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**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF ARIZONA**

In re:  
  
THE ROMAN CATHOLIC CHURCH OF  
THE DIOCESE OF TUCSON *aka* THE  
DIOCESE OF TUCSON, an Arizona  
corporation sole,  
  
Debtor.

In Proceedings Under Chapter 11  
  
Case No. 4-04-04721  
  
**DEBTOR'S PLAN OF  
REORGANIZATION**

September 20, 2004  
Tucson, Arizona

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**ARTICLE 1**

**INTRODUCTION**

The Roman Catholic Church of the Diocese of Tucson *aka* the Diocese of Tucson, an Arizona corporation sole ("Debtor" or "Diocese"), the Debtor in the above-captioned Chapter 11 reorganization case (the "Reorganization Case"), proposes the following Plan of Reorganization (the "Plan") pursuant to the provisions of Chapter 11 of the Bankruptcy Code. For purposes hereof, any term used in an initially capitalized form in the Plan will have the defined meaning ascribed to it in either Bankruptcy Code § 101 or Article Two hereof unless the context otherwise requires.

ALL CREDITORS ARE ENCOURAGED TO CONSULT THE DISCLOSURE STATEMENT BEFORE VOTING TO ACCEPT OR REJECT THE PLAN. AMONG OTHER INFORMATION, THE DISCLOSURE STATEMENT CONTAINS DISCUSSIONS OF THE DEBTOR, THE HISTORICAL BACKGROUND OF THE REORGANIZATION CASE AND THE PREPETITION PERIOD, THE PROJECTIONS GERMANE TO THE PLAN AND THE POST-CONFIRMATION OPERATIONS OF THE DEBTOR AND THE REORGANIZED DEBTOR, AND A SUMMARY AND ANALYSIS OF THE PLAN. NO SOLICITATION MATERIALS, OTHER THAN THE DISCLOSURE STATEMENT AND RELATED MATERIALS TRANSMITTED THEREWITH, HAVE BEEN AUTHORIZED BY THE BANKRUPTCY COURT OR BY THE BANKRUPTCY CODE FOR USE IN SOLICITING ACCEPTANCES OR REJECTIONS OF THE PLAN.

The Court has scheduled the Confirmation Hearing on \_\_\_\_\_, 200\_\_.

**ARTICLE 2**

**DEFINITIONS**

2.1 Scope Of Definitions. For purposes of the Plan, and except as expressly provided otherwise herein or unless the context otherwise requires, all of the defined terms stated in Article 2 will have the meanings hereinafter stated. For purposes of the Plan and such defined

1 terms, the singular and plural uses of such defined terms and the conjunctive and disjunctive uses  
2 thereof will be fungible and interchangeable (unless the context otherwise requires); and the  
3 defined terms will include masculine, feminine, and neuter genders. The words "hereof,"  
4 "hereto," "herein," and "hereunder" and words of similar import, when used in the Plan, will refer  
5 to the Plan as a whole. The defined terms stated in Article 2. also are substantive terms of the  
6 Plan, and Article 2. will be deemed incorporated throughout the rest of the Plan to convey the  
7 substantive provisions included in the defined terms. Any term used in the Plan that is not  
8 defined herein but that is used in the Bankruptcy Code or the Bankruptcy Rules will have the  
9 meaning assigned to that term in the Bankruptcy Code or the Bankruptcy Rules. Unless  
10 otherwise specified, all section, article, and exhibit references in the Plan are to the respective  
11 section in, article of, or exhibit to the Plan, as the same may be amended, waived, or modified  
12 from time to time. The headings and captions of the Plan (including the headings of the defined  
13 terms) are for convenience of reference only and will not limit or otherwise affect the provisions  
14 hereof. Accordingly, the defined terms are as follows:

15       2.2    Administrative Claim. This term will refer to and mean: (a) every cost or expense  
16 of administration of the Reorganization Case which is allowable pursuant to Bankruptcy Code  
17 § 503, including any actual and necessary postpetition expenses of preserving the Estate; (b) any  
18 actual and necessary postpetition expenses of operating the Diocese; (c) all Professional Charges  
19 approved by the Bankruptcy Court pursuant to interim and final allowances in accordance with  
20 Bankruptcy Code §§ 330, 331, and 503(b); (d) every Property Tax Administrative Claim; and (e)  
21 all fees and charges assessed against the Estate under Chapter 123 of Title 28, United States  
22 Code.

23       2.3    Allowed Claim. This term will refer to and mean every Claim against the Debtor:  
24 (a)(i) as to which a Proof of such Claim has been filed within the time fixed by the Bankruptcy  
25 Court or, if such Claim arises from the rejection of an Executory Contract pursuant to the Plan, on  
26 or before the first Business Day which is thirty (30) days after the Confirmation Date, or (ii)

1 which the Debtor has scheduled as liquidated in amount and undisputed; and in either event:  
2 (b)(i) as to which no objection to the allowance of such Claim has been filed within any  
3 applicable time period fixed by the Bankruptcy Court or the Plan, or (ii) as to which the order  
4 allowing such Claim has become final and non-appealable without any appeal, review, or other  
5 challenge of any kind to that order having been taken or being still timely, or (iii) if an appeal has  
6 been timely taken, as to which a mandate of the appellate court has issued allowing such Claim  
7 and as to which no further appeal is allowed pursuant to the Bankruptcy Code, the United States  
8 Code, or applicable federal or Bankruptcy Rules. If any Claim, or the Creditor holding such  
9 Claim, is subject to any defense, set off, counterclaim, recoupment, or other adverse claim of any  
10 kind of the Debtor or the Reorganized Debtor, that Claim will be deemed a Disputed Claim,  
11 unless such adverse claim is acknowledged by the Debtor in the Plan or in accordance with the  
12 terms of the Plan; and it will not become an Allowed Claim unless and until all such matters are  
13 resolved or adjudicated fully and finally, with all appellate rights and remedies having been  
14 exhausted except as provided in the Settlement Trust Agreement or the Litigation Trust  
15 Agreement. Unless any earlier time is fixed by order of the Bankruptcy Court, and except with  
16 respect to the Claims governed by the Litigation Trust Agreement, and subject to amendment  
17 rights and the relation back of amendments under applicable federal or state procedural rules, any  
18 objection to the allowance of any Claim and the assertion of any defense, set off, counterclaim,  
19 recoupment, or other adverse claim of any kind of the Debtor or the Reorganized Debtor must be  
20 filed on or before the first Business Day which is one hundred eighty (180) days after the  
21 Effective Date.

22       2.4 Assets. This term will refer to and mean each and every item of property and  
23 interest of the Debtor therein as of the Effective Date, whether tangible or intangible, legal or  
24 equitable, liquidated or unliquidated, and includes without limitation: (a) all Cash; (b) all  
25 Avoidance Actions; (c) any and all amounts owed to the Debtor, including accounts receivable  
26 and contract rights, whether due prior or subsequent to the Petition Date; (d) any other right,

1 claim, cause of action, or defense, whether arising by statute or common law, and whether arising  
2 under the laws of the United States, other countries, or applicable state or local law, including, but  
3 not limited to all Insurance Actions; (e) all of the Debtor's books, records, and privileges; and (f)  
4 all contracts, agreements, licenses, and leases.

5       2.5 Ballot. This term will refer to and mean the ballot accompanying the Plan and  
6 Disclosure Statement which will be sent to all Creditors entitled to vote on the Plan, on which  
7 such Creditors will indicate their vote to accept or reject the Plan and pursuant to which any Tort  
8 Claimants will make the election to opt out of the Settlement Trust and into the Litigation Trust.  
9 The Ballot, to the extent necessary, will be approved by the Bankruptcy Court.

10       2.6 Bankruptcy Code. This term will refer to and mean Title 11 of the United States  
11 Code, 11 U.S.C. §§ 101, et seq., including any amendments thereto, which is in effect during the  
12 Reorganization Case.

13       2.7 Bankruptcy Court or Court. These terms are completely synonymous and  
14 interchangeable and will refer to and mean the United States Bankruptcy Court for the District of  
15 Arizona, Tucson Division, or such other court which exercises jurisdiction over part or all of the  
16 Reorganization Case, to the extent that the reference of part or all of the Reorganization Case is  
17 withdrawn.

18       2.8 Bankruptcy Rules. This term will refer to and mean the Federal Rules of  
19 Bankruptcy Procedure promulgated under Title 28, United States Code, § 2075, including any  
20 amendments thereto, as they may be amended from time to time during the Reorganization Case.

21       2.9 Bar Date. This term will refer to and mean the dates established by Order of the  
22 Court pursuant to the Order Fixing Time For Filing Proofs Of Claim Or Interest, which set  
23 \_\_\_\_\_, 200\_ as the date by which a Claim must be evidenced by the filing of a Proof of  
24 Claim with the Bankruptcy Court.

25       2.10 Barred Tort Claims. This term will refer to and mean every Tort Claim that was  
26 timely filed but is otherwise barred by an applicable statute of limitations or every Tort Claim for

1 which a Proof of Claim was untimely filed after the Bar Date and whose Claim has been  
2 Disallowed.

3 2.11 Business Day. This term will refer to and mean every day except Saturdays,  
4 Sundays, federal holidays, Catholic holidays recognized and observed by the Diocese, and  
5 Arizona state holidays observed by the Bankruptcy Court.

6 2.12 Canon Law. This term will refer to and mean the Code of Canon Law applicable  
7 to the Roman Catholic Church which is, for the most part: (i) a set of norms created to bring  
8 order to the life of the ecclesial community; (ii) articulated and promulgated by those who are  
9 entrusted with the community's care; and (iii) to serve the common good, thus imposing  
10 obligations and establishing legal bonds from which certain rights, duties and interests flow.

11 2.13 Cash. This term will refer to and mean cash, cash equivalents, bank deposits, and  
12 negotiable instruments payable on demand.

13 2.14 Channeled Claims. This term will refer to and mean the Claims of the Tort  
14 Claimants against the Participating Third Parties and the Settling Insurers which are channeled to  
15 and satisfied pursuant to the Settlement Trust or the Litigation Trust.

16 2.15 Chapter 11 Professionals. This term will refer to and mean the Debtor's  
17 Professionals and the Committee Professionals (if any), wherever they are referred to collectively  
18 in the Plan.

19 2.16 Claim. This term will refer to and mean "claim" as defined in Bankruptcy Code §  
20 101(5).

21 2.17 Claim Payment Date. This term will refer to and mean every Claim which is not  
22 an Allowed Claim as of the Effective Date (so payment is not made on the Effective Date), but  
23 which later becomes an Allowed Claim by a Final Order.

24 2.18 Class. This term will refer to and mean each of the classifications of Claims and  
25 Interests described in Article 3. of the Plan.

26

1           2.19 Co-Defendants. This term will refer to and mean the entities and individuals who  
2 are co-defendants with the Diocese in the various state court actions or against whom informal  
3 claims have been asserted by a Tort Claimant.

4           2.20 Confirmation Date. This term will refer to and mean the date on which the  
5 Bankruptcy Court enters the Confirmation Order on the Court's docket.

6           2.21 Confirmation Hearing. This term will refer to and mean the hearing held by the  
7 Bankruptcy Court regarding confirmation of the Plan, as such may be continued from time to  
8 time.

9           2.22 Confirmation Order. This term will refer to and mean the order of the Bankruptcy  
10 Court confirming the Plan pursuant to Bankruptcy Code §1129 and which will, among other  
11 things:

12                   (a) provide that the settlement provisions in Section 12.1 of the Plan and the  
13 Settlement Trust are binding on all Settling Tort Claimants;

14                   (b) approve and provide for the implementation of the other Plan Documents;

15                   (c) approve and incorporate the Settlement Trust Agreement and the Litigation  
16 Trust Agreement as part of the Plan;

17                   (d) effect the release of certain Claims and the injunction against prosecution  
18 of the Released Claims or Channeled Claims by any Creditors or parties in interest against  
19 Participating Third Parties, Settling Insurers and others described in Article 17 of the Plan, and  
20 provide for the channeling injunction with respect to Participating Third Party Claims, Claims  
21 against Settling Insurers and others as set forth in Sections 17.3 and 17.4 of the Plan.

22           2.23 Contingent. This term will refer to and mean, with reference to a Claim, a Claim  
23 that has not accrued or is not otherwise payable and the accrual of which or the obligation to  
24 make payment on which is dependent upon a future event that may or may not occur.

25           2.24 Creditor. This term will refer to and mean "creditor" as defined in Bankruptcy  
26 Code § 101(10).

1           2.25 Debtor or Diocese. These terms (which are completely synonymous and  
2 interchangeable), will refer to and mean the Roman Catholic Church of the Diocese of Tucson, in  
3 all of its capacities, including, but not limited to: (a) the Estate of the Diocese and (b) the Diocese  
4 as the representative of the Estate.

5           2.26 Debtor's Professionals. This term will refer to and mean:

6                   The law firm of Quarles & Brady Streich Lang LLP;

7                   The law firm of Gust Rosenfeld PLC;

8                   The law firm of Thomas A. Zlaket P.L.L.C.

9                   The accounting firm of Keegan, Linscott & Kenon P.C.; and

10           Any and all other similar professionals which the Debtor or the Reorganized Debtor  
11 retains to assist in the conduct of the Reorganization Case or to provide professional services for a  
12 specified purpose, all in accordance with Bankruptcy Code §§ 327(a) and 327(e).

13           2.27 Diocese Real Property. This term will refer to and mean the real property owned  
14 by the Diocese:

15                   (a) in fee simple;

16                   (b) for which the Diocese has legal and equitable title;

17                   (c) which is part of the temporal goods of the Diocese as a juridic person;

18                   (d) which the Diocese is not holding in trust for any other Person;

19                   (e) which the Diocese is selling in order to contribute to the Fund; and

20                   (f) which consists of the certain vacant land designated by the Diocese for  
21 future parish sites and certain excess real property not otherwise utilized for Diocesan purposes  
22 but, excluding, any Parish Real Property.

23           2.28 Disallowed. This term, when referring to a Claim, will refer to and mean a Claim  
24 or any portion of a Claim which has been disallowed or expunged by a Final Order.

25           2.29 Disclosure Statement. This term will refer to and mean the Disclosure Statement  
26 presented by the Diocese with respect to the Plan, including, but not limited to, any restatements,

1 amendments, modifications, and additional disclosures (if any) provided by the Diocese to  
2 comply with Bankruptcy Code § 1127 or orders of the Bankruptcy Court and which has been  
3 approved by the Bankruptcy Court.

4       2.30 Disputed Claim. This term will refer to and mean every Claim, or portion thereof,  
5 which is not an Allowed Claim, to which an objection (formal or informal) has been made and  
6 which has not yet been Disallowed.

7       2.31 Disputed Claims Reserve. This term will refer to and mean the reserve to be  
8 established on the Effective Date (and, thereafter, to be maintained as necessary) to hold in one or  
9 more segregated accounts Cash or other Assets equal to the aggregate amounts thereof that would  
10 have been distributed on an applicable Claim Payment Date on account of a Disputed Claim. In  
11 establishing the Disputed Claims Reserve on the Effective Date, all Disputed Claims may be  
12 estimated by the Reorganized Debtor at an amount equal to (a) such lesser amount that is agreed  
13 to by the holder of such Claim, (b) the amount claimed if the Court has not made an estimation of  
14 such Claim or the holder of such Claim has not agreed to a lesser amount, or (c) the amount, if  
15 any, determined by the Court by Final Order pursuant to Bankruptcy Code § 502 (c) as an  
16 estimate for distribution purposes. In any event, the Estimated Amount will be the maximum  
17 amount of the Claim for distribution purposes under the Plan. The Disputed Claims Reserve may  
18 be adjusted from time to time after the Effective Date by the Reorganized Debtor after taking into  
19 account the anticipated recovery fraction which has been or is anticipated to be paid to the holders  
20 of Allowed Claims, after giving effect to the amount of the Disputed Claims as determined  
21 pursuant to this provision. The Disputed Claim Reserve will not apply to the Settlement Trust or  
22 the Litigation Trust, each of which will be governed by the terms of the Settlement Trust  
23 Agreement and the Litigation Trust Agreement, respectively.

24       2.32 District Court. This term will refer to and mean the United States District Court,  
25 District of Arizona, Tucson Division.

26

1           2.33 Effective Date. This term will refer to and mean the first Business Day on which  
2 the conditions specified in Section 16.1 of the Plan have been satisfied or waived.

3           2.34 Escrow Agent. This term will refer to and mean Biltmore Associates, LLC, the  
4 agent under that certain non-interest bearing Promissory Note dated March 25, 2002 in the  
5 original principal sum of \$3,000,000 which was the deferred portion of the settlement amount  
6 related to the settlement in 2002 of certain abuse cases.

7           2.35 Estate. This term will refer to and mean the bankruptcy estate of the Diocese  
8 created under Bankruptcy Code § 541.

9           2.36 Estimated Amount. This term will refer to and mean the maximum amount at  
10 which the Court or the District Court, pursuant to Bankruptcy Code § 502(c), at the request of the  
11 Diocese estimates any Claim or class of Claims against the Debtor that is contingent, unliquidated  
12 or disputed, including, without limitation, any Tort Claim or Other Tort and Employee Claims or  
13 class thereof for the purpose of (a) allowance, (b) distribution, (c) confirming the Plan pursuant to  
14 Bankruptcy Code § 1129, (d) voting to accept or reject the Plan pursuant to Bankruptcy Code §  
15 1126 and Bankruptcy Rule 3018(a), or (e) any other proper purpose.

16           2.37 Executory Contract. This term will refer to and mean every unexpired lease and  
17 other contract which is subject to being assumed or rejected by the Debtor under Bankruptcy  
18 Code § 365, pursuant to the Plan or pursuant to separate motion.

19           2.38 Final Order. This term will refer to and mean any order of the Bankruptcy Court  
20 as to which (a) the time for appeal has expired and no appeal has been timely taken; (b) any  
21 appeal that has been timely taken has been finally determined or dismissed; or (c) an appeal has  
22 been timely taken but such order has not been stayed.

23           2.39 Foresters. This term will refer to and mean the Catholic Order of Foresters.

24           2.40 Foresters Unsecured Claim. This term will refer to and mean every Unsecured  
25 Claim of Foresters against the Diocese where the Diocese is the primary obligor arising out of the  
26 lending relationship between the Diocese and Forester including all interest, costs and other

1 charges properly chargeable by Foresters pursuant to the applicable documents evidencing the  
2 Foresters Unsecured Claim, but, specifically excluding, any Claims of Foresters pursuant to any  
3 guaranties by the Diocese of the obligations of any Parish to Foresters which are part of the Parish  
4 Guaranty Claims.

5 2.41 Fund. This term will refer to and mean the fund to be established by the Diocese  
6 which will be allocated by the Bankruptcy Court as part of the confirmation process between the  
7 Settlement Trust and the Litigation Trust in the amounts and percentages as determined by the  
8 Bankruptcy Court as part of the confirmation process. The Fund will consist of all of the  
9 following:

10 (a) The sum of \$3,200,000 (or such lesser amount if all of the Diocese Real  
11 Property has not been sold by the Effective Date) to be paid by the Diocese on the Effective Date;

12 (b) After the Effective Date, the proceeds from the sale of the Diocese Real  
13 Property if all parcels of Diocese Real Property have not been sold on or before the Effective  
14 Date;

15 (c) Payments from the Participating Third Parties;

16 (d) Payments from the Settling Insurers; and

17 (e) Insurance Action Recoveries allocated to the Fund or an assignment of all  
18 or part of the Insurance Actions.

19 2.42 Future Claims Representative. The term will refer to and mean the representative  
20 appointed by the Court pursuant to the "Motion For Order Appointing A Legal Representative  
21 For Future Tort Claimants" to represent the interests of persons who might assert a Tort Claim  
22 but suffer from repressed memory or other condition which, under applicable law, would toll any  
23 applicable statute of limitations.

24 2.43 General Unsecured Convenience Claim. This term will refer to and mean an  
25 Unsecured Claim in an amount of \$500 or less, inclusive of interest accrued thereon after the  
26 Petition Date through the later to occur of the Effective Date or the Claim Payment Date;

1 provided, that, if the holder of an Unsecured Claim in an amount greater than \$500 makes an  
2 election to reduce such Claim to \$500, such Claim will be treated as a General Unsecured  
3 Convenience Claim for all purposes. Such election will be made on the Ballot, completed and  
4 returned within the time fixed by order of the Court. Making this election will be deemed to be a  
5 waiver by such electing holder of any right to participate in Class 7 as to any and all Claims held  
6 by such holder.

7 2.44 General Unsecured Claim. This term will refer to and mean every Unsecured  
8 Claim against the Diocese (including, but not limited to, every such Claim arising from the  
9 rejection of an Executory Contract and every Claim which is the undersecured portion of any  
10 Secured Claim), which is not an Administrative Claim, a Priority Unsecured Claim, a Priority Tax  
11 Claim, a General Unsecured Convenience Claim, a Parish Unsecured Claim, a Tort Claim or a  
12 Penalty Claim, and which is classified and treated as the Plan provides for Class 7 Claims.

13 2.45 Insurance Actions. This term will refer to and mean all claims, causes of action  
14 and enforceable rights of the Debtor against any Insurance Company, including, but not limited  
15 to, those arising from or related to: (a) any such Insurance Company's failure to provide Insurance  
16 Coverage under any Insurance Policy; (b) the refusal of any Insurance Company to compromise  
17 and settle any claim pursuant to any such Insurance Policy; or (c) the interpretation or  
18 enforcement of the terms of any such Insurance Policy and Insurance Coverage.

19 2.46 Insurance Action Recoveries. This term will refer to and mean the rights of the  
20 Debtor to any and all proceeds, including any interest or income earned thereon, and other relief  
21 from: (a) any award, judgment, relief, or other determination entered or made as to any Insurance  
22 Actions; (b) any and all amounts payable by a settling Insurance Company under any insurance  
23 settlement agreement; and (c) any and all proceeds of any Insurance Policy paid or payable with  
24 respect to Tort Claims.

25  
26

1           2.47 Insurance Company. This term will refer to and mean any insurance company or  
2 insurance broker providing Insurance Coverage to the Debtor for liability arising from or related  
3 to Tort Claims.

4           2.48 Insurance Coverage. This term will refer to and mean the insurance coverage, not  
5 reduced to settlement proceeds, available to the Debtor with respect to Tort Claims under any  
6 Insurance Policy.

7           2.49 Insurance Policy. This term will refer to and mean any general liability insurance  
8 or sexual misconduct policy naming the Diocese as an insured in effect on or before the  
9 Confirmation Date upon which any Claim has been or may be made with respect to any Tort  
10 Claim.

11           2.50 Litigation Trust. This term will refer to and mean the trust established pursuant to  
12 the Litigation Trust Agreement for:

13                   (a) receiving, holding and investing funds provided pursuant to the Litigation  
14 Trust Agreement;

15                   (b) issuing payments and disbursing funds as provided in the Litigation Trust  
16 Agreement;

17                   (c) participating in the litigation as the defendant for any Tort Claimants who  
18 opts to have his or her Tort Claim liquidated through litigation;

19                   (d) paying the costs of such litigation from the funds of the Litigation Trust.

20 The Litigation Trust will qualify to be a "Qualified Settlement Fund" pursuant to applicable  
21 provisions of the Internal Revenue Code.

22           2.51 Litigation Trust Agreement. This term will refer to and mean that agreement  
23 between the Reorganized Debtor and the Trustees of the Litigation Trust to be established  
24 pursuant to Article 12 and Section 16.4 of the Plan and pursuant to which the Litigation Trust will  
25 be established and governed.

26

1           2.52 Litigation Protocol. This term will refer to and mean the litigation procedures  
2 described in Section 12.5 of the Plan and in the Litigation Trust Agreement.

3           2.53 Non-settling Tort Claimants. This term will refer to and mean every Tort  
4 Claimant who affirmatively elects, on the Ballot, to opt out of the Settlement Trust and have his  
5 or her Tort Claims liquidated by a jury in a trial to be held in the District Court with any such  
6 judgment entered to be treated and paid pursuant to the terms of the Litigation Trust Agreement.

7           2.54 Other Tort and Employment Claims. This term will refer to and mean any and all  
8 Claims, demands, suits, causes of action, proceedings or any other rights or asserted right to  
9 payment heretofore, now or hereafter asserted against the Debtor, whether or not reduced to  
10 judgment, based upon or in any manner arising from acts or failure to act by the Debtor which has  
11 allegedly resulted in injury asserted by an employee or other Person pursuant to applicable state  
12 or federal law, but excluding Tort Claims and any Claims of employees entitled to priority  
13 pursuant to Bankruptcy Code § 507.

14           2.55 Parish. This term will refer to and mean that certain community of church  
15 members whose pastoral care is entrusted to a pastor under authority of the bishop of the Diocese,  
16 which is within the territorial jurisdiction of the Diocese, which is a separate juridic person under  
17 Canon Law and, which is, among other things, an unincorporated association under applicable  
18 state law.

19           2.56 Parish Guaranty Claims. This term will refer to and mean every Contingent  
20 Unsecured Claim of any Creditor arising out of a guaranty by the Diocese of an obligation of a  
21 Parish to such Creditor, including all interest, attorneys' fees and other costs and charges to which  
22 such Creditor might be entitled pursuant to the terms of any such guaranties.

23           2.57 Parish Loans. This term will refer to and mean each and every Unsecured loan  
24 made by a Parish to the Diocese which is outstanding on the Petition Date, including all interest,  
25 costs, expenses and other charges which are part of a Parish Loan.

26

1           2.58 Parish Monthly Payment. This term will refer to and mean the monthly payment  
2 of \$44,738 which includes an amortization of principal and interest at the rate of two and one-  
3 half percent (2.5%) per annum to be paid by the Diocese to satisfy the Parish Unsecured Claims  
4 in full.

5           2.59 Parish Unsecured Claims. This term will refer to and mean every Unsecured Claim  
6 against the Diocese now held by a Parish, including, but not limited to, all Claims of a Parish for  
7 any funds on deposit with the Diocese and managed by the Diocese as custodian and trustee and  
8 all Parish Loans and, further, including all interest, attorneys' fees and other costs and charges to  
9 which each Parish is entitled pursuant to the terms of the Parish Loan, any agreements between  
10 the Diocese and a Parish and applicable law.

11           2.60 Parish Real Property. This term will refer to and mean all real property owned by  
12 a Parish:

- 13                   (a) for which the Diocese holds bare legal title;
- 14                   (b) in which the Diocese has no beneficial, equitable or other proprietary  
15 interest;
- 16                   (c) in which the Parish for whose benefit such real property is held has all  
17 equitable, proprietary and beneficial interest; and
- 18                   (d) which is part of the temporal goods of the Parish as a juridic person under  
19 Canon Law.

20           2.61 Participating Third Parties. This term will refer to and mean any Co-Defendant or  
21 any other Person who contributes funds to the Settlement Trust and the Litigation Trust and, will,  
22 therefore, will be a Party participating in the channeling injunction provided for in Section 17.4 of  
23 the Plan.

24           2.62 Penalty Claims. This term will refer to and mean any Claims for any fine, penalty,  
25 forfeiture, multiple damages, punitive damages, or exemplary damages not meant to compensate  
26 the claimant for actual pecuniary loss.

1           2.63 Person. This term will refer to and mean "person" as defined in Bankruptcy  
2 Code § 101(41).

3           2.64 Petition Date. This term will refer to and mean September 20, 2004, which is the  
4 filing date of the voluntary Chapter 11 petition commencing the Reorganization Case.

5           2.65 Plan. This term will refer to and mean the "Debtor Plan Of Reorganization" dated  
6 September 20, 2004, and every restatement, amendment, or modification thereof, if any, filed by  
7 the Debtor.

8           2.66 Plan Documents. This term will refer to and mean the Settlement Trust  
9 Agreement, the Litigation Trust Agreement, and all other documents and exhibits as the same  
10 may be amended, modified, supplemented, or restated from time to time, that aid in effectuating  
11 the Plan, which documents and exhibits will be filed by the Debtor with the Court on or before a  
12 date that is thirty (30) days prior to the Confirmation Hearing or such other date as determined by  
13 the Court.

14           2.67 Post-Effective Date Secured Tax Claims. This term will refer to and mean every  
15 whole or prorated portion of a Secured Tax Claim which arises on or after the Effective Date, and  
16 which will be paid in the ordinary course of business of the Reorganized Debtor.

17           2.68 Prepetition Date Secured Tax Claims. This term will refer to and mean every  
18 whole or prorated portion of a Secured Tax Claim which arises before and up to the Petition Date,  
19 and which will be classified and paid under the Plan as the Plan provides for Class 2 Claims.

20           2.69 Priority Employee Unsecured Claim. This term will refer to and mean every  
21 Unsecured Claim of an employee of the Diocese for vacation or sick leave pay which is otherwise  
22 entitled to priority pursuant to Bankruptcy Code § 507(a)(3)(A).

23           2.70 Priority Tax Claim. This term will refer to and mean every Unsecured Claim or  
24 portion thereof which is entitled to priority pursuant to Bankruptcy Code § 507(a)(8).

25           2.71 Priority Unsecured Claim. This term will refer to and mean every Unsecured  
26 Claim or portion thereof which is not an Administrative Claim, a Priority Tax Claim or a Priority

1 Employee Unsecured Claim and which is entitled to priority under any applicable provision of  
2 Bankruptcy Code § 507.

3 2.72 Pro Rata. This term will refer to and mean proportionate, and when applied to a  
4 Claim means that the ratio of the consideration distributed on account of an Allowed Claim in a  
5 Class to the amount of such Allowed Claim is the same as the ratio of the amount of the  
6 consideration distributed on account of all Allowed Claims in such Class to the amount of all  
7 Allowed Claims in such Class.

8 2.73 Professional Charges. This term will refer to and mean the allowed interim and  
9 final professional fees and expenses charged by the Debtor's Professionals and the Unsecured  
10 Committee's Professionals (if any).

11 2.74 Property Tax Administrative Claim. This term will refer to and mean every Claim  
12 of any state or local governmental unit which is an Administrative Claim for unpaid real property  
13 taxes, unpaid personal property taxes, or unpaid sales taxes or leasing taxes, and every prorated  
14 portion thereof arising on and after the Petition Date until the Effective Date. Property Tax  
15 Administrative Claims will be classified and paid under the Plan as the Plan provides for  
16 Administrative Claims.

17 2.75 Property Tax Claims. This term will refer to and mean collectively: (a) every  
18 Property Tax Administrative Claim; (b) every Prepetition Date Secured Tax Claim; and (c) every  
19 Post-Effective Date Secured Tax Claim.

20 2.76 Property Tax Claims Proration. This term will refer to and mean the proration of  
21 Property Tax Claims as of the Effective Date, so that: (a) Post-Effective Date Secured Tax  
22 Claims will be paid by the Reorganized Debtor in the ordinary course of its business; (b)  
23 Prepetition Date Secured Tax Claims will be paid by the Debtor or the Reorganized Debtor as  
24 provided for Class 3 Claims under the Plan; and (c) Property Tax Administrative Claims will be  
25 paid by the Debtor or the Reorganized Debtor as provided for Administrative Claims under the  
26 Plan.

1           2.77 Reorganization Case. This term will refer to and mean the case under Chapter 11  
2 of the Bankruptcy Code which was commenced by the filing of a voluntary Chapter 11 petition  
3 by the Diocese on the Petition Date.

4           2.78 Reorganized Debtor. This term will refer to and mean the Diocese, from and after  
5 the Effective Date. Unless otherwise expressly stated or the context otherwise requires,  
6 references to "the Debtor and the Reorganized Debtor" and references to "the Debtor or the  
7 Reorganized Debtor" throughout various provisions of the Plan are an effort to anticipate whether  
8 an event may occur before or after the Effective Date. In this regard, and generally for purposes  
9 of the Plan, any written agreement made by the Debtor as part of the Plan before the Effective  
10 Date will survive the Confirmation Date and the Effective Date and will bind both the  
11 Reorganized Debtor and every other party to such agreement (including, but not limited to, the  
12 provisions of the Plan as confirmed).

13           2.79 Secured Claim. This term will refer to and mean every Claim or portion thereof  
14 which is asserted by the Creditor holding such Claim to be secured by a lien, security interest, or  
15 assignment encumbering property in which the Debtor has an interest and including any right to  
16 setoff asserted by a Creditor that is treated as a Secured Claim under the Bankruptcy Code, but  
17 only to the extent of the validity, perfection, and enforceability of the claimed lien, security  
18 interest, or assignment, and the value of the interest of the Creditor holding such Claim against  
19 such property of the Debtor.

20           2.80 Secured Creditor. This term will refer to and mean every Creditor which holds a  
21 Secured Claim in the Reorganization Case.

22           2.81 Secured Tax Claim. This term will refer to and mean every Claim of any federal,  
23 state, or local governmental unit, which is asserted by such governmental unit holding such Claim  
24 which is secured by property of the Estate by operation of applicable non-bankruptcy laws,  
25 including, but not limited to, every such Claim for unpaid real property taxes, unpaid personal  
26 property taxes, or unpaid sales taxes or leasing taxes, and further including, but not limited to,

1 both the Prepetition Date Secured Tax Claims and the Post-Effective Date Secured Tax Claims,  
2 but only to the extent of the validity, perfection, and enforceability of the claimed lien, security  
3 interest, or assignment, and the value of the interest of the governmental unit holding such Claim  
4 against the Debtor and only to the extent that such Secured Tax Claim does not relate to Parish  
5 Real Property. Any Claims for unpaid real property taxes, unpaid personal property taxes, or  
6 unpaid sales taxes or leasing taxes pertaining to a Parish or Parish Real Property will be paid by  
7 the Parish owning such Parish Real Property or other property pertaining to such tax.

8           2.82 Settlement Trust. This term will refer to and mean the trust established pursuant to  
9 the Settlement Trust Agreement for:

10                   (a) receiving, holding and investing funds provided pursuant to the Settlement  
11 Trust Agreement;

12                   (b) determining and Allowing (or Disallowing) Tort Claims,

13                   (c) issuing payments and disbursing funds as provided in the Settlement Trust  
14 Agreement;

15                   (d) paying the costs, fees and expenses of the Trustees and the Settlement  
16 Master from the funds of the Settlement Trust; and

17                   (e) The Settlement Trust will qualify to be a "Qualified Settlement Fund"  
18 pursuant to applicable provisions of the Internal Revenue Code.

19           2.83 Settlement Trust Agreement. This term will refer to and mean the trust to be  
20 established in accordance with Article 12 and Section 16.4 of the Plan pursuant to which the Tort  
21 Claims of Settling Tort Claimants will be satisfied.

22           2.84 Settling Insurers. This term will refer to and mean those Insurance Companies that  
23 have reached settlements with the Diocese, and any Insurance Companies that may reach a  
24 settlement with Diocese with respect to any Insurance Actions. Any Settling Insurer, in exchange  
25 for the Settling Insurer's contribution to the Fund as agreed upon between the Diocese and such  
26 Settling Insurer and approved by the Bankruptcy Court, will obtain the benefit of an injunction

1 against prosecution of claims against the Insurance Company by any Creditor or other party in  
2 interest, including a Tort Claimant. The terms of any settlement with a Settling Insurer, if not  
3 previously approved by the Bankruptcy Court pursuant to Bankruptcy Rule 9019, will be  
4 approved at the Confirmation Hearing and pursuant to the Confirmation Order. If an agreement  
5 is reached with a Settling Insurer after the Effective Date, it will be approved by the Bankruptcy  
6 Court pursuant to its retained jurisdiction.

7       2.85 Settling Tort Claimants. This term will refer to and mean those Tort Claimants  
8 who are part of the Settlement Trust and will have their Tort Claims determined, Allowed and  
9 treated in accordance with the terms of the Settlement Trust.

10       2.86 Special Master. This term will refer to and mean the individual(s) who are  
11 selected as part of the confirmation process to evaluate, liquidate and Allow the Claims of the  
12 Settling Tort Claimants. The Settlement Master will also:

- 13               (a) determine the appropriate Tier into which a Tort Claim will be placed;
- 14               (b) evaluate each such Tort Claim for Allowance or Disallowance;
- 15               (c) determine whether such Tort Claim is entitled to any different  
16 consideration because of mitigating or aggravating factors; and
- 17               (d) instruct the Trustees to pay any Allowed Tort Claims of Settling Tort  
18 Claimants in accordance with the terms of the Settlement Trust.

19       2.87 Tier. This term will refer to and mean the level into which the Claim of each  
20 Settling Tort Claimant will be placed for purposes of determining Allowance or Disallowance  
21 and whether the amount to be paid in satisfaction of such Tort Claim within a particular Tier will  
22 be increased or decreased based upon mitigating or aggravating factors.

23       2.88 Tier One Tort Claims. This term will refer to and mean Tort Claimants who were  
24 not the direct victims of abuse but who assert Tort Claims based upon a relationship with the  
25 alleged abuse victim of parent or spouse. The parameters by which a Tier One Tort Claim will be  
26 considered by the Special Master will be proposed by the Diocese and finally determined by the

1 Bankruptcy Court at or prior to approval of the Disclosure Statement. The presumptive amount  
2 to be paid to a Settling Tort Claimant whose Claim is a Tier One Claim will be proposed by the  
3 Diocese thirty (30) days prior to the hearing on the Disclosure Statement. In the event of any  
4 dispute regarding the presumption amount to be paid to a Settling Tort Claimant who holds a Tier  
5 One Claim, the Bankruptcy Court will determine such amount.

6       2.89 Tier Two Tort Claims. This term will refer to and mean the Claims of Tort  
7 Claimants which consist of alleged harm involving the least egregious acts of abuse. Regardless  
8 of the number times the alleged harm occurred, if the acts involved only Tier Two acts, then the  
9 Claimant will only have a Tier Two Claim. In addition, a Claimant who has suffered acts that  
10 would fit in more than one tier, will only have a recovery in the tier in which the most serious act  
11 occurred. For example, if a Tort Claimant was the victim of a Tier Two act and a Tier Three act,  
12 such Claimant will only be Allowed a Claim in Tier Three. The parameters by which a Tier Two  
13 Tort Claim will be considered by the Special Master will be proposed by the Diocese and finally  
14 determined by the Bankruptcy Court at or prior to approval of the Disclosure Statement. The  
15 presumptive amount to be paid to a Settling Tort Claimant whose Claim is a Tier Two Claim  
16 (subject to increase or decreased based upon aggravating or mitigating factors) will be proposed  
17 by the Diocese thirty (30) days prior to the hearing on the Disclosure Statement. In the event of  
18 any dispute regarding the presumption amount to be paid to a Settling Tort Claimant who holds a  
19 Tier Two Claim, the Bankruptcy Court will determine such amount.

20       2.90 Tier Three Tort Claims. This term will refer to and mean the Claims of Tort  
21 Claimants which consist of alleged harm involved more serious acts of abuse than those  
22 contained in Tier Two. Regardless of the number times the alleged harm occurred, if the acts  
23 involved only Tier Three acts, then the Claimant will only have a Tier Three Claim. In addition,  
24 a Claimant who has suffered acts that would fit in more than one tier, will only have a recovery in  
25 the tier in which the most serious act occurred. For example, if a Tort Claimant was the victim of  
26 an Tier Two act and a Tier Three act, such Claimant will only be Allowed a Claim in Tier Three.

1 The parameters by which a Tier Three Tort Claim will be considered by the Special Master will  
2 be proposed by the Diocese and finally determined by the Bankruptcy Court at or prior to  
3 approval of the Disclosure Statement. The presumptive amount to be paid to a Settling Tort  
4 Claimant whose Claim is a Tier Three Claim (subject to increase or decreased based upon  
5 aggravating or mitigating factors) will be proposed by the Diocese thirty (30) days prior to the  
6 hearing on the Disclosure Statement. In the event of any dispute regarding the presumption  
7 amount to be paid to a Settling Tort Claimant who holds a Tier Three Claim, the Bankruptcy  
8 Court will determine such amount.

9       2.91 Tier Four Tort Claims. This term will refer to and mean the Claims of Tort  
10 Claimants where the alleged harm involved the most serious types of abuse and which are not  
11 classified in Tier One, Tier Two or Tier Three. Regardless of the number of times the alleged  
12 harm occurred, if the acts involved only Tier Four acts, then the Claimant will only have a Tier  
13 Four Claim. In addition, a Claimant who has suffered acts that would fit in more than one tier,  
14 will only have a recovery in the tier in which the most serious act occurred. For example, if a  
15 Tort Claimant was the victim of an Tier Three act and a Tier Four act, such Claimant will only be  
16 Allowed a Claim in Tier Four. The parameters by which a Tier Four Tort Claim will be  
17 considered by the Special Master will be proposed by the Diocese and finally determined by the  
18 Bankruptcy Court at or prior to approval of the Disclosure Statement. The presumptive amount  
19 to be paid to a Settling Tort Claimant whose Claim is a Tier Four Claim (subject to increase or  
20 decreased based upon aggravating or mitigating factors) will be proposed by the Diocese thirty  
21 (30) days prior to the hearing on the Disclosure Statement. In the event of any dispute regarding  
22 the presumption amount to be paid to a Settling Tort Claimant who holds a Tier Four Claim, the  
23 Bankruptcy Court will determine such amount.

24       2.92 Tier One Recovery Amount. This term will refer to and mean the amount to be  
25 awarded and paid to a Tort Claimant whose Claim is categorized in Tier One by the Special  
26 Master and Allowed within the range allowed in Tier One.

1           2.93 Tier Two Recovery Amount. This term will refer to and mean the amount to be  
2 awarded and paid to a Tort Claimant whose Claim is categorized in Tier Two by the Special  
3 Master and Allowed within the range allowed in Tier Two.

4           2.94 Tier Three Recovery Amount. This term will refer to and mean the amount to be  
5 awarded and paid to a Tort Claimant whose Claim is categorized in Tier Three by the Special  
6 Master and Allowed within the range allowed in Tier Three.

7           2.95 Tier Four Recovery Amount. This term will refer to and mean the amount to be  
8 awarded and paid to a Tort Claimant whose Claim is categorized in Tier Four by the Special  
9 Master and Allowed within the range allowed in Tier Four.

10          2.96 Tort Claim. This term will refer to and mean all Claims, demands, suits, causes of  
11 action, proceedings or any other rights or asserted rights to payment, including, but not limited to:  
12 (i) any Claims, demands, suits, or causes of action for personal injuries, including emotional  
13 distress, (ii) for damages, including punitive damages, (iii) for attorneys' fees and other expenses,  
14 fees or costs, and for any equitable remedy, heretofore, now or hereafter asserted against the  
15 Debtor, any Released Parties, any Participating Third Parties, any Settling Insurers or the  
16 Litigation Trust, whether or not reduced to judgment, based upon or in any manner arising from  
17 or related to: (a) acts of sexual abuse committed by any clergy or other person associated with the  
18 Diocese or any Parish, including but not limited to all employees and volunteers; (b) the failure of  
19 the Diocese to properly supervise any clergy or any other employee of or person associated with  
20 the Diocese or a Parish, including, but not limited to volunteers; (c) the processing, adjustment,  
21 defense, settlement, payment, negotiation or handling of any claims, demands, suits, proceedings  
22 or causes of action based upon or relating in any way to the Claims made as a result of any  
23 alleged abuse or other Tort Claim asserted by a Tort Claimant; or (d) the failure to warn, disclose  
24 or provide information concerning, the alleged sexual abuse and other misconduct of clergy or  
25 other employees of or persons associated with the Diocese or the Parishes, including, without  
26 limitation, volunteers.



1 agreed in writing by the holder of the Allowed Claim or ordered by the Bankruptcy Court. Every  
2 Allowed Administrative Claim for an expense of operation of the Debtor incurred in the ordinary  
3 course of such operations will be paid fully and in Cash in the ordinary course of business  
4 (including any payment terms applicable to any such expense).

5 3.2 Priority Unsecured Claims. The holder of every Allowed Priority Unsecured  
6 Claim will be paid, in full satisfaction of such Claim, (a) a single Cash payment in the Allowed  
7 amount of the Claim on the Effective Date (or the applicable Claim Payment Date); or (b) as  
8 otherwise agreed in writing by the holder of the Allowed Claim or ordered by the Bankruptcy  
9 Court.

10 3.3 Priority Tax Claims. The holder of every Allowed Priority Tax Claim, will be  
11 paid, in full satisfaction of such Claim pursuant to the provisions of Bankruptcy Code §  
12 1129(a)(9)(C): (a) in deferred Cash payments over a period of six (6) years from the date of  
13 assessment, to be paid in equal quarterly installments of principal and interest; (b) the first  
14 payment to be made on the first Business Day after the day which is ninety (90) days after the  
15 later of the Effective Date or the Claim Payment Date; and each payment thereafter to be paid on  
16 the first Business Day of each succeeding quarter until paid in full; provided, however, that, the  
17 entire unpaid amount of the Allowed Priority Tax Claim, together with any interest accrued  
18 thereon, will be paid in full on the date which is six (6) years after the date of assessment of such  
19 Allowed Priority Tax Claim; or (c) as otherwise agreed in writing by the holder of the Allowed  
20 Claim or ordered by the Bankruptcy Court.

21 3.4 Elimination of Claim. To the extent there are no amounts owing on the Effective  
22 Date for any Priority Unsecured Claims and/or any Priority Tax Claims, such treatment as set  
23 forth above will be deemed automatically eliminated from the Plan.

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1 **ARTICLE 4**

2 **CLASSIFICATION OF CLAIMS**

3 4.1 Classification. All Claims are classified under the Plan as hereafter stated in this  
4 Article 4; provided, however, that, a Claim will be deemed classified in a particular Class only to  
5 the extent that the Claim qualifies within the description of that Class and will be deemed  
6 classified in a different Class to the extent that any remainder of the Claim qualifies within the  
7 description of such different Class. As of the Confirmation Hearing, any Class of Claims which  
8 does not contain any Creditor's Claims will be deemed deleted automatically from the Plan, and  
9 any Class of Claims which does not contain an Allowed Claim (or a Claim temporarily or  
10 provisionally allowed by the Bankruptcy Court for voting purposes) will be deemed automatically  
11 deleted from the Plan with respect to voting on confirmation of the Plan.

12 4.2 Classes. For purposes of the Plan, Claims against the Debtor are hereby classified  
13 in the following classes in accordance with Bankruptcy Code § 1122(a) as follows:

14 Class 1 – Priority Employee Unsecured Claims

15 Class 2 – Prepetition Property Tax Secured Claims

16 Class 3 – Other Secured Claims

17 Class 4 – General Unsecured Convenience Claims

18 Class 5 – Parish Guaranty Claims

19 Class 6 – Parish Unsecured Claims

20 Class 7 – General Unsecured Claims

21 Class 8 – Other Tort and Employee Claims

22 Class 9 – Tort Claims

23 Class 10 – Penalty Claims

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**ARTICLE 5**

**TREATMENT OF CLASSES OF CLAIMS  
WHICH ARE NOT IMPAIRED UNDER THE PLAN**

5.1 Other Secured Claims – Class 3. The legal, equitable and contractual rights of holders of Allowed Other Secured Claims in Class 3 will either: (a) not be altered by the Plan; or (b) at the option of the Debtor, be treated in any other manner that will result in such Allowed Secured Claims being deemed unimpaired under Bankruptcy Code § 1124, including, but not limited to, the retention by the holder of an Allowed Other Secured Claim of the lien on its collateral to the extent of his/her/its Allowed Other Secured Claim.

5.2 Parish Guaranty Claims – Class 5. The holders of Allowed Parish Guaranty Claims will retain their Claims, if any, against the Reorganized Debtor, and the Plan will leave unaltered the legal, equitable and contractual rights to which such Claims entitle the holders thereof.

**ARTICLE 6**

**TREATMENT OF CLASS 1 CLAIMS  
(PRIORITY EMPLOYEE UNSECURED CLAIMS)**

6.1 Distribution. No holder of an Allowed Priority Employee Unsecured Claim will receive any Cash on account of such Claim. All Allowed Priority Employee Unsecured Claims will be satisfied, in full, in accordance with the policies and procedures regarding vacation and sick leave pay in effect at the Diocese at the time such Priority Employee Unsecured Claim becomes matured and liquidated.

6.2 Impairment. The Class 1 Claims are impaired under the Plan.

1 **ARTICLE 7**

2 **TREATMENT OF CLASS 2 CLAIMS**  
3 **(PREPETITION DATE SECURED TAX CLAIMS)**

4 7.1 Distribution. All Class 2 Claims, as and when they are Allowed Claims, will be  
5 treated as fully Secured Claims and will be paid fully and in Cash as follows:

6 (a) In order to compute the Prepetition Date Secured Tax Claims which are the  
7 Class 2 Claims, the Property Tax Claims Proration will be conducted as of the Effective Date, if  
8 necessary. The Prepetition Date Secured Tax Claims which are Allowed Claims will bear interest  
9 from and after the Effective Date until they are paid in full at the rate of three percent (3%) per  
10 annum or such other rate as ordered by the Bankruptcy Court.

11 (b) The Allowed Class 2 Claims, including interest thereon from and after the  
12 Effective Date, will be paid in two equal installments. The first installment will be paid on the  
13 first Business Day which is thirty (30) days after the Effective Date or the Claim Payment Date.  
14 The second installment will be paid on the first Business Day of the sixth (6th) month after the  
15 Effective Date or the applicable Claim Payment Date.

16 (c) No penalties will be paid on any of the Allowed Class 2 Claims.

17 7.2 Disputed Claims. Notwithstanding the pendency of any appeal to any state or  
18 local taxing authorities of a determination of property taxes or assessment on the Petition Date,  
19 nothing contained herein will prohibit the Debtor from exercising its rights pursuant to  
20 Bankruptcy Code § 505 and having the Class 2 Claim(s) determined by the Bankruptcy Court to  
21 the extent that any Class 2 Claims are Disputed Claims.

22 7.3 Retention of Liens. Each Creditor holding a Class 2 Allowed Claim will retain its  
23 lien(s) on its collateral to the extent of its Class 2 Allowed Secured Claim.

24 7.4 Other Claims. The Reorganized Debtor will pay the Post-Effective Date Secured  
25 Tax Claims in the ordinary course of its business operations after the Effective Date. All Property  
26 Tax Administrative Claims will be paid as Administrative Claims pursuant to the Plan.

1 **ARTICLE 8**

2 **TREATMENT OF CLASS 4 CLAIMS**  
3 **(GENERAL UNSECURED CONVENIENCE CLAIMS)**

4 8.1 Distribution. Every Creditor holding a Class 4 Claim, as and when such Class 4  
5 Claim is an Allowed Administrative Convenience Unsecured Claim will be paid in Cash on the  
6 Effective Date or the Claim Payment Date. The Allowed Class 4 Claims will be paid from the  
7 Assets.

8 8.2 Impairment. The Class 4 Claims are impaired pursuant to the Plan.

9 **ARTICLE 9**

10 **TREATMENT OF CLASS 6 CLAIMS**  
11 **(PARISH UNSECURED CLAIMS)**

12 9.1 Distribution. Each Allowed Parish Unsecured Claim that is not otherwise  
13 contributed or becomes part of the consideration for a Parish to participate as a Participating  
14 Third Party will bear interest from and after the Effective Date at the rate of two and one-half  
15 percent (2.5%) per annum or such other rate as set by the Bankruptcy Court in the Confirmation  
16 Order. Each holder of an Allowed Parish Unsecured Claim will be paid its Pro Rata share of the  
17 Parish Monthly Payment commencing on the first Business Day that is thirty (30) days after the  
18 Effective Date (or the Claim Payment Date) and continuing on the same Business Day of each  
19 month thereafter until paid in full.

20 9.2 Impairment. The Class 6 Parish Unsecured Claims are impaired under the Plan.

21 **ARTICLE 10**

22 **TREATMENT OF CLASS 7 CLAIMS**  
23 **(GENERAL UNSECURED CLAIMS)**

24 10.1 Distribution. Each holder of a Class 7 General Unsecured Claim, as and when  
25 such General Unsecured Claim is or becomes an Allowed Claim, will be paid fully and in Cash as  
26 follows:

1 (a) Each Allowed General Unsecured Claim will bear interest from and after  
2 the Effective Date at the rate of four and one-half percent (4.5%) per annum or such other rate as  
3 set by the Bankruptcy Court in the Confirmation Order.

4 (b) Each holder of an Allowed General Unsecured Claim will be paid the  
5 Allowed amount of such General Unsecured Claim in monthly installments, including interest,  
6 with the first installment to be paid on the first Business Day that is thirty (30) days after the  
7 Effective Date (or the Claim Payment Date) and succeeding monthly installments to be paid on  
8 the same day of each month thereafter until paid in full.

9 10.2 Impairment. The Class 7 General Unsecured Claims are impaired under the Plan.

## 10 **ARTICLE 11**

### 11 **TREATMENT OF CLASS 8 CLAIMS** 12 **(OTHER TORT AND EMPLOYEE CLAIMS)**

13 11.1 Distribution. Each holder of a Class 8 Other Tort and Employee Claim, as and  
14 when such Claim becomes an Allowed Claim, will be paid solely from the proceeds of any  
15 insurance policies applicable to such Other Tort and Employee Claim. To the extent that such  
16 Claims may not be satisfied in full by the foregoing, then such Other Tort and Employee Claims,  
17 to the extent not so satisfied, will be Disallowed.

18 11.2 Impairment. The Class 8 Other Tort and Employee Claims are impaired under the  
19 Plan.

## 20 **ARTICLE 12**

### 21 **TREATMENT OF CLASS 9 CLAIMS** 22 **(TORT CLAIMS)**

23 12.1 General Terms. On or before the Effective Date (but after entry of the  
24 Confirmation Order), the Reorganized Debtor will, in full release, satisfaction and discharge of all  
25 Claims in Class 9, cause the following to occur: (a) the execution and delivery of the Settlement  
26 Trust Agreement and the Litigation Trust Agreement, which will establish the Settlement Trust

1 and the Litigation Trust which provide for liquidation and payment of all Class 9 Claims as and  
2 when they become Allowed Claims; (b) delivery to the Trustees under the Settlement Trust and  
3 the Litigation Trust of the initial amount of the Fund allocated as ordered by the Bankruptcy  
4 Court as part of the Confirmation Order; and (c) delivery of such commitments and assignments  
5 from the Reorganized Debtor to give effect to the right of the Trustees to receive all of the net  
6 proceeds from the sale of the Diocese Real Property if any such Diocese Real Property remains  
7 unsold as of the Effective Date and the assignment of the Insurance Actions if the Diocese  
8 determines to assign the Insurance Actions to the Settlement Trust and/or the Litigation Trust.  
9 Any funds received from the Settling Insurers, the Participating Third Parties or any Insurance  
10 Action Recoveries as of the Effective Date which are to be paid to the Tort Claimants pursuant to  
11 the Plan or any agreements between the Diocese and any Participating Third Parties or any  
12 Settling Insurers will also be paid or distributed by the Debtor to the Trustees in accordance with  
13 the terms of the Plan, the Settlement Trust Agreement and the Litigation Trust Agreement. Any  
14 such funds will be held and distributed by the Trustees in accordance with the Settlement Trust  
15 Agreement and the Litigation Trust Agreement. The Trustees will substitute in any Insurance  
16 Actions as the real party in interest after the Effective Date to the extent that the Insurance  
17 Actions are assigned by the Diocese.

18           The Settlement Trust and the Litigation Trust will assume full responsibility for resolving  
19 all Tort Claims pursuant to the Settlement Trust Agreement and the Litigation Trust Agreement,  
20 as applicable; for making payments to the holders of Allowed Tort Claims that become Allowed  
21 under the conditions set forth in the Settlement Trust Agreement or the Litigation Trust  
22 Agreement; for collecting, investing and distributing funds for the benefit of the holders of  
23 Allowed Tort Claims; for fulfilling all other obligations under the Settlement Trust Agreement  
24 and Litigation Trust Agreement; and for paying the fees, costs and expenses of the Settlement  
25 Trust and the Litigation Trust, all set forth more fully in the Settlement Trust Agreement and the  
26 Litigation Trust Agreement.

1           12.2 Allocation of Funding. The Bankruptcy Court will determine the allocation of the  
2 funding as between the Litigation Trust and the Settlement Trust as part of the confirmation  
3 process and such allocation will be incorporated into the Confirmation Order.

4           12.3 Treatment. Each Tort Claimant will automatically be included in the Settlement  
5 Trust; provided, however, that each Tort Claimant will have the right to elect to opt out of the  
6 Settlement Trust and become a part of the Litigation Trust. Such election will be made on the  
7 Ballot. Depending upon the election made, those Claimants will be treated as follows:

8                   (a) Treatment of Settling Tort Claimants. Settling Tort Claimants will receive  
9 payment of their Allowed Claims in accordance with the terms, provisions and procedures  
10 contained in the Settlement Trust Agreement. The Special Master will consider each Claim of a  
11 Settling Tort Claimant in accordance with the provisions of the Settlement Trust Agreement.  
12 Based upon the Proof of Claim filed by a Tort Claimant and the parameters which govern  
13 determination of the Tier into which a Tort Claim should be placed (and any other factors the  
14 Bankruptcy Court may determine as part of the confirmation process), the Special Master will  
15 place each Claim in Tier One, Tier Two, Tier Three or Tier Four. The Special Master will  
16 consider any mitigating or aggravating factors which could result in the Special Master increasing  
17 or decreasing the recovery amount within a Tier for a Tort Claimant with an Allowed Claim in a  
18 Tier. In no event, however, will the Special Master be able to increase the Tier One Recovery  
19 Amount, the Tier Two Recovery Amount, the Tier Three Recovery Amount, or the Tier Four  
20 Recovery Amount as applicable, beyond the maximum amount allocated to such Tier, nor will the  
21 Special Master have the power to move a Tort Claim into a different Tier to increase the  
22 recovery. A Tort Claimant with an Allowed Tier One Tort Claim will receive the Tier One  
23 Recovery Amount; a Tort Claimant with an Allowed Tier Two Tort Claim will receive the Tier  
24 Two Recovery Amount; a Tort Claimant with an Allowed Tier Three Tort Claim will receive the  
25 Tier Three Recovery Amount; and a Tort claimant with an Allowed Tier Four Claim will receive  
26 the Tier Four Recovery Amount. All distributions to the holders of Allowed Tort Claims will be

1 in full satisfaction of such Claims. A Settling Tort Claimant whose Claim is Disallowed  
2 pursuant to the claim determination procedures set forth in the Settlement Trust Agreement will  
3 receive no distribution under the Plan and will have no further Claim against the Diocese, the  
4 Reorganized Debtor, a Participating Third Party or a Settling Insurer; provided, however, if the  
5 Tort Claim is Disallowed because it is a Barred Claim, the Tort Claimant will be given an  
6 opportunity to participate in the VAP and be provided services by the Diocese through the VAP  
7 at no cost to the holder of such Barred Claim. Any Tort Claimant whose Claims is Disallowed  
8 because it is a Barred Tort Claim who is currently receiving counseling provided by the Diocese  
9 other than through VAP will be offered the opportunity to continue that counseling.

10 (b) Treatment of Non-Settling Tort Claimants. Non-settling Tort Claimants  
11 will be: (a) subject to the Litigation Protocol; and (b) not receive any payment if (and to the  
12 extent) the Claim is Disallowed pursuant to the litigation procedures constituting the Litigation  
13 Protocol. All Non-Settling Tort Claimants will retain the right to adjudicate their Claims through  
14 litigation (including trial by jury in the District Court), subject however, to the provisions of the  
15 Plan and the Litigation Trust Agreement. To the extent the amount allocated to the Litigation  
16 Trust is not sufficient to pay all Allowed Tort Claims of Non-Settling Tort Claimants in full, each  
17 holder of an Allowed Tort Claim who is a Non-Settling Tort Claimant will receive a Pro Rata  
18 share of the proceeds of the Litigation Trust after deduction of all costs, expenses, fees and other  
19 charges which are to be paid by the Trustees.

20 (c) Treatment of Attorney's Fees of Settling Tort Claimants. The fees and  
21 expenses of attorneys representing any of the Settling Tort Claimants or the Non-Settling Tort  
22 Claimants who receive payment from the Settlement Trust or the Litigation Trust will be borne by  
23 such Claimants based on applicable state law and individual arrangements made between them  
24 and their attorneys. In no event will the Diocese, the Reorganized Debtor or the Trustees of the  
25 Settlement Trust or the Litigation Trust have any liability for any fees and expenses of attorneys

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1 representing any of the Settling Tort Claimants or any of the Non-Settling Tort Claimants and any  
2 such Claims, if any, will be Disallowed.

3 (d) Treatment of Punitive Damages. Claims for punitive or exemplary  
4 damages in connection with Tort Claims, whether asserted by Tort Claimants or any other  
5 Claimants, will not be Allowed.

6 12.4 Impairment. The Class 9 Claims are impaired under the Plan.

### 7 **ARTICLE 13**

#### 8 **TREATMENT OF CLASS 10 CLAIMS** 9 **(PENALTY CLAIMS)**

10 13.1 Distribution. No Penalty Claims will be Allowed and there will be no distribution  
11 to the holders of any Penalty Claims.

12 13.2 Impairment. The Class 10 Penalty Claims are impaired under the Plan.

### 13 **ARTICLE 14**

#### 14 **MEANS OF IMPLEMENTATION OF THE PLAN**

15 14.1 Litigation Protocol. The procedures for resolving Claims of Non-Settling Tort  
16 Claimants and other Claims that are settled under the Plan are described in the Litigation Trust  
17 Agreement. Pursuant to the terms of the Litigation Trust Agreement, attempts will be made to  
18 resolve Claims of Non-Settling Tort Claimants and other Claims that are not settled under the  
19 Plan. If such attempts are not successful within the time frames provided in the Litigation Trust  
20 Agreement, individual Non-Settling Tort Claimants will have the right to proceed to jury trial in  
21 the District Court in accordance with applicable law. The Debtor, in accordance with the Plan  
22 and Bankruptcy Code § 1123(b)(3), after the Effective Date, the Trustees of the Litigation Trust  
23 will succeed to and all claims, defenses, counterclaims, set offs, and recoupments belonging to  
24 the Debtor or its Estate with respect to the Tort Claims only. There will be no distributions on  
25 account of the Allowed Claims of the Non-Settling Tort Claimants until the Claims of all Non-  
26 Settling Tort Claimants have been determined by a Final Order unless the Trustees, acting within

1 their powers, determine in their prudent business judgment that a Disputed Claims Reserve can be  
2 established so that any Non-Settling Tort Claimants whose Tort Claims have been Allowed can  
3 receive a distribution.

4 14.2 Funding on the Effective Date. All payments under the Plan which are due on the  
5 Effective Date will be funded from the Cash on hand, from the proceeds from the sale of any  
6 Diocese Real Property, from the proceeds of any debtor in possession financing received by the  
7 Debtor during the course of the case, if any, and from the proceeds of any exit financing obtained  
8 by the Debtor prior to the Confirmation Hearing.

9 14.3 Funding After the Effective Date. The funds necessary to ensure continuing  
10 performance under the Plan after the Effective Date will be (or may be) obtained from:

11 (a) any and all remaining Cash retained by the Reorganized Debtor after the  
12 Effective Date ;

13 (b) Cash generated from the post-Effective Date operations of the Reorganized  
14 Debtor;

15 (c) any reserves established by the Debtor or the Reorganized Debtor; and

16 (d) any other contributions or financing (if any) which the Reorganized Debtor  
17 may obtain on or after the Effective Date.

18 14.4 Procedure for Determination of Claims Other Than Tort Claims.

19 (a) Objections to Claims. Notwithstanding the occurrence of the Effective  
20 Date, and except as to any Claim that has been Allowed prior to the Effective Date, the  
21 Reorganized Debtor may object to the allowance of any Claim against the Debtor or seek  
22 estimation thereof on any grounds permitted by the Bankruptcy Code by filing the appropriate  
23 pleading in the Bankruptcy Court at any time prior to the first Business Day which is one hundred  
24 eighty (180) days after the Effective Date; provided, however, that any Disputed Tort Claims  
25 held by Settling Tort Claimants will be determined by the Special Master in accordance with the  
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1 Settlement Trust and any Disputed Tort Claims held by Non-Settling Tort Claimants will be  
2 determined pursuant to the Litigation Trust Agreement and the Litigation Protocol.

3 (b) Disputed Claims. No payments or other distributions will be made to  
4 holders of Claims unless and until such Claims are Allowed Claims pursuant to a Final Order. If  
5 a Claim is not an Allowed Claim by the Effective Date or when payment is otherwise due under  
6 the Plan, payment on the Allowed Claim (plus interest, if any, as provided herein) will commence  
7 on the Claim Payment Date.

8 (c) Treatment of Contingent Claims. Until such time as a Contingent Claim or  
9 a Contingent portion of an Allowed Claim becomes fixed or absolute or is Disallowed, such  
10 Claim will be treated as a Disputed Claim for all purposes related to distributions under the Plan.  
11 The holder of a Contingent Claim will only be entitled to a distribution under the Plan when and  
12 if such Contingent Claim becomes an Allowed Claim.

13 14.5 Payments Effective Upon Tender. Whenever the Plan requires payment to be  
14 made, such payment will be deemed made and effective upon tender thereof by the Debtor or the  
15 Reorganized Debtor to the Creditor to whom payment is due. If any Creditor refuses a tender, the  
16 amount tendered and refused will be held by the Debtor or the Reorganized Debtor for the benefit  
17 of that Creditor pending final adjudication of the dispute. However, when and if the dispute is  
18 finally adjudicated and the Creditor receives the funds previously tendered and refused, the  
19 Creditor will be obliged to apply the funds in accordance with the Plan as of the date of the  
20 tender; and while the dispute is pending and after adjudication thereof, the Creditor will not have  
21 the right to claim interest or other charges or to exercise any other rights which would be  
22 enforceable by the Creditor if the Debtor or the Reorganized Debtor failed to pay the tendered  
23 payment.

24 14.6 Preservation of Debtor's Claims, Demands, And Causes of Action. Except as  
25 otherwise provided in the Plan, all claims, demands, and causes of action of any kind or nature  
26 whatsoever held by, through, or on behalf of the Debtor and/or the Estate against any other

1 Person, including but not limited to, all Avoidance Actions arising before the Effective Date and  
2 all Insurance Actions, which have not been resolved or disposed of prior to the Effective Date, are  
3 hereby preserved in full for the benefit of the Reorganized Debtor, except for such claims or  
4 causes of action, cross-claims, and counterclaims which have been released hereunder or pursuant  
5 to a Final Order prior to the Effective Date and except those that are transferred to the Trustees of  
6 the Settlement Trust and the Litigation Trust. To the extent necessary, the Reorganized Debtor is  
7 hereby designated as the estate representative pursuant to and in accordance with Bankruptcy  
8 Code § 1123(b)(3)(B). Furthermore, in accordance with Bankruptcy Code § 1123(b)(3), after the  
9 Effective Date, the Reorganized Debtor will own and retain, and may prosecute, enforce,  
10 compromise, settle, release, or otherwise dispose of, any and all claims, defenses, counterclaims,  
11 set offs, and recoupments belonging to the Debtor or its Estate. The Debtor and the Reorganized  
12 Debtor will also be entitled to assign their rights under the Plan. On the Effective Date, the  
13 Trustees of the Litigation Trust and the Settlement Trust are hereby designated as the estate  
14 representative pursuant to and in accordance with Bankruptcy Code § 1123(b)(3)(B) with respect  
15 to the Insurance Actions to the extent that the Insurance Actions are assigned to the Trustees.

16 14.7 Special Provisions Governing Unimpaired Claims. Except as otherwise provided  
17 in the Plan, nothing will affect the Debtor's or the Reorganized Debtor's rights and defenses with  
18 respect to any Unimpaired Claims, including, but not limited to, all rights with respect to legal  
19 and equitable defenses to or setoffs or recoupments against such Unimpaired Claims.

20 14.8 Operative Documents. The Debtor will prepare any documents which the Debtor  
21 and the Reorganized Debtor deem are necessary or appropriate to execute the Plan or provided for  
22 under the Plan. If there is any dispute regarding the reasonableness or propriety of any such  
23 documents after reasonable and good faith efforts by the Debtor to negotiate and obtain approval  
24 of the documents by the other affected Person(s), any such dispute will be presented to the  
25 Bankruptcy Court for determination at or in conjunction with the Confirmation Hearing.

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1           14.9 Return of Deposits. To the extent that the Debtor was required to and did pay  
2 deposits to any Creditors after the Petition Date as a condition of or as security for continued  
3 service after the Petition Date, including, but not limited to, deposits paid to utility companies for  
4 adequate assurance of payment pursuant to Bankruptcy Code § 366, then, upon satisfaction of the  
5 Claims of such Creditor(s) pursuant to the Plan, any such deposits, together with any interest or  
6 other income earned thereon, if any, will be refunded to the Reorganized Debtor within fifteen  
7 (15) days of demand by the Reorganized Debtor for return of such deposit(s).

8           14.10 Administrative Claims Bar Date. All requests for payment of administrative costs  
9 and expenses incurred prior to the Effective Date pursuant to Bankruptcy Code §§ 507(a)(1) and  
10 503(b) will be served and filed with the Bankruptcy Court no later than thirty (30) days after the  
11 Effective Date. Any such Claim which is not served and filed within this time period will be  
12 forever barred. Any Claims for fees, costs, and expenses incurred by any Chapter 11  
13 Professionals after the Effective Date will be treated as part of the fees and expenses of the  
14 Reorganized Debtor and need not be submitted to the Bankruptcy Court for approval. After  
15 approval by the Bankruptcy Court of the final fee applications of the Chapter 11 Professionals  
16 for services provided and costs incurred during the course of administration of the Reorganization  
17 Case and prior to the Effective Date, the Chapter 11 Professionals will not be required to submit  
18 any further fee applications to the Bankruptcy Court in accordance with Bankruptcy Code § 330.

19           14.11 Delivery Of Distributions. Distributions will be made by the Debtor or the  
20 Reorganized Debtor as follows:

21                   (a) At the addresses set forth in the Proofs of Claim filed by holders of Claims  
22 (or the last known addresses of such holders if no Proof of Claim is filed or if the Debtor or the  
23 Reorganized Debtor has not been notified of a change of address);

24                   (b) At the addresses set forth in written notices of address change delivered to  
25 the Debtor or the Reorganized Debtor after the date of any related Proof of Claim; or  
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1 (c) At the addresses reflected in the Schedules if no Proof of Claim has been  
2 filed and the Debtor or the Reorganized Debtor has not received a written notice of change of  
3 address.

4 (d) If any distribution to a holder of an Allowed Claim is returned as  
5 undeliverable, no further distributions to such holder will be made unless and until the Debtor or  
6 the Reorganized Debtor is notified of such holder's then-current address, at which time all missed  
7 distributions will be made to the holder without interest. All claims for undeliverable or uncashed  
8 distributions must be made on or before the first (1st) anniversary of the date applicable to such  
9 distribution, or with respect to the a final distribution to a Creditor holding an Allowed Claim,  
10 within ninety (90) days thereof. After such date, all such unclaimed property will revert to the  
11 Reorganized Debtor for further distribution in accordance with the Plan, and the Claim of any  
12 holder or successor to such holder with respect to such property will be discharged and forever  
13 barred, notwithstanding any federal or state escheat law to the contrary.

14 14.12 Limitation on De Minimis Payments. The Debtor or the Reorganized Debtor will  
15 make no distributions of less than \$50 to any Creditor holding an Allowed Claim. If a Creditor  
16 holding an Allowed Claim does not receive a distribution due to the provisions of this Section on  
17 any date on which is a distribution is to be made to Creditors in the same Class as the Creditor  
18 being entitled to such de minimis payment, then the Claim (so long as it is an Allowed Claim)  
19 will remain eligible for distributions on any subsequent distribution date, subject to the provisions  
20 of this Section. In all events, the Creditor holding an Allowed Claim which has not received a  
21 distribution on any previous distribution dates because of this provision, will receive such  
22 distribution on the date that final distribution is made to Creditors in the same Class as the  
23 Creditor being entitled to such de minimis payment.

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**ARTICLE 15**

**TREATMENT OF EXECUTORY CONTRACTS**

15.1 Assumption and Rejection of Executory Contracts. On the Confirmation Date, except as otherwise provided herein, all Executory Contracts of the Debtor will be deemed rejected in accordance with the provisions and requirements of Bankruptcy Code §§ 365 and 1123 other than those Executory Contracts that: (a) have already been assumed by order of the Bankruptcy Court; (b) are subject to a motion to assume Executory Contracts that is pending on the Confirmation Date; or (c) are subject to a motion to reject an Executory Contract pursuant to which the requested effective date of such rejection is after the Confirmation Date. Approval of any motions to assume Executory Contracts pending on the Confirmation Date will be approved by the Bankruptcy Court on or after the Confirmation Date by a Final Order. Each Executory Contract assumed pursuant to this Article 15 will revert in and be fully enforceable by the Reorganized Debtor in accordance with its terms, except as such terms are modified by the provisions of the Plan or any order of the Bankruptcy Court authorizing and providing for its assumption or applicable law.

15.2 Claims Based on Rejection of Executory Contracts. Every Claim asserted by a Creditor arising from the rejection of an Executory Contract pursuant to the Plan must be filed with the Bankruptcy Court no later than the first Business Day which is thirty (30) days after the Confirmation Date or the first Business Day that is thirty (30) days after entry of the Final Order of the Bankruptcy Court approving rejection if such Final Order is entered after the Confirmation Date. Every such Claim which is timely filed, as and when it becomes an Allowed Claim, will be treated under Class 7 of the Plan. Every such Claim which is not timely filed by the deadline stated above will be forever barred, unenforceable, and discharged, and the Creditor holding the Claim will not receive or be entitled to any distribution under the Plan on account of such Claim.



1                   (b)     Satisfaction of Tort Claims. Unless the Settlement Trust and the Litigation  
2 Trust will have been earlier established, the Reorganized Debtor will cause the Settlement Trust  
3 and the Litigation Trust to be established. The Reorganized Debtor will deliver any initial Cash  
4 payments provided for thereunder and any other assignments or pledges to the Trustees in full  
5 release and complete satisfaction and discharge of the Tort Claims.

6                   16.3   Waiver Of Conditions. The Debtor, in its sole discretion, may waive any of the  
7 conditions to the occurrence of the Effective Date including waiver of the Final Order condition  
8 in subpart a of Section 16.1 above any time from and after the Confirmation Date. In that event,  
9 the Debtor will be entitled to render any or all of its performance under the Plan prior to what  
10 otherwise would be the Effective Date if the above-referenced conditions were not waived,  
11 including, but not limited to, the right to perform under any circumstances which would moot any  
12 appeal, review, or other challenge of any kind to the Confirmation Order if the Confirmation  
13 Order is not stayed pending such appeal, review, or other challenge.

14                   16.4   Effect of Non-occurrence of Conditions. If the consummation of the Plan does not  
15 occur, the Plan will be null and void in all respects and nothing contained in the Plan or the  
16 Disclosure Statement will: (a) constitute a waiver or release of any Claims by or against the  
17 Debtor; (b) prejudice in any manner the rights of the Debtor; or (c) constitute an admission,  
18 acknowledgement, offer, or undertaking by the Debtor in any respect.

19                   16.5   Merger; Choice of Law. All obligations of the Debtor to all Creditors will be  
20 merged into the Plan and the documents executed by the Reorganized Debtor at Closing and  
21 delivered to the respective affected Creditors. All such obligations of the Reorganized Debtor  
22 will be evidenced by the Plan and such executed and delivered documents. Unless otherwise  
23 provided therein, such documents will be governed by and construed in accordance with Arizona  
24 law.

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1 free of any restrictions imposed by the Bankruptcy Code or by the Court. All Avoidance Actions  
2 and Insurance Actions and, except to the extent the any are transferred to the Settlement Trust or  
3 the Litigation Trust, are hereby preserved for the benefit of the Reorganized Debtor and of the  
4 Trustees under the Settlement Trust and the Litigation Trust. The proceeds of any Avoidance  
5 Actions or any Insurance Action Recoveries will be used, as necessary, for funding obligations  
6 under the Plan. Prosecution and settlement of the Debtor Actions and the retained interest in any  
7 Insurance Actions will be the exclusive responsibility of the Reorganized Debtor. The  
8 Reorganized Debtor will have sole and absolute discretion over whether to prosecute or settle  
9 such causes of action.

10           17.3 Channeled Claims. Except as otherwise expressly provided in the Plan and in this  
11 Article 17, in consideration of: (a) the promises and obligations of the Participating Third Parties  
12 under the Plan, including the establishment and funding of the Settlement Trust and the Litigation  
13 Trust; and (b) the undertakings of the Settling Insurers pursuant to their respective settlements  
14 with the Debtor, on the Effective Date (i) all Persons who have held, hold, or may hold Tort  
15 Claims, whether known or unknown, will be forever barred from pursuing such Claims, whether  
16 such Claims are based upon tort or contract or otherwise, that they heretofore, now or hereafter  
17 possess or may possess against the Participating Third Parties and the Settling Insurers, the  
18 respective predecessors, successors, officials, shareholders, subsidiaries, divisions, affiliates,  
19 representatives, attorneys, merged or acquired companies or operations or assigns of the Settling  
20 Insurers and the Participating Third Parties, (all such parties referenced in this Section 17.3 being  
21 collectively called the "Settling Parties"), in each case based upon or in any manner arising from  
22 or related to any acts or omissions of the Diocese or any of the other Settling Parties related to  
23 any sexual misconduct or other acts committed by any clergy, employee or other Person  
24 associated with the Diocese, including, but not limited to, any volunteers and, further, including,  
25 without limitation: (a) personal injuries, including emotional distress; (b) those of any Person  
26 against whom any Claim, demand, proceeding, suit or cause of action based upon or in any

1 manner arising from or relating to any of the matters enumerated or described herein has been or  
2 may be asserted (including, without limitation, rights of indemnity, whether contractual or  
3 otherwise, contribution Claims and subrogation Claims); (c) those for damages, including  
4 punitive damages; (d) those for attorneys' fees and other expenses, fees or costs; (e) those for any  
5 possible economic loss or loss of consortium; (f) those for damages to reputation; and (g) those  
6 for any equitable remedy. Except as otherwise expressly provided in the Plan and the Plan  
7 Documents, the provisions of this Section 17.3 shall further operate, as between all Settling  
8 Parties, as a mutual release of all Claims. The foregoing channeling provisions are an integral part  
9 of the Plan and are essential to its implementation.

10 17.4 Permanent Injunction Against Prosecution of Released Claims. Except as  
11 otherwise expressly provided in the Plan, for the consideration described in Section 17.3 above or  
12 any agreement by which a Person becomes a Participating Third Party or a Settling Insurer, on the  
13 Effective Date all Persons who have held, hold, or may hold Channeled Claims or Claims against  
14 the Diocese, whether known or unknown, and their respective agents, attorneys, and all others  
15 acting for or on their behalf, shall be permanently enjoined on and after the Effective Date from:  
16 (a) commencing or continuing in any manner, any action or any other proceeding of any kind  
17 with respect to any Claim against the Settling Parties, the Diocese, the Reorganized Debtor, the  
18 Settlement Trust, the Litigation Trust, the Trustees, and their respective predecessors, successors,  
19 officials, shareholders subsidiaries, divisions, affiliates, representatives, attorneys, merged or  
20 acquired companies or operations or assigns (collectively, the "Parties") or the property of the  
21 Parties; (b) seeking the enforcement, attachment, collection or recovery by any manner or means  
22 of any judgment, award, decree, or order against the Parties or the property of the Parties, with  
23 respect to any discharged Claim or Channeled Claim; (c) creating, perfecting, or enforcing any  
24 encumbrance of any kind against the Parties or the property of the Parties with respect to any  
25 discharged Claim or Channeled Claim; (d) asserting any setoff, right of subrogation, or  
26 recoupment of any kind against any obligation due to the Parties with respect to any discharged

1 Claim or Channeled Claim; and (e) taking any act, in any manner and in any place whatsoever,  
2 that does not conform to or comply with provisions of the Plan, the Settlement Trust Agreement  
3 or the Litigation Trust Agreement. Notwithstanding this section 17.4, each Non-Settling Tort  
4 Claimant will be entitled to continue or commence an action against the Trustees of the Litigation  
5 Trust (in their capacity as Trustees only and not in their individual capacity) in which the Non-  
6 Settling Tort Claimant will be entitled to a jury trial for the sole purpose of obtaining a judgment  
7 as permitted by the Litigation Trust Agreement, thereby liquidating such Non-Settling Tort  
8 Claimant's Claim so that it may be paid with other Allowed Tort Claims in the ordinary course of  
9 the operations of the Litigation Trust, consistent with the provisions of the Litigation Trust  
10 Agreement. The holder of any such judgment will be enjoined from executing against the  
11 Litigation Trust or its assets. In the event any Person takes any action that is prohibited by, or is  
12 otherwise inconsistent with the provisions of Article 17 of the Plan, then, upon notice to the Court  
13 by an affected Party, the action or proceeding in which the Claim of such Person is asserted will  
14 automatically be transferred to the Court (or, as applicable, the District Court) for enforcement of  
15 the provisions of Article 17 of the Plan. The foregoing injunctive provisions are an integral part  
16 of the Plan and are essential to its implementation.

## 17 **ARTICLE 18**

### 18 **MODIFICATION OF PLAN**

19 The Plan may be modified by the Debtor or the Reorganized Debtor (as applicable) from  
20 time to time in accordance with, and pursuant to, Bankruptcy Code § 1127. The Plan may be  
21 modified by the Debtor at any time before the Confirmation Date, provided that the Plan, as  
22 modified, meets the requirements of Bankruptcy Code §§ 1122 and 1123, and the Debtor has  
23 complied with Bankruptcy Code § 1125.

## 24 **ARTICLE 19**

### 25 **RETENTION OF JURISDICTION**

26 Notwithstanding confirmation of the Plan and the occurrence of the Effective Date, the

1 Bankruptcy Court will retain jurisdiction for the following purposes:

2       19.1 In General. The Bankruptcy Court will retain jurisdiction to determine the  
3 allowance and payment of any Claims upon any objections thereto (or other appropriate  
4 proceedings) by the Debtor, by the Reorganized Debtor, or by any other party in interest entitled  
5 to proceed in that manner. As part of such retained jurisdiction, the Bankruptcy Court will  
6 continue to determine the allowance of Administrative Claims and any request for payment  
7 thereof, including Administrative Claims for Professional Charges. The Bankruptcy Court will  
8 not retain or obtain jurisdiction to determine any internal disputes between the Diocese, a Parish  
9 or any other related Person that, under applicable Canon Law, would be determined in a  
10 specialized religious court.

11       19.2 Plan Disputes And Enforcement. Subject to the limitations set forth in Section  
12 19.1 above, the Bankruptcy Court will retain jurisdiction to determine any dispute which may  
13 arise regarding the interpretation of any provision of the Plan. The Bankruptcy Court also will  
14 retain jurisdiction to enforce any provisions of the Plan and any and all documents relating to the  
15 Plan, including, but not limited to, any actions to enforce the releases and injunctions provided for  
16 in Article 17 of the Plan. The Bankruptcy Court will also retain jurisdiction over any matter  
17 relating to the implementation, effectuation, and/or consummation of the Plan as expressly  
18 provided in any provision of the Plan.

19       19.3 Further Orders. The Bankruptcy Court will retain jurisdiction to facilitate the  
20 performance of the Plan by entering, consistent with the provisions of the Plan, any further  
21 necessary or appropriate order regarding enforcement of the Plan, the Plan Documents and any  
22 provisions thereof, and to protect the Debtor, the Reorganized Debtor and the Settling Parties  
23 from actions prohibited under the Plan. Subject to the limitations provided in Section 19.1 above,  
24 in addition, the Bankruptcy Court will retain jurisdiction to facilitate or implement the allowance,  
25 disallowance, treatment, or satisfaction of any Claim, or any portion thereof, pursuant to the Plan.

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1           19.4 Governmental Units Or Regulatory Agencies. The Bankruptcy Court will retain  
2 jurisdiction to adjudicate any dispute or to hear and determine any action taken, proposed, or  
3 threatened by any state, federal, or local governmental regulatory agency or unit having or  
4 asserting jurisdiction or power over the conduct of the business of the Debtor and/or the  
5 Reorganized Debtor.

6           19.5 Final Decree. The Bankruptcy Court will retain jurisdiction to enter an appropriate  
7 final decree in the Bankruptcy Case.

8           19.6 Appeals. In the event of an appeal of the Confirmation Order or any other kind of  
9 review or challenge to the Confirmation Order, and provided that no stay of the effectiveness of  
10 the Confirmation Order has been entered, the Bankruptcy Court will retain jurisdiction to  
11 implement and enforce the Confirmation Order and the Plan according to their terms, including,  
12 but not limited to, jurisdiction to enter such orders regarding the Plan or the performance thereof  
13 as may be necessary to effectuate the reorganization of the Debtor.

14           19.7 Executory Contracts. The Bankruptcy Court will retain jurisdiction to determine  
15 any and all motions regarding assumption or rejection of Executory Contracts and any and all  
16 Claims arising therefrom.

17           19.8 Claims. Subject to the limitations set forth in Section 19.1 above, the Bankruptcy  
18 Court will retain jurisdiction: (a) to hear and determine any claim or cause of action by or against  
19 the Debtor, the Debtor's officers and employees, the Chapter 11 Professionals, and the  
20 Reorganized Debtor; and (b) to adjudicate any causes of action or other proceeding currently  
21 pending or otherwise referenced here or elsewhere in the Plan, including, but not limited to, the  
22 adjudication of the Avoidance Actions and any and all "core proceedings" under 28 U.S.C.  
23 §157(b) which may be pertinent to the Reorganization Case and which the Debtor or the  
24 Reorganized Debtor may deem appropriate to initiate and prosecute before the Court in aid of the  
25 implementation of the Plan.

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1 completion of the incorporation and establishment of the corporate existence of each such Parish,  
2 the Diocese, as part of the Plan, will convey legal title to the Parish Real Property to each Parish  
3 that is the owner of such Parish Property. The Confirmation Order will specifically approve the  
4 transfer and direct the Diocese or the Reorganized Debtor to execute such documents as are  
5 necessary and appropriate to carry out such transfers. Each Parish that is separately incorporated  
6 will be operated and governed in accordance with Canon Law. Any disputes regarding the  
7 interpretation and governance of the legal structure and operation of a Parish will be referred to  
8 the appropriate Church agency for determination.

## 9 **ARTICLE 21**

### 10 **GENERAL PROVISIONS**

11 21.1 Extension Of Payment Dates. If any payment date falls due on any day which is  
12 not a Business Day, then such due date will be extended to the next Business Day.

13 21.2 Notices. Any notice required or permitted to be provided under the Plan will be in  
14 writing and served by regular first class mail, overnight delivery, or hand-delivery.

15 21.3 Closing of the Case. At such time as the Plan has been fully administered and/or  
16 the Plan has been substantially consummated, the Reorganized Debtor will file an application for  
17 Final Order showing that the Plan has been substantially consummated. The Reorganized Debtor  
18 will file an application for Final Order upon notice to only those Creditors, holders of Interests,  
19 and parties that, after the Effective Date, have specifically requested, after which an order  
20 approving the Reorganized Debtor's final report and closing the Reorganization Case may be  
21 entered.

22 21.4 Interest. Whenever interest is to be computed under the Plan, interest will be  
23 simple interest and not compounded.

24 21.5 Additional Assurances. The Debtor, the Reorganized Debtor, and the Creditors  
25 holding Claims herein will execute such other further documents as are necessary to implement  
26 any of the provisions of the Plan.

1           21.6 Confirmation By Nonacceptance Method. The Debtor hereby requests, if  
2 necessary, confirmation of the Plan pursuant to Bankruptcy Code § 1129(b) with respect to any  
3 impaired Class of Claims which does not vote to accept the Plan.

4           21.7 Withdrawal Of Plan. The Plan may be withdrawn or revoked prior to entry of the  
5 Confirmation Order in which event the provisions of Section 21.12 will apply.

6           21.8 Severability And Reformation. It is the Debtor's intention to comply fully with the  
7 Bankruptcy Code and applicable nonbankruptcy law in proposing the Plan. Therefore, if any  
8 provision of the Plan is determined by the Bankruptcy Court to be contrary to the Bankruptcy  
9 Code or applicable nonbankruptcy law, that provision will be deemed severed and automatically  
10 deleted from the Plan, if it cannot be reformed or the provision or its interpretation will be  
11 deemed reformed to ensure compliance; provided, however, that nothing contained in this Section  
12 will prevent the Debtor from modifying the Plan in any manner whatsoever in accordance with  
13 and as set forth in the Plan. Pursuant to any ruling by the Bankruptcy Court regarding the subject  
14 matter of this Section, any such severance or reformation will be stated specifically in the  
15 Confirmation Order, which then will control notwithstanding any contrary or inconsistent  
16 provisions of the Plan.

17           21.9 Prohibition Against Prepayment Penalties. If the Debtor or the Reorganized  
18 Debtor chooses, in its sole and absolute discretion, to prepay any obligation on which deferred  
19 payments are provided for under the Plan, the Debtor or the Reorganized Debtor will not be liable  
20 or subject to the assessment of any prepayment penalty thereon unless otherwise ordered by the  
21 Bankruptcy Court.

22           21.10 Fractional Dollars. Notwithstanding any other provision of the Plan, no payments  
23 or distributions under the Plan of or on account of fractions of dollars will be made. When any  
24 payment or distribution of or on account of a fraction of a dollar to any holder of an Allowed  
25 Claim would otherwise be required, the actual payment or distribution made will reflect a  
26 rounding of such fraction to the nearest whole number (up or down).

1           21.11 Payment Of Statutory Fees And Filing of Quarterly Reports. All fees payable  
2 pursuant to Section 1980 of Title 28 of the United States Code, 28 U.S.C. § 1980, as determined  
3 by the Bankruptcy Court at or in conjunction with the Confirmation Hearing, will be paid on or  
4 before the Effective Date and, thereafter, in accordance with applicable bankruptcy law. All  
5 quarterly reports of disbursements required to be filed by applicable bankruptcy law will be filed  
6 in accordance with applicable bankruptcy law.

7           21.12 Reservation of Rights. Except as expressly provided herein, the Plan will have no  
8 force or effect unless the Confirmation Order is entered by the Bankruptcy Court and the  
9 Effective Date has occurred. None of the filing of the Plan, any statement or provision contained  
10 herein, or the taking of any action by the Debtor with respect to the Plan will be or will be  
11 deemed to be an admission or waiver of any rights of the Debtor with respect to the holders of  
12 Claims prior to the Effective Date.

13           21.13 No Professional Fees or Expenses. No professional fees or expenses will be paid  
14 by the Debtor or the Reorganized Debtor with respect to any Claim except as specified in the Plan  
15 or is Allowed by Final Order of the Court.

16           21.14 Dissolution of Unsecured Committee. Upon the occurrence of the Effective Date,  
17 the Unsecured Committee will dissolve and members will be released from all rights and duties  
18 arising from or related to the Reorganization Case.

19           21.15 Headings. The headings of the articles, paragraphs, and section of the Plan are  
20 inserted for convenience only and will not affect the interpretation hereof.

21           21.16 Section 1146 Exemption. Pursuant to Bankruptcy Code § 1146(c), any transfers of  
22 property pursuant hereto will not be subject to any document, recording tax, stamp tax,  
23 conveyance fee, intangibles or similar tax, mortgage tax, stamp act, real estate transfer tax,  
24 mortgage recording tax or other similar tax or governmental assessment in the United States, and  
25 the confirmation Order will direct the appropriate state or local governmental officials or agents  
26 to forgo the collection of any such tax or governmental assessment and to accept for filing and

1 recordation any of the foregoing instruments or other documents without the payment of any such  
2 tax or governmental assessment.

3           21.17 Successors and Assigns. The rights, benefits and obligations of any Person named  
4 or referred to in the Plan will be binding upon, and will insure to the benefit of, the heir, executor,  
5 administrator, successor or assign of such Person.

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DATED: September 20, 2004.

THE ROMAN CATHOLIC CHURCH  
OF THE DIOCESE OF TUCSON, an Arizona  
corporation sole

By +   
The Most Reverend Gerald F. Kicanas, D.D.

Responsible Person for the Roman Catholic Church  
of the Diocese of Tucson

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