

### ESCROW AGREEMENT

THIS ESCROW AGREEMENT, dated as of February 2, 2015 (this “Agreement”), is entered by and among the plaintiffs in the Whalen Case and the Does Case (collectively, “Plaintiffs”) and the Ursuline Western Province (“Defendant”) and Omni Management Group in the capacity of escrow agent.<sup>1</sup>

### RECITALS:

WHEREAS, Defendant, the Debtor and the Plaintiffs are parties to *Does et al. v. Roman Catholic Diocese of Helena*, BDV 2011-936, Montana First Judicial District Court, Lewis and Clark County (the “Does Case”), and as Whalen *et al. v. Roman Catholic Diocese of Helena*, BDV 2011-925, Montana First Judicial District Court, Lewis and Clark County (the “Whalen Case”)(collectively, the “State Court Litigation”).

WHEREAS, Defendant, the Debtor and Class Plaintiffs have reached an agreement with respect to the settlement and resolution of the State Court Litigation and related matters as reflected in the Plan and Term Sheet.

WHEREAS, the Plan has been submitted to, and is subject to the approval of, the Bankruptcy Court; and

WHEREAS, the Plan contemplates the execution and delivery of this Agreement and the deposit of cash by Defendant into an escrow account to be controlled and disbursed by Escrow Agent in accordance with the terms of this Agreement and the Plan.

NOW THEREFORE, in consideration of the foregoing, the mutual covenants and agreements set forth herein and other good and valuable consideration, the receipt and

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<sup>1</sup> Except as set forth in this agreement, all capitalized terms are defined as set forth in the *Second Amended Joint Plan of Reorganization Proposed by the Roman Catholic Diocese of Helena, Montana and the Official Committee of Unsecured Creditors* (together with any and all amendments thereto, all exhibits and schedules thereto and all documents incorporated by reference therein, as the same may be amended, modified or supplemented from time to time in accordance with the terms and provisions thereof, (collectively, the “Plan”), the *Amended Disclosure Statement*, the *Findings Of Fact And Conclusions Of Law Regarding Second Amended Joint Plan Of Reorganization* and the *Order Confirming First Amended Joint Plan Of Reorganization* in *In re The Roman Catholic Diocese of Helena* (Bankr. D. MT.), Case no. 14-60074.

sufficiency of which are hereby acknowledged, and intending to be legally bound, the parties hereto, hereby agree as follows:

**AGREEMENT:**

1. Definitions:

(a) “Alternate Settlement Funds” means the amount of \$3,950,000 to be deposited by Defendant pursuant to Section 4 below if the Bankruptcy Court does not approve the Province Channeling Injunction.

(b) “Bank” shall mean Banc of California with its principal address at 10100 Santa Monica Blvd., Suite 2500, Century City, CA 90067.

(c) “Business Day” means any day other than a Saturday or a Sunday or a day on which banks located in Los Angeles, California generally are authorized or required by law to close.

(d) “Dismissals” means the stipulations dismissing the Whalen and Does Cases with prejudice in form and substance satisfactory to Plaintiffs’ counsel and Defendant’s Counsel.

(e) “Escrow Agent” means Omni Management Group or any successor escrow agent appointed pursuant to Section 2 hereof.

(f) “Escrow Account” means an account established by Escrow Agent with the Bank to directly receive Defendant’s deposit of the Settlement Funds, as more specifically described in Section 3 below.

(g) “Escrow Deposit” means, collectively, the Escrow Funds, the Province Releases and the Dismissals.

(h) “Escrow Funds” means (i) the Settlement Funds deposited into the Escrow Account by Defendant pursuant to this Agreement, and (ii) any and all earnings and/or interest from investment of the Settlement Funds.

(i) “Plan Settlement Funds” means the amount of \$4,450,000 to be deposited by Defendant pursuant to Section 4 below if the Confirmation Order includes the Province Channeling Injunction.

(j) “Settlement” means the settlement of the State Court Litigation pursuant to the Plan and Term Sheet.

(k) "Settlement Funds" means either the Alternate Settlement Funds or the Plan Settlement Funds as the case may be..

(l) "Tax Expenses" shall have the meaning ascribed therein to Section 7(d) below.

(m) "Taxes" shall have the meaning ascribed therein to Section 7(d) below.

(n) "Written Direction" shall mean a written notification, signed by Plaintiffs' counsel in the Whalen Case and the Does Case and by Defendant's counsel.

2. Appointment of and Acceptance by Escrow Agent. Counsel in the Whalen and Does Cases, on behalf of the Plaintiffs in the Whalen and Does cases and Defendant and Defendant's Counsel hereby appoint Omni Management Group to serve as Escrow Agent under the terms and conditions of this Agreement. Escrow Agent hereby accepts such appointment, and agrees to control and disburse the Escrow Funds, subject to and in accordance with the terms and conditions of this Agreement.

3. Establishment of Escrow Account. Consistent with the Plan, Escrow Agent shall establish an account (the "Escrow Account") with the Bank. The name of the Escrow Account shall be in the following form: Roman Catholic Bishop of Helena, Ursuline Settlement Funds Escrow Account, EIN No. 37-1775864.

4. Deposit of Escrow Funds. No later than the date set forth in Section 9.2.4 of the Plan, Defendant shall deposit via wire transfer pursuant to wire transfer instructions attached hereto as Exhibit "C" directly into the Escrow Account either the Plan Settlement Funds or the Alternate Settlement Funds, as provided in the Plan. Promptly upon receipt of notification and confirmation of such deposit from the Bank, Escrow Agent shall confirm in writing to counsel in the Whalen and Does Cases and Defendant's Counsel receipt of the Settlement Funds into the Escrow Account.

5. Deposit of Dismissals and Province Releases. No later than the date set forth in Section 9.2.4 of the Plan, Plaintiff's Counsel shall deliver to the Escrow Agent the Dismissals and the Province Releases.

6. Investment of the Escrow Funds.

(a) During the term of this Agreement, Escrow Agent shall be entitled to invest and reinvest the Escrow Funds in a U.S. Treasury Bill, U.S. Treasury Money Market, or similar type of account guaranteed by the United States or an agency thereof, including an FDIC-Insured Account. The Escrow Funds shall be deemed and considered to be in *custodia legis* of the Bankruptcy Court, and shall remain subject to the jurisdiction of the Bankruptcy Court, until such time as the Escrow Funds are fully distributed pursuant to the Plan.

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(b) Notwithstanding the foregoing, Escrow Agent shall have no obligation to invest or reinvest any Escrow Funds deposited in the Escrow Account. Furthermore, the Escrow Agent shall have no responsibility for any investment losses resulting from the investment, reinvestment or liquidation of the Escrow Funds if done in accordance with the terms of this Agreement. It is understood and agreed that the Escrow Agent or its affiliates may derive financial benefits from the financial institution(s) in connection with the deposit and investment of Settlement Funds with such institution(s), including without limitation, discounts on eligible banking services and fees, and loans at favorable rates.

7. Disbursement of Escrow Deposit. Subject to the terms hereof, Escrow Agent shall control the transfer and disbursement of the Escrow Deposit in accordance with the following:

- i) Escrow Agent shall cause or permit the transfer and distribution of the Escrow Funds in accordance with a Written Direction signed by both Plaintiffs' counsel in the Whalen and Does Cases and Defendant's Counsel.
- ii) Escrow Agent shall otherwise dispose of the Escrow Funds as set forth in the Plan.
- iii) Escrow Agent shall deliver the Province Releases and the Dismissals to Defendant's Counsel in accordance with the Written Direction signed by both Plaintiffs' counsel in the Whalen Case and by Plaintiff's counsel in the Does Cases.
- iv) Escrow Agent shall hold in reserve the amounts of Escrow Fund allocated to a Tort Claimant who has not delivered their Province Release and Dismissal. Upon receipt of the Tort Claimant's Province Release and Dismissal (or a court order in the State Court Litigation dismissing the Tort Claimant's pending suit against the Province), the Escrow Agent shall release the reserve allocated to such Tort Claimant to the Trust and deliver the Province Release executed by the applicable Tort Claimant and Dismissal (or court order entered in the State Court Litigation dismissing the Tort Claimant's suit if applicable) to Defendant's Counsel.

8. Preparation and Payment of Taxes.

(a) Defendant shall establish and treat the Escrow Account as being at all times a "qualified settlement fund" within the meaning of Treas. Reg. § 1.468B-1. In addition, the Plaintiffs in the Whalen and Does Cases and the Defendant shall make such elections as necessary or advisable to carry out the provisions of the Plan, including the "relation-back election" (as defined in Treas. Reg. § 1.468B-1(j)(2)(ii)), back to the earliest permitted date. Such elections shall be made in compliance with the procedures and requirements contained in such regulation.

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(b) It shall be the responsibility of the Escrow Agent to timely and properly prepare and deliver the necessary documentation for signature by all necessary parties, and thereafter to cause the appropriate filing(s) to occur. For the purpose of Treas. Reg. § 1.468B-2(k)(3), the “administrator” shall be Omni Management Group.

(c) The Escrow Agent shall timely and properly file all informational and other tax returns necessary or advisable with respect to each Escrow Account (including without limitation the returns described in Treas. Reg. § 1.468B-2). Such returns shall reflect that all required taxes (including any estimated taxes, interest or penalties) on the income earned by each Escrow Account shall be paid out of such Escrow Account.

(d) All taxes (including any estimated taxes, interest or penalties) arising with respect to the income earned by each Escrow Account (“Taxes”) shall be paid out of such Escrow Account. Expenses and costs incurred in connection with the operation and implementation of this Section (including, without limitation, reasonable, out-of-pocket expenses of tax attorneys and/or accountants and mailing and distribution costs and expenses relating to filing (or failing to file) the returns described herein) (“Tax Expenses”), shall be paid in accordance with Section 7 below. Further, Taxes shall be treated as, and considered to be, a cost of administration of the Trust and the Trustee shall be obligated (notwithstanding anything herein to the contrary) to withhold from distribution to Class 4 and 5 Claimants any monies necessary to pay such amounts including the establishment of adequate reserves for any Taxes and (as well as any amounts that may be required to be withheld under Treas. Reg. §1.468B-2(l)). Defendant is not responsible and shall have no liability therefore or for any reporting requirements that may relate thereto. The parties hereto agree to exercise their commercially reasonable efforts to cooperate with the Trustee, Escrow Agent, each other, and their tax attorneys and accountants to the extent reasonably necessary to carry out the provisions of this Section.

9. Resignation and Removal of Escrow Agent.

(a) Escrow Agent may resign from the performance of its duties hereunder at any time by giving thirty (30) days prior written notice of its resignation to the parties hereto or may be removed, with or without cause, by order of the Bankruptcy Court. Such resignation or removal shall take effect upon the earlier of: (a) the appointment of a successor Escrow Agent as provided below, or (b) thirty (30) days after the written notice or court order referenced above is received by Escrow Agent.

(b) Upon any such notice of resignation or removal, the parties hereto or the Bankruptcy Court shall appoint a successor Escrow Agent hereunder. Upon the acceptance in writing of any appointment as Escrow Agent hereunder by a successor Escrow Agent, such successor Escrow Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Escrow Agent, and the retiring Escrow Agent shall be discharged from its duties and obligations under this Escrow Agreement, but shall not be

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discharged from any liability for actions taken as Escrow Agent hereunder prior to such succession.

(c) The retiring Escrow Agent shall transmit all records pertaining to the Escrow Funds and shall transfer all Escrow Funds to the successor Escrow Agent, after making copies of such records as the retiring Escrow Agent deems advisable. If the parties hereto or the Bankruptcy Court fails to designate a successor Escrow Agent within sixty (60) days of receiving Escrow Agent's written notice of resignation, Escrow Agent may, at its sole discretion and option, institute a bill of interpleader.

10. Conflicting Demands or Claims. In the event Escrow Agent receives or becomes aware of conflicting demands or claims with respect to some or all of the Escrow Funds or the rights of any of the parties hereto, Escrow Agent shall have the right to discontinue any or all further acts with respect to the Escrow Funds in question until such conflict is resolved. Escrow Agent shall have the further right to commence or defend an action or proceeding for the resolution of such conflict. In the event Escrow Agent files a suit in interpleader, it shall thereupon be fully released and discharged from all further obligations to perform any and all duties or obligations imposed upon it by this Agreement. The Bankruptcy Court shall have exclusive jurisdiction to determine any action under this Section 9.

11. Liability of Escrow Agent. The duties and obligations of Escrow Agent shall be determined by the express provisions of this Agreement, and no implied duties or obligations shall be inferred or otherwise imposed upon or against Escrow Agent, and Escrow Agent shall not be liable except for the performance of such duties and obligations as are specifically set out in this Agreement. Escrow Agent shall be protected in acting upon any written notice, request, waiver, consent, certificate, receipt, authorization, power of attorney or other paper or document which Escrow Agent in good faith believes to be genuine and what it purports to be, including, but not limited to, items requesting or authorizing release, disbursement or retainage of the subject matter of this Agreement and items amending the terms of this Agreement. It is expressly understood that Escrow Agent is obligated only to receive, hold and invest the Escrow Funds as set forth in this Agreement, and to disburse the same in accordance with the Written Instructions given under the provisions of this Agreement. Escrow Agent shall not be liable or responsible to anyone for any damages, losses or expenses unless the same shall be caused by the gross negligence or willful misconduct of Escrow Agent (provided that, if any Escrow Funds are placed in the wrong account or otherwise misplaced due to the Escrow Agent's mistake, said Escrow Funds shall be returned or reimbursed to the Escrow Account by the Escrow Agent). In any event, Escrow Agent's liability shall not exceed the return or reimbursement of the Escrow Account as it is then constituted as set forth in the preceding sentence. The other parties to this Agreement agree to and hereby waive any suit, claim demand or cause of action of any kind which it or they may have or may assert against Escrow Agent arising out of or relating to the execution or performance by Escrow Agent under this Agreement, unless such suit, claim,

demand or cause of action is based upon gross negligence or willful misconduct of Escrow Agent. Pursuant to the Trust Agreement, the Trustee agrees to indemnify and hold harmless Escrow Agent against and from any and all claims, demands, costs, liabilities and expenses, including reasonable attorneys' fees and expenses, which may be asserted against Escrow Agent or to which it may be exposed or which it may incur by reason of its execution or performance under this Agreement, except those resulting from willful misconduct or gross negligence. This Section shall survive the termination of this Agreement for any reason.

12. Compensation of Escrow Agent. Escrow Agent shall be entitled to reasonable compensation, as well as reimbursement for its reasonable costs and expenses incurred in connection with the performance of its obligations under this Agreement (including, without limitation, reasonable attorneys' fees and legal expenses). The Reorganized Debtor shall be solely responsible for paying Escrow Agent the amounts to which it is entitled under this Section.

13. Reports and Accounting. Escrow Agent will provide reports as requested to the parties hereto and the Trustee reflecting income and disbursement activity in the Settlement Fund Account for the period and year to date. The Escrow Agent shall further issue a final report and accounting that summarizes the income, expenses, and disbursements associated with the administration of the Settlement Fund Account and such other reports as request may reasonably require from time to time. Escrow Agent shall provide copies of the final report and accounting as requested to the parties and the Trustee.

14. Notices. All notices and other communications hereunder shall be in writing and shall be deemed to have been validly served, given or delivered five (5) days after deposit in the United States mails, by certified mail with return receipt requested and postage prepaid, when delivered personally, one (1) day after delivery to any overnight courier, or when transmitted by facsimile transmission facilities, and addressed to the party entitled to be notified as follows:

If to Plaintiffs' counsel in the Whalen and Does Cases, then to:

Molly Howard  
Datsopoulos, MacDonald & Lind P.C.  
Central Square Building  
201 W. Main Street, Suite 201  
Missoula, Montana 59802  
[mhoward@dmlaw.com](mailto:mhoward@dmlaw.com)  
T: 406.728.0810  
F: 406.543.0134

Bryan G. Smith  
Tamaki Law  
1340 North 16th Ave., Suite C  
Yakima, WA 98902  
[bsmith@tamakilaw.com](mailto:bsmith@tamakilaw.com)  
T: 509.248.8338  
F: 509.452.4228

If to Defendant's Counsel, then to:

John P. Christian  
Weintraub Tobin  
475 Sansome Street, Suite 1800  
San Francisco, CA 94111  
[jchristian@weintraub.com](mailto:jchristian@weintraub.com)  
T: 415.772.9615  
F: 415.433.3883

If to Escrow Agent, then to:

Eric Schwarz  
Rust Omni  
5955 De Soto Ave., Suite 100  
Woodland Hills, CA 91367  
[eric@omnimgt.com](mailto:eric@omnimgt.com)  
T: 818.906.8300 Ext 113  
F: 818.783.2737

James I. Stang  
Pachulski Stang Ziehl & Jones LLP  
10100 Santa Monica Blvd., #1300  
Los Angeles, CA 90067  
[jstang@pszjlaw.com](mailto:jstang@pszjlaw.com)  
T: 310.277.6910  
F: 310.201.0760

or to such other address as each party may designate for itself by like notice.

15. Rights to Accounts. Neither the Representative Plaintiffs nor any Settlement Class Members shall have any right or title to or interest in any portion of the Escrow Funds except as provided by the Plan and the Term Sheet.

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16. Amendment or Waiver. This Escrow Agreement may be changed, waived, discharged or terminated only by a writing signed by all of the parties to this Escrow Agreement. No delay or omission by any party in exercising any right with respect hereto shall operate as a waiver. A waiver on any one occasion shall not be construed as a bar to, or waiver of, any right or remedy on any future occasion. Escrow Agent agrees to negotiate an amendment of this Escrow Agreement with respect to the treatment, designation and/or use of the Escrow Funds, including, without limitation, the tax treatment of the Escrow Funds, should such amendment be deemed warranted by Class Counsel or Defendant.

17. Governing Law. This Escrow Agreement shall be construed and interpreted in accordance with the internal laws of the State of California without giving effect to the conflict of laws principles thereof.

18. Entire Agreement. This Escrow Agreement constitutes the entire agreement between the parties relating to the holding, investment and disbursement of the Escrow Funds and set forth in their entirety the obligations and duties of Escrow Agent with respect to the Escrow Funds.

19. Binding Effect/Assignment. All of the terms of this Escrow Agreement, as may be amended from time to time in accordance with the terms hereof, shall be binding upon, inure to the benefit of and be enforceable by the parties hereto and their respective heirs, successors and permitted assigns. No party may assign any of its rights or obligations under this Escrow Agreement without the prior written consent of the other parties hereto.

20. Counterparts. This Escrow Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Escrow Agreement may be executed and delivered in counterpart signature pages and delivered via facsimile or .pdf transmission, and any such counterpart executed and delivered via facsimile or .pdf transmission shall be deemed an original for all intents and purposes.

*{Signature page follows.}*

IN WITNESS WHEREOF, Plaintiffs' Counsel in the Whalen and Does Cases , on behalf of the Plaintiffs in the Whalen and Does Cases and themselves, Defendant's Counsel, on behalf of Defendant and themselves, and Escrow Agent have each caused this Escrow Agreement to be executed as of the date first above written.

**Whalen Plaintiffs' Counsel:**

[Signature]  
By: Mitton Datsopoulos  
Name: Mitton Datsopoulos  
Title: ATTORNEY

**Defendant's Counsel:**

[Signature]  
By: Susan G. Boswell  
Name: SUSAN G. BOSWELL  
Title: PARTNER

**Does Plaintiffs' Counsel:**

[Signature]  
By: Bayron G. Smith  
Name: Bayron G. Smith  
Title: COUNSEL

**Escrow Agent:  
Omni Management Group**

By: \_\_\_\_\_  
Name: Eric Schwarz  
Title: Executive Vice President

IN WITNESS WHEREOF, Plaintiffs' Counsel in the Whalen and Does Cases , on behalf of the Plaintiffs in the Whalen and Does Cases and themselves, Defendant's Counsel, on behalf of Defendant and themselves, and Escrow Agent have each caused this Escrow Agreement to be executed as of the date first above written.

**Whalen Plaintiffs' Counsel:**

[ \_\_\_\_\_ ]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**Defendant's Counsel:**

[ \_\_\_\_\_ ]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**Does Plaintiffs' Counsel:**

[ \_\_\_\_\_ ]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**Escrow Agent:**

**Omni Management Group**

By: *Eric Schwarz*  
Name: Eric Schwarz  
Title: Executive Vice President

EXHIBIT A

Settlement Agreement (Docket No. 418-9)

## TERM SHEET

This Term Sheet is entered into on the dates below indicated, by and among the Roman Catholic Diocese of Helena, Montana (the "*Debtor*"), the Official Committee of Unsecured Creditors of the *Debtor* (the "*Committee*"), all Counsel for Plaintiffs ("*Plaintiffs' Counsel*") in the litigation entitled *Whalen, et al. v. Roman Catholic Diocese of Helena, et al.*, Montana First Judicial District Court Lewis and Clark County, Cause No. BDV 2011-925 ("*Whalen*") and in the litigation entitled *Does, et al. v. Roman Catholic Diocese of Helena, et al.*, Montana First Judicial District Court Lewis and Clark County, Cause No. BDV 2011-936 ("*Does*") and the Ursuline Western Province (the "*Ursulines*"). The litigation with *Whalen* and *Does* will be referred to collectively, as the "*State Court Litigation*." The Debtor and the Committee have filed a joint chapter 11 plan for the Debtor (the "*Joint Plan*") and a disclosure statement (the "*Disclosure Statement*"). The Parties have agreed to a settlement (the "*Settlement*") which will be included in amendment to the Joint Plan (the "*Amended Plan*") and Disclosure Statement (the "*Amended Disclosure Statement*").

1. One of the primary goals of the Ursulines in agreeing to the Settlement is to fully resolve all claims against it that relate to allegations of sexual abuse that occurred within the geographic territory of the Diocese of Helena (the "*Diocese*"). In consideration of the Settlement, the Ursulines have agreed, in addition to payment of money (as described below), to forego what they believe are significant rights with respect to insurance which is the subject of the Insurance Settlement (defined below) and the agree to a limitation on its claims against the Debtor, all of which will facilitate approval of the Joint Plan which will also, in consideration of the Settlement (including the rights described herein) provide for a channeling injunction in favor of the Ursulines to achieve this goal.
2. The Ursulines are aware that there is a pending, separate insurance settlement agreement being finalized between the Debtor and Great American Insurance ("*GA Insurance Settlement*"). For the purposes of this Term Sheet, "Insurance Settlement" shall include the GA Insurance Settlement, if and when filed.
3. The Ursulines have filed a notice of reservation of rights regarding the motion for approval of an insurance settlement with the Debtor's carriers other than Great American Insurance Company and have obtained an extension of time to file an objection to the motion.
4. The Ursulines contend that, based upon the claims that have been asserted against them in the State Court Litigation, they are an "insured" under the terms of one or more of the insurance policies that are the subject of the Insurance Settlement and, therefore, the Insurance Settlement cannot be approved. The Insurance Settlement is a key component of the Plan and the Committee's support of the Plan. If the Insurance Settlement is not approved, the Plan, as submitted, cannot be confirmed and could affect the ability of the Debtor to confirm a plan of reorganization.
5. In order to facilitate confirmation of the Joint Plan, notwithstanding the significant interest of the Ursulines in the insurance policies being released as part of the Insurance Settlement if the

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Ursulines could prove they are additional insureds under the policies, the Ursulines will withdraw their reservation of rights and not file an objection to the Insurance Settlement, if Whalen and Does agree that if the Bankruptcy Court does not confirm the Amended Plan under the terms of the Channeling Injunction Settlement (defined below), the Whalen and Does will fully and completely settle the State Court Litigation and all claims of the plaintiffs in the State Court Litigation and any other Claimants who filed timely claims alleging abuse by the Ursulines or at St. Ignatius Ursuline Academy, under the terms of the Alternate Settlement (defined below).

6. Therefore, the Settlement contemplates confirmation of the Amended Plan that incorporates the Settlement under two scenarios: (i) if the Amended Plan includes a channeling injunction and other provisions to be incorporated into the Amended Plan and the Amended Disclosure Statement consistent with the treatment of the Settling Insurers, the Ursulines will, among other things, waive their claim against the Debtor and fund a payment of \$4.45 million (the "*Channeling Injunction Settlement*") toward consummation of the Joint Plan as set forth in more detail below; and (ii) if the Amended Plan does not include a channeling injunction and other provisions to be incorporated into the Amended Plan and the Amended Disclosure Statement consistent with the treatment of the Settling Insurers, a payment of \$3.95 million will be made by the Ursulines and the Ursulines will not waive their claim against the Debtor in the Bankruptcy Case (although the claim will be capped as part of the consideration for the Settlement as described below). (the "*Alternate Settlement*"). The Settlement also contemplates that if an Amended Plan is not confirmed, the terms of the Alternate Settlement will be effectuated in the State Court Litigation (See Paragraph 9 below).
  - a. The Amended Plan shall be confirmed with the Channeling Injunction Settlement provided (i) the Amended Plan is accepted by at least 85% of the Whalen, Does and any other Claimants who filed timely claims alleging abuse by the Ursulines or at St. Ignatius Ursuline Academy accept the Amended Plan with the Channeling Injunction, (ii) the Channeling Injunction is binding on every creditor regardless of whether the creditor accepts the Amended Plan and (iii) the Trust shall not distribute any portion of the Settlement Payment to a creditor unless the creditor has delivered an executed release of the Ursulines (on terms reasonably acceptable to the Ursulines) to the Trust and the Ursulines.
7. The payment of the amounts under the Settlement (the "*Settlement Payment*") is subject to the terms and conditions in this Term Sheet, the Amended Plan and the order confirming the Debtor's Chapter 11 plan (the "*Confirmation Order*") all being in form and content reasonably satisfactory to the Ursulines, but subject to Paragraph 9 below.
8. If the Court confirms the Amended Plan, the Settlement Payment (\$4.45 million or \$3.95 million as the case may be) shall be made to the on the same schedule as the Settling Insurers' payments. The Ursulines shall have no responsibility for the disbursement of the

TERM SHEET - 2

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Settlement Payment (\$4.45 million or \$3.95 million as the case may be) from the Debtor's estate or the Trust to the Whalen or Doc or Plaintiffs' Counsel.

9. Except as set forth in Paragraph 6(a), in consideration of the delivery of the Settlement Payment (\$4.45 million or \$3.95 million as the case may be), all claims against the Ursulines in the State Court Litigation shall be dismissed with prejudice, and counsel for Whalen and Does shall provide to the Ursulines releases on terms reasonably acceptable to the Ursulines in the State Court Litigation as required or requested by the Ursulines prior to or contemporaneous with the time for payment set forth in Paragraph 8 above. In addition, any claimants other than the Whalen and Does who are receiving distributions from the Trust from the amounts paid by the Ursulines shall deliver similar releases prior to any distribution being made to them. Until Whalen, Does and other claimants have provided such releases, the Ursulines shall not have any obligation to make the payments in Paragraph 8 above.
10. The Ursulines have a filed a proof of claim on various theories against the Debtor arising out of or related to the claims made in the State Court Litigation and the relationship between the Ursulines and the Debtor (the "*Ursulines' Claim*"). If the Amended Plan is confirmed with the Channeling Injunction Settlement under a Confirmation Order reasonably acceptable to the Ursulines, the Ursulines will withdraw the Ursulines' Claim with prejudice.
11. In consideration of the Settlement and to facilitate confirmation of the Amended Plan, the Ursulines will cap on the Ursulines' Claim as described below and the terms of payment which the Ursulines believe is less in amount and on terms less favorable than the Ursulines would be entitled to if the Ursulines litigated the merits of the Ursulines' Claim and the Debtor retains the right to object to the Ursulines' Claim. If such an objection is filed by the Debtor, and the Ursulines' Claim is allowed in an amount in excess of \$500,000, there will be a cap on any recovery of the Ursulines of the Ursulines Claim of \$500,000 (the "*Cap*"). The Debtor will provide in the Amended Plan that if the Ursulines' Claim is allowed, the allowed claim, subject to the Cap, will be paid over three years from allowance of the Ursulines' Claim.
12. The Amended Plan and the Confirmation Order shall provide a general release of all of the Debtor's claims against the Ursulines, other than the right to object to the Ursulines' Claim.
13. The Amended Plan shall include a channeling injunction whereby all known and future claims against the Ursulines arising from sexual abuse within the geographic boundaries of the Diocese of Helena shall be channeled to the Trust. The form of the channeling injunction shall be subject to the reasonable approval of the Ursulines, but will be generally consistent with the channeling injunction provided to the Settling Insurers with such modifications as are necessary or appropriate to take into account the differences

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between the Ursulines and the Settling Insurers.

14. The Amended Plan shall include a future claims representative for channeled future claims against the Ursulines, and a portion of the Settlement Payment shall be allocated to a fund established for payment of future claims against the Ursulines. The Debtor, with the agreement of the Committee and the Ursulines shall seek to amend the previous Order appointing Michael R. Hogan as Future Claims Representative, to allow him to make a recommendation on the amounts to fund future claims regarding the Ursulines.
15. If the allocation of the \$4.45 million Settlement Payment does not net at least \$3.95 million to the Trust, the Amended Plan will be modified to provide for the Alternate Settlement only.
16. The following provision is solely between the Debtor, the Committee and Plaintiffs' Counsel: If the Settlement Payment is \$4.45 million, the (a) administrative claims related to the incorporation of this Term Sheet into the Amended Plan and the Amended Disclosure Statement and the administration of the Settlement Payment by the Trust and (b) the funds to be deposited into a fund for future claims regarding the Ursulines shall be funded from \$500,000 of the Settlement Payment and not any part of the \$3,950,000 portion of the Settlement Payment. The portion of the Settlement Payment to be used to pay such portion of the administrative claims shall be determined by the Committee and the Debtor and the only obligation of the Ursulines is to make the Settlement Payment under the Amended Plan. Any portion of the \$500,000 not used for these purposes shall be paid to the Trust for the benefit of the Tort Claimants, as defined in the Amended Plan.
17. To further promote healing and reconciliation,
  - a. Within ten (10) days of the written request of a Claimant, the Ursuline Co-Provincials will send correspondence to such Claimant stating that they are sorry for any sexual abuse that the Claimant may have suffered by the Ursulines or at St. Ignatius Ursuline Academy and that the Claimant was not responsible for that sexual abuse.
  - b. The Province is aware of the Debtor's agreement to post on its website home page the names of all known past and present alleged perpetrators of the Debtor who are identified in the proofs of claim alleging sexual abuse or the complaints filed in the State Court Litigation as child sexual abusers between the 1930s and 1970s, including Joseph Balfe, James Barry, Byrnes (first name unknown), Callan (first name unknown), Thomas Connolly, John Delane, Father Delaney, M.A. Dimier, George Ferguson, A.J. Ferretti, René Gallant "Brother Charlie", Louis Geis, Gilmore (first name unknown), Harper (unknown), Bernard Harris, Robert Hartman, John (last name unknown), Paul Kirchen, Larson (first name unknown), Emmett Lowney, Egon Mallman, McCarlihy (first name unknown), James McCormick, Gabriel Menager, Joseph Obersinner, O'Brien (first name unknown), Martin Phillipsen, Peter Pritzl, Edmund Robinson, Wilson Smart, Sorisio (first

TERM SHEET - 4

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name unknown), Leonard Spraycar, Patrick Stimatz, Sullinger (unknown), Sullivan (first name unknown), Louis Taelman, Rufina Karges "Mother Loyola", Frances Seymor "Mother Cecelia", Sister John (last name unknown), Sister Marion (last name unknown), Sister Monica (last name unknown), Sister Glennyatoss (last name unknown), Sister Margaret (last name unknown), Sister Rita (last name unknown), Sister Henrietta (last name unknown), Sister Mary Laurence (last name unknown), Sister Camilla (last name unknown).

The Ursulines reserve the right to file a statement of position that in substance provides: The Province understands the Debtor has committed for itself to publish the foregoing names as past and present alleged perpetrators of the Diocese. The Province, in settling the state court litigation to avoid further expense, has not had the opportunity to evaluate claims against any of these individuals to determine whether the allegations of abuse claims are credible. The Province notes that the foregoing list includes some individuals who, to the best of the Province's collective knowledge, were never members of the Province and/or were never assigned to St. Ignatius Mission. Publication of this list should not be construed as an admission of liability by the Province or any of its members. For purposes of clarity, this statement of position does not create or address any dispute between the Province and the Diocese which may be based upon Canon Law or the First Amendment rights of the parties. This statement of position is not an objection to plan confirmation.

The Debtor will work with the Ursulines and the Committee to refine the above-list to add last names wherever possible and other identifying information.

18. The Ursulines shall be subject to the Bankruptcy Court's jurisdiction to enforce this Term Sheet and the Confirmation Order applicable to the Ursulines. The Bankruptcy Court's jurisdiction is exclusive regarding enforcement of the channeling injunction, the Amended Plan and the Confirmation Order, to the extent it incorporates the Settlement, including other issues related to or arising in the Debtor's chapter 11 case. The jurisdiction of the state court in the State Court Litigation shall extend to entering the order of dismissal of the State Court Litigation and such other matters as are necessary or appropriate to enforce the Alternate Settlement.
19. The Ursulines' counsel and Whalen and Does counsel shall notify, by a filed pleading, the state court that the Whalen and Does cases are settled and that the State Court Litigation will be dismissed under the terms of this Term Sheet.
20. Notwithstanding the mediation confidentiality agreement, the Debtor, the Committee, the Ursulines, shall issue a joint press releases regarding the Term Sheet but only after filing the joint notification with the state court. If counsel for the Debtor, the Committee, the Ursulines or the Whalen and Does determine to issue additional press releases, such press releases shall be consistent with the terms of this Term Sheet and the Amended Plan.

TERM SHEET - 5

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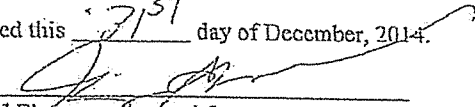
TERM SHEET - 6

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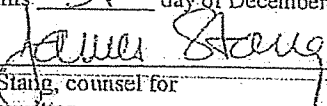
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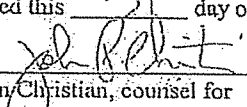
Dated this 27<sup>th</sup> day of December, 2014.

  
\_\_\_\_\_  
Ford Elsaesser, counsel for  
the Debtor

Dated this 31<sup>st</sup> day of December, 2014.

  
\_\_\_\_\_  
James Stang, counsel for  
the Committee

Dated this 31<sup>st</sup> day of December, 2014.

  
\_\_\_\_\_  
John Christian, counsel for  
Ursuline Western Province

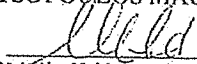
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Undersigned Counsel will recommend that the Whalen Plaintiffs accept the Settlement in this Term Sheet.

Dated this 31<sup>st</sup> day of December, 2014.

DATSOPOULOS MACDONALD & LIND

By:   
Molly K. Howard, counsel for  
Whalen plaintiffs



Undersigned Counsel will recommend that the Doe Plaintiffs accept the Settlement in this Term Sheet.

Dated this 31st day of December, 2014.

TAMAKI LAW

By: Meghan E. Hale  
Meghan E. Hale, counsel for  
Doe plaintiffs

**EXHIBIT B**

**JOINT WRITTEN DIRECTION**

Banc of California  
Name of Account: Roman Catholic Bishop of Helena, Ursuline Settlement Funds Escrow Account  
Routing Number: 122243774  
Account number: 11038148

In accord with the Escrow Agreement, dated \_\_\_\_\_, 2015 and the Settlement Agreement referenced in the Escrow Agreement, Plaintiffs' Counsel and Defendants' Counsel direct Omni Management Group as the Escrow Agent, to take the following action with respect to the Escrow Deposit:

The Escrow Agent shall \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_.

DATED: \_\_\_\_\_, 20\_\_

**Whalen Plaintiffs' Counsel:**  
[\_\_\_\_\_]

**Defendant's Counsel:**  
[\_\_\_\_\_]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**Does Plaintiffs' Counsel:**  
[\_\_\_\_\_]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

EXHIBIT C

WIRE TRANSFER INSTRUCTIONS

Name of Bank: Banc of California  
Name of Account: Roman Catholic Bishop of Helena, Ursuline Settlement Funds Escrow  
Account  
Routing Number: 122243774  
Account number: 11038148

The EIN for Roman Catholic Bishop of Helena Trust is 37-1775864

CERTIFICATE OF SERVICE

I, Bruce A. Anderson, declare as follows:

I am employed by Elsaesser Jarzabek Anderson Elliott & Macdonald, Chtd., Coeur d'Alene, Idaho; I am over the age of eighteen years and not a party to this action; the firm's business address is 320 East Neider Avenue, Suite 102, Coeur d'Alene, Idaho 83815.

I certify that on March 4, 2015, I served the foregoing ESCROW AGREEMENT on all ECF participants as indicated on the Court's ECF system.

I swear under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information and belief.

Dated: March 4, 2015

ELSAESSER JARZABEK ANDERSON  
ELLIOTT & MACDONALD, CHTD.

/s/ Bruce A. Anderson

Bruce A. Anderson