Unknown Claims Representative on behalf of all
4 Holders of Class 5 Claims, who returns a Ballot and does not affirmatively opt out of the
5 Third Party Releases as provided in paragraph a) above or by filing a timely objection to
6 the Plan indicating that they are withholding their consent to the releases and injunctions
7 provided for in the Plan, will be deemed to have consented to the Third-Party Releases.

8 **Other Matters**

9 39. The Debtor and Verita are authorized and empowered to take such steps, expend such
10 monies, and perform such acts as may be reasonably necessary to implement and effectuate the terms of
11 this Order.

12 40. The terms and conditions of this Order shall be immediately effective and enforceable upon
13 its entry.

14 41. This Court retains jurisdiction over any and all matters arising out of or related to the
15 interpretation or implementation of this Order.

16 *** END OF ORDER ***

17 **APPROVED AS TO FORM:**

18 LOWENSTEIN SANDLER LLP

19 By:
Brent Weisenberg
Jeffrey D. Prol

20 Attorneys for the Official Committee of Unsecured Creditors

COURT SERVICE LIST

All ECF Recipients

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~~PROPOSED~~ ORDER APPROVING DISCLOSURE STATEMENT

-2-

Summary report:	
Litera Compare for Word 11.7.0.54 Document comparison done on 4/2/2025 6:15:23 PM	
Style name: Color	
Intelligent Table Comparison: Active	
Original DMS: nd://4925-6945-3867/1/RCBO - Revised Proposed Order on Motion to Approve Disclosure Statement_3-18-2025.docx	
Modified DMS: nd://4916-7414-7633/3/RCBO - Proposed Order Approving Disclosure Statement_Revised 4-2-2025.docx	
Changes:	
Add	57
Delete	48
Move From	0
Move To	0
Table Insert	0
Table Delete	0
Table moves to	0
Table moves from	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	105