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UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
OAKLAND DIVISION

In re:

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

Debtor.

Bankruptcy Case No. 23-40523 WJL

Chapter 11

CERTAIN INSURERS' JOINT OBJECTION TO CONFIRMATION OF THE DEBTOR'S MODIFIED FOURTH AMENDED PLAN DATED MARCH 27, 2026

Hearing
Date: June 15, 2026
Time: 8:00 a.m. Pacific Time
Place: U.S. Bankruptcy Court
1300 Clay Street
Oakland, California 94612

Case: 23-40523 Doc# 2958 Filed: 05/13/26 Entered: 05/13/26 23405232605130000000000041

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Westport Insurance Corporation f/k/a Employers Reinsurance Corporation ("Westport"); Continental Casualty Company ("Continental"); and Pacific Indemnity Company, Pacific Employers Insurance Company, Insurance Company of North America, and Westchester Fire Insurance Company (the "Pacific Insurers," and collectively with Westport and Continental, the "Certain Insurers) by and through undersigned counsel, and pursuant to the Court's *Confirmation Scheduling Order* (Dkt. 2790) (the "Scheduling Order"), hereby file their objection to confirmation (the "Objection") of the *Debtor's Modified Fourth Amended Plan of Reorganization Dated March 27, 2026* (Dkt. 2758) (the "Plan") and entry of the proposed *Order Confirming Debtor's Modified Fourth Amended Plan of Reorganization* (Dkt. 2866-1) (the "Proposed Confirmation Order") filed by The Roman Catholic Bishop of Oakland ("Debtor"). Capitalized terms used but not defined herein have the meanings ascribed to such terms in the Plan.

I. PRELIMINARY STATEMENT

The Plan and Proposed Confirmation Order contain numerous provisions that are either patently impermissible or irrelevant to Section 1129 of the Bankruptcy Code and do not serve a proper (or any) bankruptcy purpose. These include: an Insurance Assignment[1] that violates the Bankruptcy Code and applicable law; manipulated discharge dates (plural) in derogation of blackletter law and the plain text of the Bankruptcy Code; an improper claim liquidation mechanism; and payment provisions that are guaranteed to result in the payment of non-compensable claims. Accordingly, and as set forth in greater detail below, the Certain Insurers respectfully request entry of an order denying confirmation of the Plan.

II. RELEVANT BACKGROUND

On May 8, 2023, the Debtor filed a voluntary petition for chapter 11 bankruptcy relief under the Bankruptcy Code. (Dkt. 1.) The United States Trustee appointed the Committee shortly thereafter. (Dkt. 58.)

The Debtor filed its Plan on March 29, 2026 (Dkt. 2758), along with its Debtor Disclosure

[1] All relevant Plan provisions are set forth in the Appendix (the "Insurers' Appendix") filed contemporaneously herewith.

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Statement (Dkt. 2759, *amended* Dkt. 2880). The Committee initially sought to confirm its own, separate plan, but withdrew that plan and disclosure statement on April 24, 2026. (*See* Dkt. 2854.)

On April 6, 2026, the Court entered the Scheduling Order. Pursuant to the Scheduling Order, on April 26, 2026, the Debtor filed a Plan Supplement (Dkt. 2867 (the "Plan Supplement")), which included the Survivors' Trust Agreement (the "Trust Agreement") and Survivors' Trust Distribution Plan (the "TDP") but did not identify the Abuse Claims Reviewer. The deadline to complete supplemental fact discovery closed on April 30. (Dkt. 2790.) Pursuant to a stipulation between the Certain Insurers and the Debtor that was approved by the Court, the Certain Insurers' objection to confirmation is timely. (Dkt. 2896, 2907).

III. ARGUMENT AND CITATION TO LEGAL AUTHORITY

A. The Insurance Assignment Is Ambiguous and Does Not Comply with the Bankruptcy Code or Applicable Law[2]

1. The Insurance Assignment is Ambiguous

The Insurance Assignment in the Plan is ambiguous as to which (if any) of the Debtor's continuing obligations under the Certain Insurers' Policies are assigned to the Survivors' Trust on the Effective Date. The documents in the Plan Supplement do not save the Plan from this fatal ambiguity. Without further explanation of what specific obligations will be assigned to the Survivors' Trust and details regarding how the Survivors' Trustee will comply with those obligations, the Plan cannot be confirmed.

For example, since the Westport Excess Policies[3] require the Debtor (as the insured) to comply with numerous continuing obligations in the claims handling process (*e.g.*, Ex. A to Winsberg Decl., Section X(d)), the Plan must be clear as to the treatment of these ongoing duties and responsibilities.[4] The Plan is required to be "clear and explicit" because it affects the rights

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[2] The relevant provisions of the Plan related to the Insurance Assignment are included in Section 1, p. 20-34 of 102 of the Insurer Appendix.

[3] The Westport Excess Policies are attached to the Winsberg Declaration as Exhibits A and B.

[4] To be clear, the Certain Insurers contend that their policies impose continuing obligations on the Debtor and other insureds relating to, among other things, the handling, investigating, and defense of claims. [redacted] They contend that their

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of creditors and other parties. *See In re Solimano Framing Grp. LLC*, 664 B.R. 803, 811 (9th Cir. B.A.P. 2024) (because the confirmed plan's language was ambiguous it could not be used to preclude timely proof of claim); *In re Masingale*, 108 F.4th 1195, 1207 (9th Cir. 2024) (refusing to endorse debtors' effort to exempt property when their prior disclosure statement and chapter 11 plan were contradictory). Clarity is crucial because a plan of reorganization is binding on the debtor, its creditors, and all other parties in interest. 11 U.S.C. § 1141(a); *see also Trulis v. Barton*, 107 F.3d 685, 691 (9th Cir. 1995). The question of what (if anything) has been assigned is a "job … [that] decidedly belongs to the bankruptcy judge," further underscoring the importance of precisely outlining what the Plan assigns. *In re Thornhill Bros. Fitness, L.L.C.*, 85 F.4th 321, 327 (5th Cir. 2023). The Plan fails to do so and, accordingly, cannot be confirmed.

The root of the ambiguity is that the Plan half-heartedly attempts to comply with the *cum onere* rule. The *cum onere* rule requires that the benefits of a contract travel along with the attendant burdens when it is assigned in bankruptcy. *See Folger Adam Sec., Inc. v. Dematteis/MacGregor JV*, 209 F.3d 252, 264 (3d Cir. 2000). While this principle frequently appears in the context of assumption and assignment of executory contracts under Section 365, *see N.L.R.B. v. Bildisco and Bildisco*, 465 U.S. 513, 531-32 (1984); *Energy Consulting & Mgmt. Sols., LLC v. W. States Equip. Co.*, 574 F. App'x 763, 765, and 765, 765 n.1 (9th Cir. 2014) (defining "*cum onere*" to mean "with the burden"), the doctrine "applies equally to the transfer of rights and obligations under a non-executory contract pursuant to § 363 of the Bankruptcy Code." *In re Am. Home Mortg. Holdings, Inc.*, 402 B.R. 87, 98 (Bankr. D. Del. 2009). Since the Debtor purports to assign the Assigned Insurance Interests "free and clear" pursuant to Section 363(f) of the Bankruptcy Code, the Insurance Assignment must comply with the *cum onere* rule. Instead, the Insurance Assignment is fatally ambiguous as to what, if any, obligations are assigned to the Survivors' Trust on the Effective Date.

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policies impose on the policyholders an obligation to cooperate in the investigation, handling, and settlement of claims, and, as set forth below, give them the right to control the defense. The Pacific Insurers and Continental will present evidence of their policies, to the extent needed, during the confirmation hearing.

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First, even though the definition of Assigned Insurance Interests purports to include "responsibilities and obligations" under the Non-Settling Insurer Policies, Plan § 1.1.15, Section 8.1 of the Plan says that the Insurance Assignment is only "an assignment of the … *rights and interests*" in those policies, Plan, § 8.1 (emphasis added). *See also* Transcript of Deposition of Debtor's 30(b)(6) Representative Attila Bardos dated May 6, 2026 ("Bardos Deposition Transcript"),[5] 176:2-179:16 (explaining that, even after the Effective Date, "[t]he Debtor is never going to be released of its responsibilities … even if it does get transferred to the Survivors' Trust."). This inconsistency creates confusion as to what precisely is being assigned to the Survivors' Trust. If the Survivors' Trust only receives the Debtor's and RCWC's "rights and interests," as provided in Section 8.1, then the assignment is incomplete and violates the *cum onere* rule.

Second, Sections 8.1.2 and 8.1.3 of the Plan provide that the Survivors' Trust will "front[] obligations arising in any way out of any and all Abuse Claims," Plan, § 8.1.2, while simultaneously providing that the Insurance Assignment "shall not relieve the Debtor, the Reorganized Debtor or the Released Parties from their respective obligations under the Abuse Insurance Policies as provided under applicable Law," *id.*, § 8.1.3. Both provisions add to the Plan's fatal ambiguity because ongoing obligations of the insured are somehow spread amongst various parties without clearly allocating the responsibilities among them. *See* Bardos Deposition Transcript, 133:24-134:16 (stating that Plan § 8.1.3 "doesn't relieve the debtor of their responsibilities or obligations"); *id.* at 176:2-179:16 (explaining that, after the Effective Date, "[t]he Debtor is never going to be released of its responsibilities"). This makes it impossible to discern whether the Debtor's obligations under the Non-Settling Insurer Policies are *actually* assigned to the Survivors' Trust, or if the Survivors' Trust will only benefit from the Debtor's "rights and interests" of Non-Settling Insurer Policies – *e.g.*, coverage.

Third, it is unclear whether the Survivors' Trust will be responsible for reimbursing the

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5 Cited excerpts of the Bardos Deposition Transcript are attached to the Winsberg Declaration as Exhibit D.

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Certain Insurers for funds paid to defend claims against the Debtor and pay indemnity for which there is no coverage (so-called "*Blue Ridge* Claims"). *See Blue Ridge Ins. Co. v. Jacobsen*, 25 Cal.4th 489 (2001); *see also Buss v. Superior Court*, 939 P.2d 766 (Cal. 1997). *Blue Ridge* Claims are crucial to ensure where an insurer pays defense costs, settlements, or judgments, thereby protecting itself against a potential bad faith action, the insurers' rights to dispute coverage in a later proceeding are preserved. *Id.* (noting that reimbursement claims allow insurers to avoid Catch-22 decisions). On its face, the definition of Assigned Insurance Interests suggests that any such *Blue Ridge* Claims would have to be asserted by the Non-Settling Insurers against the Survivors' Trust, which will have assumed the Debtor's responsibilities and obligations to reimburse the Certain Insurers. *See*, Plan, § 1.1.15. The Insurance Assignment, however, only assigns the Debtor's "rights and interests in the Non-Settling Insurer Policies for Abuse Claimants and the Survivors' Trust, as applicable, to directly receive proceeds and remedies for Insurance Actions available under the Non-Settling Insurers' Abuse Insurance Policies." *Id.*, § 8.1. This description is far narrower than Section 1.1.15 and suggests that if the Non-Settling Insurers were to pursue *Blue Ridge* Claims, they would have to pursue the Debtor instead of the Survivors' Trust, since the Debtor would retain the responsibility and obligation to reimburse the Non-Settling Insurers. The Debtor has failed to provide any clarification on this point during fact discovery. *See* Bardos Dep. Tr., 151:24-152:2 (acknowledging lack of familiarity with *Buss* and *Blue Ridge* Claims). The Plan's ambiguity as to who is responsible for payment of any future *Blue Ridge* Claims must be resolved before the Plan can be confirmed.

Finally, the proposed Trust Agreement and TDP fail to clarify which specific duties and obligations will be assigned to the Survivors' Trust and do not explain how the Survivors' Trust will comply with the assigned obligations (if at all). The Trust Agreement, for instance, provides only that the Survivors' Trustee has the "power[] [or] dut[y]," Trust Agreement, Art. 3, to (a) "obtain all reasonably available insurance coverage with respect to any property that is, or may in the future become, a Survivors' Trust Asset" and (b) "initiate, prosecute, defend, settle . . . pursue, and resolve pursuant to section 11(b)(3)(B) [*sic*] of the Bankruptcy Code" various "actions and other proceedings related to any asset, liability, or responsibility of the Survivors' Trust." Trust

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Agreement, Art. 3.1. Notably missing from that list are the obligations under the Non-Settling Insurer Policies with which the Survivors' Trustee will comply following the Insurance Assignment. *See generally id.* Therefore, the specific continuing obligations under the Non-Settling Insurer Policies (including the Westport Policies) that will be assigned to the Survivors' Trust pursuant to the Insurance Assignment remain ambiguous.

Similarly, Section 1.7 of the TDP states that under the Insurance Assignment "the Survivors' Trust will receive all rights, claims, interests, benefits, responsibilities, and obligations of the Debtor in the Non-Settling Insurer Policies." However, the TDP's characterization of the Insurance Assignment is "subject to the terms of the Plan," which, as noted above, provides that only the Debtor's "rights and interests" in the Non-Settling Insurer Policies will be assigned to the Survivors' Trust. This language further compounds the Plan's fatal ambiguity.

2. The Insurance Assignment Impermissibly Assigns "Bad Faith" Claims

The Plan cannot be confirmed because it impermissibly assigns claims against Non-Settling Insurers (including the Certain Insurers) that are based on alleged "bad faith" conduct. *See* Plan, § 1.1.94 (defining "Insurance Action" to include "any Claim, Cause of Action, or right of the Debtor or another Released Party . . . against any Non-Settling Insurer, including . . . (b) any conduct by any Non-Settling Insurer constituting 'bad faith' conduct that could give rise to extra-contractual damages, or other wrongful conduct under applicable Law"). Assigned Insurance Interests specifically includes Insurance Actions. *Id.*, § 1.1.15.

Under Sections 363 and 365 of the Bankruptcy Code, transfers, assignments, or assumptions must comply with applicable state law. *See* 11 U.S.C. § 363(f) ("The trustee may sell property … only if—(1) applicable nonbankruptcy law permits sale of such property"); 11 U.S.C. § 365(c)(1) ("The trustee may not assume or assign any executory contract … if—(1)(A) applicable law excuses a party, other than the debtor, to such contract … from accepting performance from … an entity other than the debtor … and (B) such party does not consent to such assumption or assignment."). This principle has been recognized in California and elsewhere. *See In re Catapult Entm't*, 165 F.3d 747, 754-55 (9th Cir. 1999) ("[W]e hold that, where applicable nonbankruptcy law makes an executory contract nonassignable because the identity of the

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nondebtor party is material, a debtor in possession may not assume the contract absent consent of the nondebtor party."); *In re Diocese of Camden*, 653 B.R. 309, 351 (Bankr. D.N.J. 2023) (finding that debtor could assign insurance policies but only to the extent that such assignment does not violate state law).

The Plan's proposed transfer of "bad faith" claims against the Non-Settling Insurers violates California law. Third-party bad faith claims are prohibited in California, because the insurer's covenant of good faith and fair dealing runs to the insured, not any third parties. *See Moradi-Shalal v. Fireman's Fund Ins. Cos.*, 46 Cal.3d 287, 304 (1988) (overruling prior precedent that allowed third-party bad faith claims under state law); *Coleman v. Republic Indem. Ins. Co.*, 132 Cal.App.4th 403, 415 (2005) ("In sum, we hold that an insurer owes no duty of good faith and fair dealing to a third party claimant. . . .").

The Plan not only purports to assign bad faith claims to third parties in violation of California law but does so even though such assignments may not become operative for years, if ever. This runs contrary to the Plan's insistence in Section 8.1.4 that the Insurance Assignment is "absolute upon entry of the Confirmation Order, and conditioned upon the occurrence of the Effective Date." Because the Plan provides that the Debtor will receive a discharge of "all obligations and liabilities . . . [for] all Abuse Claims," Plan, § 9.6, from which any bad faith claims would necessarily arise, the Plan cannot assign those extinguished claims to the Survivors' Trust.[6] Accordingly, this defect renders the Plan unconfirmable as a matter of law.[7]

3. The Insurance Assignment Cannot Assign Non-Debtors' Interests in the Non-Settling Insurer Policies

The Insurance Assignment also cannot be confirmed because the Assigned Insurance Interests include RCWC's interests in the Non-Settling Insurer Policies. Plan, §§ 1.1.15, 8.1. There is no statutory predicate for assigning the insurance interests of a non-debtor to the

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[6] These arguments were presented to the Court during hearings on an earlier version of the Debtor's disclosure statement. *See, e.g.*, Hearing Tr., Jan. 21, 2025, a copy of which is attached to the Winsberg Declaration as Exhibit E.

[7] The Debtor improperly attempts to delay the discharge of Litigation Claims in Section 13.3 of the Plan presumably to avoid this outcome. *See infra* § III.B.

Survivors' Trust. Section 541 of the Bankruptcy Code provides that bankruptcy courts can only exercise jurisdiction over property of a debtor's estate, which does not include insurance coverage issued to a non-debtor. 11 U.S.C. § 541(a)(1); *see also* 28 U.S.C. § 1334(e). As such, other courts have held that insurance policy interests of non-debtors do not constitute property of the bankruptcy estate and are outside of the jurisdiction of the bankruptcy court. *See, e.g.*, *In re Sportstuff, Inc.*, 430 B.R. 170, 178 n.15 (B.A.P. 8th Cir. 2010) (collecting cases).

Indeed, Judge Poslusny in the *Diocese of Camden* bankruptcy case denied confirmation, in part, on account of a similar insurance assignment provision . *In re Diocese of Camden*, 653 B.R. 309 (Bankr. D.N.J. 2023). There, the debtor (a Catholic diocese) included a provision in its proposed plan of reorganization that would transfer non-debtor insurance interests to a post-confirmation trust. *Id.* at 350-52. Judge Poslusny, however, sustained insurance assignment objections from numerous insurers, finding conclusively that "the [i]nsurers [we]re correct in their argument that th[e] Court lacks jurisdiction to order or approve the transfer" because "the Court's jurisdiction is limited to property of the [d]ebtor, or the estate." *Id.* at 352. Therefore, because RCWC's interests in the Debtor's policies are not property of the estate, the Insurance Assignment cannot include its interests. Moreover, RCWC's interests cannot be assigned to the Survivors' Trust without the Certain Insurers' prior written consent. The Westport Excess Policies provides that "[a]ssignment of interest under this policy shall not bind [Westport] unless and until its consent is endorsed hereon." [8] Winsberg Decl. Ex. A, at X(k); *cf.* [redacted] No such consent has been requested by the Debtor or given by Westport or Continental under their policies. The Plan therefore is unconfirmable as a matter of law.

4. The Insurance Assignment is Not Voluntary

Finally, Section 8.6 of the Plan inaccurately states that the Insurance Assignment is a "voluntary agreement by the Non-Settling Insurers." Plan, § 8.6. The Certain Insurers disagree with this characterization. The Certain Insurers were not consulted, and did not consent, regarding the current version of the Debtor's Plan (generally) or the Insurance Assignment (specifically)

[8] The other joining Insurers' policies contain similar provisions.

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before it was filed. *See* Bardos Dep. Tr., 98:6-25 (acknowledging absence of agreement to the Plan); *Notice of Filing of Redlines of Debtor's Modified Fourth Am. Plan of Reorganization and Disclosure Statement in Support Thereof*, Ex. 2 (Dkt. 2760-2). The current version of the Plan differs significantly from earlier versions and the Certain Insurers have numerous objections to the confirmability of this Plan, including the Insurance Assignment. Accordingly, the Insurance Assignment is not voluntary, and all language to the contrary should be struck.

B. The Delayed Discharge in the Debtor's Plan is Impermissible

The delayed discharge of Abuse Claims set forth in Section 13.3 of the Debtor's Plan[9] violates Section 1141(d)(1) and blackletter law, rendering the Plan unconfirmable as a matter of law. *See* 11 U.S.C. § 1129(a)(1) (a plan must "compl[y] with the applicable provisions" of the Bankruptcy Code); *see also* Plan, § 13.3. Section 1141(d)(1) in pertinent part states that "confirmation of a plan" results in a discharge of "any debt that arose" pre-confirmation "[e]xcept as otherwise provided in [Section 1141(d)], in the plan, or in the order confirming the plan." 11 U.S.C. § 1141(d)(1)(A). This "can be read in [one] of two ways," with the exception clause modifying either: (1) "the words 'any debt,'" such that "all pre-confirmation debts are dischargeable" unless "the plan or the code" states otherwise; or (2) "the phrase 'before the date of … confirmation,'" such that "even post-confirmation debts [are] discharged if that [is] provided for in the reorganization plan." *In re ZiLOG, Inc.*, 450 F.3d 996, 1001 n.5 (9th Cir. 2006) (*dicta*); *see id*. (declining to decide between the two but "find[ing] the first alternative more plausible"). In neither case is a debtor granted the power to manipulate the timing of its discharge for some (or any) debts. *See generally id*.

This makes good sense. A delayed discharge is inconsistent with, if not antithetical to, the entire purpose of a discharge – *viz*., affording the debtor "a 'fresh start' by releasing him, her, or it from further liability for old debts." *Cent. Va. Cmty. Coll. v. Katz*, 546 U.S. 356, 364 (2006); *see also Kelley v. Cypress Fin. Trading Co., L.P.*, 518 B.R. 373, 378 (N.D. Tex. 2014) ("Courts have

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9 The Plan provisions relevant to this section of Certain Insurers' Objection are in Section 1, p. 62-69 of 102 of the Insurer Appendix.

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noted that … the discharge of the debtor" is a "pillar[] of bankruptcy") (Chapter 7).[10] Under hornbook law, moreover, a debtor does not and "cannot receive different discharges for different types of debt"; it is "granted only a single discharge applicable to all debts." *United States v. White*, 466 F.3d 1241, 1245-46 (11th Cir. 2006); *see also*, *e.g.*, *Barraford v. T&N Ltd.*, 17 F.Supp.3d 96, 103 (D. Mass. 2014) ("The bankruptcy court grants 'a' discharge, not multiple 'discharges,' to a debtor."). *Accord In re Irigoyen*, 659 B.R. 1, 12 (B.A.P. 9th Cir. 2024) ("[T]he plain statutory language of § 727(a) and (b) mandates that the court '**shall**' grant a discharge – **one discharge** – of '**all** debts that arose before the date of the order for relief…'" (emphasis in original) (Chapter 7)). As a result, ***all*** claims a corporate Chapter 11 debtor seeks to discharge must be discharged – if at all – upon confirmation of the debtor's reorganization plan. *See* 11 U.S.C. § 1141(d)(1)(A); *White*, 466 F.3d at 1245-46. Anything else violates the plain text of Section 1141(d)(1)(A) and the one-discharge rule. *See ZiLOG*, 450 F.3d at 1001 n.5; *White*, 466 F.3d at 1245-46.

That is precisely the problem here. Under Section 13.3 of the Plan, the Debtor upon confirmation is discharged from "all Claims" ("subject to the Effective Date occurring") ***except*** for any Abuse Claim whose Holder "elects the Litigation Option." Plan, § 13.3. That subset of Abuse Claims is ***not*** "discharged or released to the extent that such Holder may assert claims in a court of competent jurisdiction against the Debtor," and "the discharge provided under the Plan

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[10] Congress has spoken clearly when placing other concerns ahead of a debtor's "fresh start." Liquidating corporate debtors, for example, are denied a discharge entirely, 11 U.S.C. § 1141(d)(3), and – most illustrative here – individual Chapter 11 debtors (*i.e.*, natural persons) do not receive their discharge upon confirmation but rather when "the court grants a discharge on completion of all payments under the plan." *Id.*, § 1141(d)(5)(A) (emphasis added); *see also United States v. White*, 466 F.3d 1241, 1244 n.1 (11th Cir. 2006) (noting that Section 1141 was amended in 2005 (BAPCPA) to make that distinction). If Congress intended to empower corporate debtors with the ability to suspend the discharge date, it could have done so with similarly clear language. That Congress did not draft (or amend) Section 1141(d)(1) in that manner is itself proof that the statute does not confer any such power. *See Salinas v. United States RRB*, 592 U.S. 188, 196 (2021) ("Where Congress includes particular language in one section of a statute but omits it in another section of the same Act, it is generally presumed that Congress acts intentionally and purposely in the disparate inclusion or exclusion." (quoting *Russello v. United States*, 464 U.S. 16, 23 (1983) (internal quotations omitted in original)).

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and Section 1141" is instead "effective as to each such Abuse Claim" only "upon conclusion of any such litigation in a court of competent jurisdiction." *Id*. The Plan, in other words, purports to discharge the Debtor from different claims at different times – upon confirmation for every Claim that is not a Litigation Claim and some point thereafter (*i.e.*, termination of the applicable suit) for every Claim that is. *See id*. This cannot be squared with the Ninth Circuit's interpretation of Section 1141(d)(1), *see ZiLOG*, 450 F.3d at 1001 n.5., or the proscription against "different discharges for different types of debt," *White*, 466 F.3d at 1245-46. As such, the Debtor's Plan does not "compl[y] with the applicable provisions" of the Bankruptcy Code, 11 U.S.C. § 1129(a)(1), and cannot be confirmed.

C. The Litigation Option is Inconsistent with the Bankruptcy Code, Applicable State Law, and the Plan's Own Terms, and Therefore Violates Sections 1129(a)(1) and 1129(a)(3)

The Plan's treatment of the Litigation Option renders it unconfirmable because it violates of 11 U.S.C. § 1129(a)(1) by failing to comply with various provisions of the Bankruptcy Code and 11 U.S.C. § 1129(a)(3) because it is proposed by means forbidden by law.

1. The Debtor's Plan Potentially Allows Abuse Claimants to Recover Amounts in Excess of Their Abuse Claims

The Plan should not be confirmed under Sections 1129(a)(1) and 1129(a)(3) of the Bankruptcy Code because the Plan's Litigation Option leaves open the possibility that an Abuse Claimant could recover more than 100% of the amount of his or her Abuse Claim. It is axiomatic under the Bankruptcy Code that "a creditor's aggregate recovery cannot exceed 100% of its bankruptcy claim." *Pub. Emps. Ret. Ass'n of N.M. v. PG&E Corp.*, No. 20-cv-04567-HSG, 2021 U.S. Dist. LEXIS 150149, at *12 (N.D. Cal. Aug. 10, 2021). However, the Plan is ambiguous about the possibility that the Abuse Claimants' recovery *could* exceed the value of their Abuse Claim.

a) The Plan Improperly Reserves the Right of Abuse Claimants to Pursue Certain Extracontractual Claims After Their Abuse Claim Has Been Paid in Full

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First, at least ***four*** sections[11] of the Plan contemplate that Abuse Claimants could receive extra-contractual damages in the event they obtain a judgment that is not paid by a Non-Settling Insurer.[12] In each of Sections 5.14, 8.7, 9.8.4.8, and 13.12.4, the Plan stresses that any Abuse Claimant "is not barred . . . from seeking extracontractual damages under the holding in *Hand* [v. *Farmers Ins. Exchange*, 23 Cal. App. 4th 1847 (1994)]." Plan, § 5.14. In *Hand*, the California Court of Appeals held that a plaintiff who secured a final judgment for damages against an insured becomes a third-party beneficiary of an insurer's policy and is entitled to recover the judgment on the policy. *Hand*, 23 Cal. App. 4th at 1858.

The carveout preserving an Abuse Claimant's right to recover extracontractual damages under *Hand* is internally inconsistent because the Plan and the TDP otherwise provide that: (i) Abuse Claimants "shall not recover in the aggregate from the Survivors' Trust and any Non-Settling Insurer an amount greater than the amount of the judgment issued by the applicable court of competent jurisdiction on the underlying Abuse Claim," Plan, §§ 5.14, 8.7; (ii) "[i]n no event may a Litigation Claimant receive more than the total amount of his or her Litigation Claim Award [or Litigation Judgment] from all sources," *id.*, § 9.8.4.8; TDP, § 6.5; and (iii) "[i]n no event shall any Abuse Claimant be entitled to receive any payment, reimbursement, or restitution from any Released Party under any theory of liability for the same loss, damage, or other Abuse Claim that is reimbursed by the Survivors' Trust or is otherwise based on the same events, facts, matters, or circumstances that gave rise to the applicable Abuse Claims," *id.*, § 13.12.4.

The potential carveout for extracontractual damages under *Hand* is problematic for several reasons. First, *Hand* was not decided in the bankruptcy context, and there is no assessment of how it interplays with the Bankruptcy Code, particularly in relation to claims valuation under Section 502. Second, the *Hand* decision itself has been criticized and narrowed by subsequent decisions

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[11] The Plan provisions relevant to this section of Westport's Objection are in Sections 1 and 3, p. 16-68, 88-89 of 102 of the Insurers Appendix.

[12] In addition to what follows, the Debtor is unable to justify the reference to *Hand*. The Debtor's representative does not even know what the *Hand* holding mentioned in the Plan is. Bardos Dep. Tr., 152:5-153:25.

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in California, which have held that allowing a judgment creditor to recover bad faith damages is inconsistent with California law that limits recovery to an action "on the judgment" and subject to the policy's "terms and conditions." *See, e.g.*, *Hughes v. Mid-Century Ins. Co.*, 38 Cal.App.4th 1176, 1185 (1995) (noting that *Hand* was subject to criticism and the decision only applied, if at all, where there was a final judgment); *Maxwell v. Fire Ins. Exch.*, 60 Cal.App.4th 1446, 1452 (1998) (declining to follow *Hand*). Finally, even though the Plan reserves the Non-Settling Insurers' right to argue against any claim for extracontractual damages under *Hand*, that *Hand* is not a correct statement of applicable law, or that *Hand* would not apply to any asserted claim, *see* Plan, §§ 5.14, 8.7, 9.8.4.8, it is nonetheless possible under the Plan that an Abuse Claimant could recover more than 100% of their claim in the first instance. The fact that Non-Settling Insurers may be required to expend time and resources defending such claims is prejudicial and undermines the Debtor's assertion that the Plan is insurance neutral. *See In re Global Indus. Techs.*, 645 F.3d 201, 214 (3d Cir. 2011) (plan was not insurance neutral, notwithstanding preservation of insurer's defenses, where it would trigger an "explosion of new claims" creating "an entirely new set of administrative costs" that would be "enormous, even if [the insurers] never pay a single dollar of indemnity").

b) The Plan Includes Enhancements that May Result in Abuse Claimants Receiving in Excess of the Full Value of Their Abuse Claims

The Plan further provides for approximately five "Claim Enhancements" available to Litigation Claimants, Plan, § 9.8.4.7, that would potentially allow Litigation Claimants to recover more than the full value of their Abuse Claims.

Each of the Plan's Claim Enhancements could enable an Abuse Claimant to recover in excess of their claim amount, in violation of at least three Bankruptcy Code sections: 11 U.S.C. §§ 501(a) ("A creditor … may file a proof of claim"), 502(a) ("A claim or interest, proof of which is filed under section 501 … is deemed allowed, unless a party in interest … objects."), and 1129(b)(2)(B)(i) (providing that a fair and equitable plan requires "that each holder of a claim of such class receive or retain on account of such claim property of a value, as of the effective date of the plan, equal to the allowed amount of such claim"). These issues are not cured by language

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elsewhere in the Plan and TDP stating that, "[i]n no event may a Litigation Claimant receive more than the total amount of his or her Litigation Claim Award [or Litigation Judgment] from all sources." Plan, § 9.8.4.8; TDP, § 6.5; *see also* Bardos Dep. Tr., 181:17:182:9 (discussing Plan Section 9.8.4.7)

The extracontractual claim and Claim Enhancement provisions create a situation in which Abuse Claimants might receive more than the total value of their Abuse Claims. The Plan is therefore unconfirmable under Sections 1129(a)(1) and 1129(a)(3) because it fails to comply with its own terms and the applicable provisions of the Bankruptcy Code and is otherwise proposed by means forbidden by law.

2. The Plan Improperly Allows Litigation Claimants to Rescind Their Selection of the Litigation Option When It May No Longer Be Advantageous

The Litigation Option also renders the Plan unconfirmable because of the Litigation Claimants' ability to rescind their election of the Litigation Option at any time. The Plan deviates from state law and, by extension, is inconsistent with the Bankruptcy Code's treatment of claims under Section 502(b)(1). *See In re Parrott Broad. Ltd. P'ship*, No. 10-40017-JDP, 2013 Bankr. LEXIS 2594, at *18 (Bankr. D. Idaho Jun. 26, 2013) ("In evaluating an objection to a creditor's claim under § 502(b)(1), the validity of the claim must be determined under state law.") (citing *In re Fitness Holdings Int'l, Inc.*, 714 F.3d 1141, 1148 (9th Cir. 2013)); *In re Copper King Inn, Inc.*, No. 89-35845, 1990 U.S. App. LEXIS 19639, at *1-2 (9th Cir. Aug. 6, 1990) ("Under 11 U.S.C. § 502(b)(1), a claim is not allowable if 'unenforceable against the debtor, and unenforceable against property of the debtor, under . . . applicable law . . . .' In proof of claim litigation under section 502(b)(1), state law determines claim validity.") (internal citations omitted).

While an Abuse Claimant may elect the Litigation Option "not later than the later of the first anniversary of the Effective Date or ninety days after receiving the notice of the Initial Determination," the same Litigation Claimant can rescind their Litigation Option election. Plan, § 9.8.4; *see also* TDP, § 5.1. The rescission is made "[u]pon written notice to the Survivors' Trustee, subject to the Survivors' Trustee's sole and absolute discretion," unless "such written notice of rescission is given prior to entry of an order of dismissal or a final judgment by a Final

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Order in the Abuse Claim Litigation in favor of a Released Party or RCWC," in which case the Survivors' Trustee must allow the rescission of the Litigation Claimant's election. Plan, §§ 9.8.4, 9.8.4.1.

A Litigation Claimant's ability to rescind their election of the Litigation Option as a matter of right at any time "prior to entry of an order of dismissal or a final judgment by a Final Order in the Abuse Claim Litigation in favor of a Released Party or RCWC," and anytime thereafter with the Survivors' Trustee's consent, is inconsistent with how claims are handled under the California tort system. There, if a claimant elects to proceed with litigation, they must live with the outcome regardless of whether it is favorable or unfavorable or, alternatively, dismiss their case prior to an adjudication and receive no recovery. Thus, by granting an "out" that allows Litigation Claimants to receive distributions from the Survivors' Trust, the Plan is inconsistent with the Bankruptcy Code's treatment of claims under Section 502(b)(1).[13] This "heads I win, tails you lose" provision guarantees Litigation Claimants the best possible outcome – either they prevail in their litigation and obtain a favorable recovery or, alternatively, when it becomes apparent that their lawsuit is going to be dismissed or they are going to receive an unfavorable judgment, they can unwind the entire process. The Plan should not incentivize pursuing the Litigation Option by allowing them to avoid the downsides of litigation but instead should encourage prompt resolution of Trust Claims for the expeditious administration of the Bankruptcy Estate in a manner that is fair to Trust Claimants but does not unnecessarily and improperly drive up defense costs for the Non-Settling Insurers.

Because Litigation Claimants' ability to rescind their election of the Litigation Option is inconsistent with state law, the relevant provisions of the Bankruptcy Code, and imposes unnecessary litigation-associated costs on the Non-Settling Insurers, the Plan cannot be confirmed under Sections 1129(a)(1) and 1129(a)(3) of the Bankruptcy Code.

D. The Channeling Injunction Potentially Violates *Purdue* by Barring the Certain Insurers'

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13 *See supra* § III.C.2 (quoting *Parrott Broad. Ltd. P'ship*, 2013 Bankr. LEXIS 2594, at *18; *In re Copper King Inn, Inc.*, No. 89-35845, 1990 U.S. App. LEXIS 19639, at *1-2).

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***Blue Ridge* Claims Against Non-Debtors Without Its Consent**

1. The Channeling Injunction Is Impermissible

The Plan's Channeling Injunction[14] provides expansive injunctive relief to non-debtors in contravention of the Bankruptcy Code. Under well-settled, controlling case law, the Bankruptcy Code "does not authorize a release and injunction that, as part of a plan of reorganization under Chapter 11, effectively seeks to discharge claims against a nondebtor without the consent of affected claimants." *Harrington v. Purdue Pharma*, 603 U.S. 204, 227 (2024). Yet the Plan potentially does just that.

The Plan's Channeling Injunction threatens to bar the Certain Insurers from pursuing any *Blue Ridge* Claims that they might have against the Survivors' Trust and other non-debtors.[15] Under California law, the Certain Insurers are entitled to pursue *Blue Ridge* Claims for reimbursement and/or recoupment for costs incurred defending claims or paying indemnity that are later found to be not covered by one of the Westport Policies or other relevant policies. *See Blue Ridge Ins. Co.*, 25Cal.4th at 502 (recognizing the insurer's right to reimbursement from the insured of settlement payments for uncovered claims); *see also Buss*, 16 Cal.4th. at 60-61 (recognizing that insurers are entitled to reimbursement of defense costs from the insured when the claim was not covered). Under the Plan, a "Channeled Claim" includes "any claim . . . against a Released Party or any Settling Insurer arising from, in connection with, or related to an Abuse Claim, or any of the Abuse Insurance Policies issued by any Settling Insurers, including Abuse Related Contribution Claims." Plan, § 1.1.31. The Released Parties under the Plan are almost innumerable; they not only include the Debtor and the Churches, but also those entities' "predecessors, successors, assigns . . . [and] agents." *Id.*, § 1.1.141.

Section 13.14 of the Plan provides that the Non-Settling Insurers are excluded from, and

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14 The Plan provisions that are relevant to Certain Insurers' Objection to the Channeling Injunction are in Section 1, p. 7, 13, 68-69 of 102 of the Insurer Appendix.

15 The Exculpation Clauses in Section 13.6 of the Plan and Section 8.2.4 of the Trust Agreement create similar issues as they include actions taken after the Plan's Effective Date and exculpate conduct of the Survivors' Trustee and its professionals, as noted in the U.S. Trustee's objection to the Plan. (Dkt. 2901 at ¶¶ 30-39.)

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will not be subject to, "any third-party release, injunction, or exculpation covering any non-debtor person or entity" and will be viewed as having opted out of any such provision. Plan, § 13.14. It is not clear whether this carve-out language bars *Blue Ridge* Claims that the Certain Insurers could bring against the Survivors' Trust. To the extent the carve-out in Section 13.14 preserves the Certain Insurers' *Blue Ridge* Claims post-confirmation, this objection has been adequately addressed. The Certain Insurers' objection could also be cured by adding language to the Plan or Confirmation Order, such as "None of the injunctions under this Plan or Confirmation Order, nor the Debtor's discharge, shall enjoin a Non-Settling Insurer's right to assert any Claims against the Survivors' Trust or non-debtors for reimbursement, recoupment, or other similar Causes of Action related to Abuse Claim settlement payments under *Blue Ridge Ins. Co. v. Jacobsen*, 25 Cal.4th 489 (2001) or defense cost payments under *Buss v. Superior Court*, 16 Cal.4th 35 (1997)."

E. The Plan Impairs the Certain Insurers' Ability to Object to Abuse Claims

1. The Limitation on Objections to Abuse Claims is Unlawful

The Plan effectively prevents the Certain Insurers from challenging the validity of Abuse Claims,[16] including by impairing their ability to object to Abuse Claims that may otherwise be time-barred by the Bankruptcy Code or applicable non-bankruptcy law. This violates Section 1129(a)(1) of the Bankruptcy Code and renders the Plan unconfirmable.

As a general proposition, Section 502 applies non-bankruptcy law to determine the existence and validity of a claim. *In re Miller*, 292 B.R. 409, 412 (B.A.P. 9th Cir. 2003). Thus, "[a] claim cannot be allowed if it is unenforceable under nonbankruptcy law." *In re S. Cal. Plastics, Inc.*, 165 F.3d 1243, 1247 (9th Cir. 1999). "Any defense to a claim that is available outside of the bankruptcy context is also available in bankruptcy." *Travelers Cas. & Sur. Co. of America v. Pac. Gas & Elec. Co.*, 549 U.S. 443, 450 (2007); *see also* 11 U.S.C. § 558 ("The estate shall have the benefit of any defense available to the debtor as against any entity other than the estate, including statute of limitations, statute of frauds, usury, and other personal defenses."). An

16 The Plan provisions relevant to this portion of Certain Insurers' Objection are in Section 1, p. 7-15 of 102 of the Insurer Appendix.

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insurers' due process rights include "an opportunity to present every available defense." *Lindsey v. Normet*, 405 U.S. 56, 66 (1972) (quoting *Am. Sur. Co. v. Baldwin*, 287 U.S. 156, 168 (1932)); *see, e.g.*, *Mullins v. Direct Dig., LLC*, 795 F.3d 654, 669-70 (7th Cir. 2015) ("It is certainly true that a defendant has a due process right not to pay in excess of its liability and to present individualized defenses if those defenses affect its liability.") (internal citations omitted).

Under the Plan, the Survivors' Trustee may unilaterally allow untimely Abuse Claims to which a Non-Settling Insurer may only raise objections arising under the Bankruptcy Code, unless it first agrees to defend against the Abuse Claim – a putative obligation that insurers like Westport are not otherwise bound to perform. On its face, such a framework is untenable and only lends itself to the impairment of the rights of Non-Settling Insurers by precluding the Non-Settling Insurers' right to present every available defense to what may otherwise be a legally incognizable claim. *See Lindsey*, 405 U.S. at 66. Accordingly, the Plan is prejudicial to Non-Settling Insurers and cannot be confirmed pursuant to 11 U.S.C. § 1129(a)(1).

F. The Bankruptcy Court Must Appoint Disinterested Fiduciaries

1. Sections 1123(a)(7) and 1129(a)(5) of the Bankruptcy Code Require Disinterested Fiduciaries

As a prerequisite to confirmation, the Debtor must "disclose[] the identity and affiliations of any individual proposed to serve, after confirmation of the plan, as … a successor to the debtor under the plan." 11 U.S.C. § 1129(a)(5)(A)(i). Under the Plan, the Survivors' Trust is a successor to the Debtor.[17] *See*, Trust Agreement, Arts. 1.5, 2.3, 3.1.31; *see also* Plan, § 8.5. Crucially, the Debtor has not disclosed the affiliations of the Survivors' Trustee as required by Section 1129(a)(5)(A)(i) and has identified neither the identity nor the affiliations of the Abuse Claims Reviewer. *See* Plan Supplement, Ex. A (Dkt. 2867). The absence of any relevant disclosures precludes the Court, and interested parties like the Certain Insurers, from determining whether the Plan can be confirmed under Sections 1129(a)(5) and 1123(a)(7).

[17] The specific provisions of the Plan and Plan Supplement documents relevant to this objection are in Sections 1 and 2, p. 30-31, 72-80 of 102 of the Insurer Appendix.

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Once disclosed, the Court must find that the appointments of the Survivors' Trustee and Abuse Claims Reviewer are consistent with public policy. *See* 11 U.S.C. §§ 1129(a)(5)(A)(ii), 1123(a)(7). To satisfy these requirements, the Bankruptcy Court must ensure that the Survivors' Trustee and Abuse Claims Reviewer are "independent, and function … with independence from all parties involved." *In re Diocese of Camden*, 653 B.R. at 357; *see also In re Beyond.com Corp.*, 289 B.R. 138, 145 (Bankr. N.D. Cal. 2003) (denying approval of disclosure statement because the disclosures were "insufficient to enable the court to conclude" whether the appointment of a liquidation manager was "contrary to the interests of the parties in this case or against public policy"). The appropriate standard by which to ensure the independence required for confirmation is disinterestedness. *See In re Digerati Techs., Inc.*, No. 13-33264, 2014 WL 2203895, at *5 (Bankr. S.D. Tex. May 27, 2014) (citing *Beyond.com*, and *In re Bashas' Inc.*, 437 B.R. 874 (Bankr. D. Ariz. 2010), among others); *cf.* CAL. PROB. CODE § 16003 (imposing a duty to deal and act impartially).

The disinterestedness standard asks whether there is the potential for a materially adverse effect upon the estate, which itself is "an objective and fact-driven inquiry." *In re AFI Holding, Inc.*, 530 F.3d 832, 847-48 (9th Cir. 2008). "The Code's definition of disinterestedness covers not only actual impropriety, but the appearance of impropriety as well." *Id.* at 850 (internal quotation omitted). "A trustee/fiduciary must be free from any hint of bias," *id.*, and "has a duty to disclose any connections with the debtor, creditors, or any other party in interest." *Id.* at 852. Among the factors considered, the Court should consider social and professional connections and "the larger picture of these interrelationships in order to determine their materiality." *Id.* at 849-50.

Imposing the disinterestedness requirement on the Survivors' Trustee and Abuse Claims Reviewer is congruent with the existing statutory scheme. The Bankruptcy Code imposes a disinterestedness requirement on, among others, chapter 11 trustees and examiners, chapter 12 and 13 trustees, interim and appointed chapter 11 trustees, and estate professionals. *See* 11 U.S.C. §§ 701(a)(1), 1104(b)(1) and (d), 1202(a), 1302(a), 327(a). Common to each of these roles is a duty that turns to the estate and all stakeholders collectively (or to the court), plus (with some variation) the ability to alter any one party's fortunes.

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Acknowledging the unique role trust fiduciaries play in diocesan bankruptcy cases, courts have required disinterestedness from trust fiduciaries. In *Camden*, the bankruptcy court denied confirmation in part because the "Neutral," similar in many respects to the Abuse Claims Reviewer here, "may have a significant impact on the Insurers' rights." *Diocese of Camden*, 653 B.R. at 350. The bankruptcy court determined not only that "Court approval is proper," but also that, "at a minimum, the selection must be made either together with the Insurers, or at this Court's discretion after input from interested parties." *Id.* The court also held that "[i]n order for the Neutral to fulfill its role, it must be independent, and function more as an arbitrator, with independence from all parties involved, and free to assess the value of a given claim based on the merits of the facts presented…." *Id.* at 357.

While the mechanics of the plan documents at issue in *Camden* are not identical to the Plan, the same approach is warranted. The Survivors' Trustee and Abuse Claims Reviewer play pivotal roles in the Survivors' Trust, which is itself crucial to the Debtor's Plan. The Court should require the Debtor to adequately identify and disclose the Survivors' Trustee and Abuse Claims Reviewer, and, when considering their appointment, must consider all relevant facts and circumstances to ensure that each is disinterested. Moreover, the Trust Agreement should be modified so that the members of the Survivors' Trust Advisory Committee (comprised entirely of "members of the Committee, or their designees") do not have sole authority to select a Successor Survivors' Trustee in the event the Original Survivors' Trustee either resigns or is removed. *See* Trust Agreement, Arts. 6.5, 6.7.

G. The Plan Is Impermissibly Ambiguous About Pursuing Coverage for Trust Claims

The Plan[18] cannot be confirmed under Section 1129(a)(1) or (a)(3) of the Bankruptcy Code to the extent the Survivors' Trust can pursue Insurance Actions related to payments made to Abuse Claimants who do *not* elect the Litigation Option, *i.e.*, payments made on account of "Distribution Claims."[19] On its face, the Plan appears to only contemplate the pursuit of coverage against Non-

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[18] The relevant Plan provisions for this objection are in Section 1, p. 16-17 of 102 of the Insurer Appendix.

[19] The Debtor's Plan occasionally describes Trust Claimants that do not elect the Litigation Option

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Settling Insurers for Litigation Claims and to otherwise preclude the pursuit of recoveries from the Non-Settling Insurers. However, the Plan leaves some wiggle room for Distribution Claims potentially to seek recoveries against Non-Settling Insurers. *See* Bardos Dep. Tr., 124:4-129:2 (acknowledging, but unable to explain, the use of the term "Abuse Claimant" instead of "Litigation Claimant" in Plan Section 5.14).

The uncertainty stems in part from the Debtor's verified responses to interrogatories: [redacted] representations from Debtor's counsel to the Court that the Plan "does not contemplate … whatsoever" any such litigation by the Survivors' Trust. [redacted] Certain of the Non-Settling Insurers served upon the Debtor an Interrogatory ("Interrogatory No. 5"), which asked the Debtor to "[i]dentify whether the Survivors' Trust and/or the Survivors' Trustee could present, prosecute or otherwise pursue any Abuse Claim, other than a Litigation Claim, against any Non-Settling Insurer for payment under the Debtor's Plan, and under what process, if any, such Abuse Claim could be presented." *See* Certain Insurers' First Set of Interrogatories to the Roman Catholic Bishop of Oakland ("Certain Insurers' First Interrogatories"), No. 5.[22]

In response to Interrogatory No. 5, [redacted]

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as electing the "Distribution Option." *See, e.g.*, Plan, § 1.1.14; *see also* TDP § 5.1 (defining Distribution Option).

[20] A copy of the Transcript of Proceedings (Apr. 10, 2026) is attached to the Winsberg Declaration as Exhibit F

[21] A copy of the Debtor The Roman Catholic Bishop of Oakland's Responses to Certain Insurers' First Set of Interrogatories to The Roman Catholic Bishop of Oakland is attached to the Winsberg Declaration as Exhibit H.

[22] A copy of the Certain Insurers' First Set of Interrogatories to The Roman Catholic Bishop of Oakland is attached to the Winsberg Declaration as Exhibit G.

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[redacted]

Any ambiguity regarding whether the Plan allows the Survivors' Trust to pursue an Insurance Action against a Non-Settling Insurer in connection with a payment to an Abuse Claimant under the Distribution Option renders the Plan internally inconsistent and violates the Certain Insurers' policies, including the Westport Excess Policies, which limit coverage to situations where there is a trial, adjudication on the merits, or evidence of liability or damages in litigation. *See* Winsberg Decl. Ex. A, at X(f). In doing so, the Plan is inconsistent with state law and prejudicial to the Non-Settling Insurers. And because Abuse Claims must be paid in a manner that is consistent with state law, and the Plan potentially expands the rights that the Abuse Claimants have under the Non-Settling Insurer Policies, the Plan violates Section 502(b)(1) of the

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Bankruptcy Code and cannot be confirmed.[23]

H. The Plan Does Not Permit Insurers to Appoint Independent Counsel, Despite Permitting Litigation Against the Debtor "as a nominal party only"

Under the Plan, Abuse Claimants can, by electing the Litigation Option, choose to pursue litigation in the tort system in an effort to recover proceeds from insurance policies issued by Non-Settling Insurers. The Plan requires that such actions be filed "against Debtor as a nominal party only . . . solely for the purpose of recovering from one or more Non-Settling Insurers under their respective Insurance Policies." Plan § 8.2.2. The Plan prescribes that "[a]ffected Non-Settling Insurers shall have the right (and the obligation, to the extent so provided under their respective Abuse Insurance Policy(ies)), to defend such Claim, consistent with the terms of their Abuse Insurance Policies and applicable non-bankruptcy law." *Id.* The Plan further requires that the "Debtor (including the Estate and the Reorganized Debtor) and the Survivors' Trust will cooperate in the defense of any such claim to the extent provided under the applicable Abuse Insurance Policy or Policies and as requested by an affected Non-Settling Insurer." *Id.* The Plan goes on to provide that "[i]f an Abuse Claimant elects the Litigation Option then, among other things, (i) the rights of affected Non-Settling Insurers to defend or associate in the defense of such Abuse Claim shall be fully preserved so that a Non-Settling Insurer who has offered to, or has an obligation to, defend may do so." Taken together, the purpose of these provisions is clearly to ensure that the right to defend tort cases filed "solely for the purpose of recovering from one or more Non-Settling Insurers under their respective Insurance Policies" rests entirely with the affected Non-Settling Insurers who—unlike the Debtor or Reorganized Debtor, which would be sued "as a nominal party only," with no potential financial responsibility for payment of the tort action—have the sole obligation to pay any judgments in favor of Abuse Claimants (if such judgments fall within coverage).

Recognizing that the Insurers with the sole potential obligation to pay should have the

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23 *See supra* § III.C.2 (quoting *Parrott Broad. Ltd. P'ship*, 2013 Bankr. LEXIS 2594, at *18; *In re Copper King Inn, Inc.*, No. 89-35845, 1990 U.S. App. LEXIS 19639, at *1-2).

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unfettered right to defend tort cases going forward pursuant to the Litigation Option, Debtor's Third Amended Plan contained specific provisions guaranteeing that plan's promise that affected Non-Settling Insurers would be able to defend cases without interference by Debtor, Reorganized Debtor, or the Survivors' Trust. Thus, Section 8.3.1 of the Third Amended Plan contained a provision (the "2860 Provision") expressly stating "that because the Non-Settling Insurers would solely be potentially financially responsible for payment of Abuse Claims (and the Debtor would have no such potential financial responsibility), the provisions of Cal. Civil Code § 2860 entitling an insured to appointment of independent counsel in certain circumstances shall not apply to any claims pursued by Abuse Claimants against the Debtor (as a nominal party only) or the Survivors' Trust in the non-bankruptcy court system for the purpose of recovering from Non-Settling Insurers." *Debtor's Third Am. Plan of Reorganization, Dated March 17, 2025* (Dkt. 1830), § 8.3.1.

The foregoing language of the 2860 Provision has, for unknown reasons, and without the consent or agreement of any of the Insurers, been omitted from the Plan. Yet the structure of how tort claims proceed under the Litigation Option has remained unchanged: an Abuse Claimant may sue Debtor as a nominal party only, any recovery may "solely" be from the proceeds of insurance policies issued by Non-Settling Insurers, and the Debtor (including the Estate and the Reorganized Debtor) and the Survivors' Trust are obligated to cooperate in the defense of any such claim as requested by an affected Non-Settling Insurer, meaning none of those parties may interfere with the defense being afforded by the affected Non-Settling Insurers.

By omitting the 2860 Provision, the Plan creates an intolerable ambiguity. On the one hand, the Plan requires that Debtor and the Reorganized Debtor, as well as the Survivors' Trust, to cooperate in the defense mounted by the affected Non-Settling Insurers—not interfere with that defense by seeking to take it over. But on the other hand, the omission of the 2860 Provision suggests that the Debtor, the Reorganized Debtor, or the Survivors' Trust can seek to displace the Insurers' control of the defense by asserting the existence of a conflict that cannot possibly exist under the Plan. Section 2860 of the California Civil Code affords an insured certain rights to appoint independent counsel where a conflict exists between the insurer required to provide a

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defense and the insured's interests. But under the Plan, there can be no such conflict, because Debtor can be sued as a nominal party only, with any financial exposure being borne "solely" by the affected Non-Settling Insurers.

The Plan's explicit promise to preserve the rights of the Non-Settling Insurers, *see* Plan § 8.3, can only have meaning if the Insurers have the right to defend Litigation Claims as they see fit, without interference from any other party.[24] The Plan therefore should not be confirmed unless the 2860 Provision is reinstated by being inserted into the Plan or the Confirmation Order.

At an absolute minimum, the Non-Settling Insurers must be protected against future arguments that the omission of the 2860 Provision from the Plan indicates that the Non-Settling Insurers are somehow barred from making the arguments sought to be preserved by the 2860 Provision. Accordingly, if the 2860 Provision is not itself added to the Confirmation Order, then the Confirmation Order must contain a provision expressly preserving the Insurers' rights to argue that, given the provisions in the Plan, (i) none of the Debtor, the Reorganized Debtor, or the Survivors' Trust have any right, under Cal. Civ. Code § 2860, to seek to displace any defense of a Litigation Claim sought to be provided by any Non-Settling Insurer and (ii) that any such interference with the defense sought to be mounted by the Non-Settling Insurers vitiates coverage that might otherwise have been available for the claim.

I. The Plan Does Not Contain Adequate Anti-Fraud Measures

The Plan provides an inappropriate windfall to Abuse Claimants who elect to receive an Immediate Payment, in violation of the Bankruptcy Code.[25] The primary purpose of the Bankruptcy Code is to ensure "equality of distribution among creditors of the debtor." *Union Bank v. Wolas*, 502 U.S. 151, 161 (1991). Thus, courts have consistently held that a creditor cannot collect more than the amount it is owed in total from the debtor. *See In re Del Biaggio*, 496 B.R.

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[24] Relatedly, Plan Section 12.8, which requires the Survivors' Trust to "provide Litigation Claimants, upon request, all non-privileged information previously provided by the Debtor to the Committee bearing on the Debtor's liability for Abuse Claims," is improper and unnecessarily broad and in direct contravention of the pre-bankruptcy alignment of the insurer and its insured.

[25] The relevant Plan and Plan Supplement provisions relating to the Immediate Payment are in Sections 1, 2, and 3, p. 1-89 of 102 of the Insurer Appendix.

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600, 602 (Bankr. N.D. Cal. 2012) (citing *Ivanhoe Bldg. & Loan Ass'n v. Orr*, 295 U.S. 243, 245-46 (1935)); *Diocese of Camden*, 653 B.R. at 362 ("The Court cannot approve a Plan which allows attorneys to file invalid and fraudulent claims without consequence…."). Logic therefore dictates that a claim must be cognizable and enforceable against the debtor to be entitled to a distribution from its estate. *See* 11 U.S.C. § 502(b)(1) (providing for the disallowance of claims "unenforceable against the debtor and property of the debtor, under any agreement or applicable law for a reason other than because such claim is contingent or unmatured."). *Cf. id.*, § 704(a)(5) ("The trustee shall . . . examine proofs of claim and object to the allowance of any claim that is improper.").

The Plan and the Plan Supplement ignore these concepts. Pursuant to Section 9.7 of the Plan, the Survivors' Trustee is ***required*** to disburse $50,000 to each Abuse Claimant who elects to receive an Immediate Payment – no questions asked. Plan, §§ 1.1.84, 9.7; Trust Agreement, Art. 1.1.2; TDP § 3.1(iii) (providing that "an Immediate Payment Claimant shall not be required to proceed through the claims evaluation process or any of the other procedures provided"). Put differently, the Plan does not condition an Immediate Payment upon an Abuse Claimant's possession (much less proof) of a valid and enforceable Abuse Claim. The Plan thus permits payment of claims that are not legally cognizable when an Abuse Claimant elects Immediate Payment. This alone warrants denial of confirmation. *See In re Diocese of Camden*, 653 B.R. at 360-61 (disallowing "Expedited Distribution" option under diocese's plan which would "allow[] certain claimants to receive a distribution of $2,500 without having to prove any part of their claim" and where "there is no party with the power to object to the claims, regardless of the validity or relevancy of the allegations").

J. The Plan is Not a Settlement of all Claims and Therefore Section 12.12 is Not Authorized Under the Bankruptcy Code

Section 12.12 of the Plan should be stricken because it is incorrect as a matter of law.[26] A chapter 11 plan "is not a settlement." *In re Boy Scouts of Am. and Del. BSA, LLC*, 642 B.R. 504,

[26] Section 12.12 of the Plan is included in Section 1, p. 61-62 of 102 of the Insurer Appendix.

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626 (Bankr. D. Del. 2022) ("*BSA*"), *rev'd on other grounds sub nom.*, *In re Boy Scouts of America*, 137 F.4th 126 (3d Cir. 2025). While a plan may establish a settlement process, confirmation does not "adjudicat[e] or resolv[e] any individual … claim, let alone the debtors' aggregate … liability." *In re AIO US, Inc.*, No. 24-11836 (CTG), 2025 WL 2426380, at *25 (Bankr. D. Del. Aug. 21, 2025). Section 12.12 treats confirmation as if it were a settlement of every claim resolved under the Plan. It is not.

Section 1123(b)(3) does not authorize the findings Section 12.12 demands. That provision states only that a plan may "provide for . . . the settlement or adjustment of any claim or interest belonging to the debtor or to the estate." 11 U.S.C. § 1123(b)(3)(A). "[T]here is no parallel authorization regarding claims against the estate." *In re Dynamic Brokers, Inc.*, 293 B.R. 489, 496 (B.A.P. 9th Cir. 2003); *see Camden*, 653 B.R. at 336. Yet Section 12.12 reaches "all Claims and controversies resolved pursuant to the Plan," including claims against the estate, and asks the Court to find each resolution fair, equitable, and within the range of reasonableness as to every party in interest. Section 1123(b)(3) does not stretch that far.

Section 1129(a)(3) does not require such findings either. It directs that a plan be "proposed in good faith and not by any means forbidden by law." 11 U.S.C. § 1129(a)(3). The statute only requires a finding that the plan is proposed in good faith. *BSA*, 642 B.R. at 626. Section 12.12 goes well beyond that, requiring the Court to make findings about the best interests of every party in interest, and the fairness and reasonableness of every resolution under the Plan, including with respect to Abuse Claimants and "other parties in interest." But approval of the Plan as proposed in good faith does not require, and should not include, "an adjudication by this Court about the 'fairness' or reasonableness' of the procedures" established to resolve Abuse Claims. *AIO*, 2025 WL 2426380, at *22.

The bankruptcy court in *BSA* confronted the same proposition. There, the plan proponents argued that the plan's provisions "reflect a negotiated settlement and must be approved by th[e] court under Bankruptcy Rule 9019 and § 1123 of the Bankruptcy Code." *BSA*, 642 B.R. at 626. The court declined to make the requested findings, concluding they were unnecessary and did not "mirror the Code." *Id.* at 629, 632-33. Other courts have done the same. *See, e.g.*, *Diocese of*

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Camden, 653 B.R. at 359-60. When Judge Goldblatt addressed a similar issue in the *Avon* bankruptcy, he noted that "any proposed 'finding' that would tilt the playing field in a subsequent coverage dispute one way or the other should be deleted." *AIO*, 2025 WL 2426380, at *23. Because Section 12.12 is unnecessary and unfounded under the Bankruptcy Code, the Plan cannot be confirmed unless that provision is removed.

K. The Plan Contains an Improper Non-Consensual Injunction to Bar Claims Among Non-Debtor Insurers and the Judgment Reduction Provision is Inadequate

The Bankruptcy Code "does not authorize a release and injunction that, as part of a plan of reorganization under Chapter 11, effectively seeks to discharge claims against a nondebtor without the consent of affected claimants." *Purdue Pharma L. P.*, 603 U.S. at 226. Here, the Plan[27] effectively seeks to discharge certain of the Non-Settling Insurers' claims without their consent, including claims against the Settling Insurers if the Non-Settling Insurer's Contribution Claim exceeds the judgment. The Plan cannot vitiate the Non-Settling Insurers' ability to recover certain defense costs. *In re Boy Scouts of America*, 137 F.4th 126, 167-68 (3d Cir. 2025).

While the Plan provides that the Plan injunctions "shall not enjoin a Non-Settling Insurer's right to assert any Claims against the Survivors' Trust for contribution, subrogation, indemnification, reimbursement, or other similar Causes of Action (collectively, "Contribution") for any Settling Insurer's alleged share or equitable share relating to the defense and/or indemnity obligation for any Abuse Claim," Plan, § 8.4, the Plan allows Non-Settling Insurers to seek Contribution only through the judgment reduction provision. But the proposed judgment reduction mechanism in the Plan is not an adequate substitute for the Non-Settling Insurers' extinguished Contribution rights.

A judgment-reduction mechanism can serve as an adequate substitute for extinguished contribution rights only if it provides dollar-for-dollar credit automatically, without preconditions. *See McDermott, Inc. v. AmClyde*, 511 U.S. 202, 220-21 (1994) (adopting proportionate judgment

[27] The relevant Plan and Plan Supplement provisions relating to the Immediate Payment are in Section 1, p. 20-54 of 102 of the Insurer Appendix.

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reduction as the appropriate method to protect non-settling defendants); *Eichenholtz v. Brennan*, 52 F.3d 478, 483-84 (3d Cir. 1995) (affirming the use of a proportionate judgment reduction method to ensure non-settling defendants are only responsible for their portion of the liability as a substitute for their contribution claims). The Plan fails to do so.

Section 8.5 outlines the judgment reduction mechanism, yet it is unclear how this mechanism is supposed to operate in conjunction with the broader restrictions on and provisions related to Non-Settling Insurers' liability in Sections 8.3 and 8.7. The interaction among these provisions is irreconcilably contradictory. Section 8.3 broadly states that nothing in the Plan shall "impair[], alter[], supplement[], chang[e], expand[], decreas[e], or modif[y]" the Non-Settling Insurers' rights under their policies. Plan, § 8.3.1. And, if a Non-Settling Insurer's Contribution Claim "exceeds the liability of such Non-Settling Insurer to the Survivors' Trust, the Non-Settling Insurer does not waive any excess claim and may seek affirmative recovery from the Survivors' Trust." Plan, § 8.4. But then Section 8.5 restricts Contribution Claims against the Survivors' Trust (as successor to the Debtor) to the "payment of a deductible or self-insured retention" only. See Plan, § 8.5. This means that, as a practical matter, Non-Settling Insurers' contribution claims against the Survivors' Trust for amounts beyond deductibles and SIRs are extinguished without consent—precisely the kind of nonconsensual third-party releases the Supreme Court rejected in Purdue.

And while Section 8.7 caps the Abuse Claimant's aggregate recovery from the Survivors' Trust and any Non-Settling Insurer at the total amount of the judgment, it does not provide the Non-Settling Insurers with an automatic, dollar-for-dollar judgment reduction for amounts already paid by the Survivors' Trust or any Settling Insurer. See Plan, § 8.7. Nor does Section 8.7 account for the Claim Enhancement payments, which can increase a Litigation Claimant's Trust distribution by up to 100%. *See* Plan, §§ 9.8.4.2-9.8.4.7.

Furthermore, if a Non-Settling Insurer asserts a Contribution Claim against the Survivors' Trust arising from or concerning a Settling Insurer's policies, the Settling Insurers' own Contribution Claims are transferred to the Survivors' Trust for assertion against the Non-Settling Insurer. *See* Plan, § 8.8.5. This provision affirmatively weaponizes the settlement framework

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against them. The Survivors' Trust becomes the sole party involved in addressing and resolving Contribution Claims. This converts the Survivors' Trust from a neutral claims-resolution body into an active adversary wielding the Settling Insurers' claims. This is inconsistent with the neutrality principles embraced by the Third Circuit in *BSA* and constitutes a use of the bankruptcy process "forbidden by law" under section 1129(a)(3).

L. The Proposed Confirmation Order Contains Improper Findings and Legal Conclusions That Must Be Removed

The Proposed Confirmation Order contains numerous factual findings and legal conclusions that go well beyond the Court's authority under the Bankruptcy Code.[28] Those findings and conclusions, set forth below, should be removed from the Proposed Confirmation Order.

1. The Proposed Confirmation Order's Good Faith Findings Go Beyond What is Permitted Under the Bankruptcy Code

First, the Proposed Confirmation Order contains good faith findings that exceed what is required under Section 1129(a)(3) or Section 1129(b), which provide that a court "shall confirm a plan only if . . . [t]he ***plan*** has been proposed in good faith and not by any means forbidden by law," 11 U.S.C. § 1129(a)(3) (emphasis added), and that the plan "is fair and equitable, with respect to each class of claims or interests that is impaired under, and has not accepted, the plan." *Id.* at § 1129(b). Key to these requirements is the word "***plan***." The only finding permitted or required under the plain language of Section 1129(a)(3) or Section 1129(b), in other words, is that the plan was proposed in good faith – not that ancillary documents were.

The Proposed Confirmation Order defines the term "Plan" to include the "Plan Supplement". (*See* Dkt. 2866-1, p. 3 of 27 at ¶ A.) The Proposed Confirmation Order goes on to say that the "Plan" (including the Plan Supplement) is "the product of extensive good-faith negotiations between and among a variety of constituents," (*id.*, p. 10 of 27 at ¶ 15); "was proposed

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[28] The relevant Proposed Confirmation Order provisions are included in Section 4, p. 90-102 of 102 of the Insurer Appendix.

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with the legitimate and honest purpose to reorganize" and "has been proposed in good faith," (*id.*, p. 11 of 27 at ¶ 21); "was not proposed by any means forbidden by law, and indeed, is in full compliance with the Bankruptcy Code and applicable non-bankruptcy law," (*id.*, p. 11 of 27 at ¶ 22); "satisfies the 'fair and equitable' requirement of § 1129(b)," (*id.*, p. 17 of 27 at ¶ 49); and "constitutes a good-faith compromise and settlement of any and all Claims and controversies resolved pursuant to the Plan," (*id.*, p. 21 of 27 at ¶ L). Elsewhere, the Proposed Confirmation Order makes ***direct*** findings about the Plan Supplement, including that the Survivors Trust Agreement and the identity and qualifications of the Survivors' Trustee and the Abuse Claims Reviewer "have been disclosed, have not been objected to by any Holders of Claims or other parties in interest, and are consistent with the best interests of the Abuse Claimants." (*Id*, p. 12 of 27 at ¶ 26.)

These overbroad factual findings relating to the Plan Supplement are simply not authorized by Section 1129(a)(3) or Section 1129(b) of the Bankruptcy Code and therefore should not be included within the Proposed Confirmation Order. *See BSA*, 642 B.R. at 632-33 (declining to make finding that trust distribution procedures were "proposed in good faith and are sufficient to satisfy the requirements of [S]ection 1129(a)(3) of the Bankruptcy Code"); *Diocese of Camden*, 653 B.R. at 360 (concluding that making a good faith finding with respect to accompanying plan documents was "not required to confirm a plan, and this Court declines to do so"). Moreover, these findings were not discussed in either the Plan or the Disclosure Statement. As such, "the Plan and Disclosure Statement failed to provide proper notice to interested parties that such a finding would be sought in the confirmation order" and "[i]t would be inequitable for the Court to now make such a determination when said parties have not had a proper chance to voice any concerns they may have." *In re Prime Cap. Ventures, LLC*, No. 24-11029, 2025 Bankr. LEXIS 779, at *18-19 (Bankr. N.D.N.Y. Mar. 28, 2025).

2. The Proposed Confirmation Order Improperly Waives the 14-Day Stay Under the Bankruptcy Code, Undermining the Appellate Rights of Other Parties

The Proposed Confirmation Order should also be revised because numerous provisions require the Plan to immediately take effect and become substantially consummated, potentially

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mooting any appeal. Specifically, the Proposed Confirmation Order waives the stay imposed by Bankruptcy Rules 3020(e) and 6004(h) "to permit the Debtor to consummate the Plan and commence implementation immediately after entry of this Confirmation Order." (*Id.*, p. 18 of 27 at ¶ 56, p. 25 of 27 at ¶ KK). The Plan further provides that on the Effective Date the Plan (including the Plan Supplement) "will be immediately effective and enforceable" and "will be deemed to be substantially consummated under §§ 1101 and 1127(b) of the Bankruptcy Code." (*Id.*, p. 25-26 of 27 at ¶¶ HH, LL). The Debtor has not and, indeed, cannot present any reason why the relevant Bankruptcy Rules in place to preserve appellate rights should be disregarded. Therefore, these provisions should be removed.

3. The Proposed Confirmation Order Contains Improper Factual Findings and Legal Conclusions Relating to the Settlement of Claims Against the Debtor

As previously discussed, the Plan does not constitute a settlement of claims against the Debtor under Bankruptcy Rule 9019.[29] Therefore, to the extent the Proposed Confirmation Order contains factual findings and legal conclusions under Bankruptcy Rule 9019 stating that the Plan, including the releases contained therein, "shall constitute a good faith compromise and settlement of all Claims, Causes of Action, and controversies resolved pursuant to the Plan," (*id.*, pp. 9-10 of 27 at ¶¶ 14, 16; *id.*, p. 21 of 27 at ¶ L), those provisions should be removed or modified.

4. The Proposed Confirmation Order Contains Unnecessary Legal Conclusions Relating to the Non-Settling Insurers

Finally, the Proposed Confirmation Order contains several provisions specific to Non-Settling Insurers that are unnecessary and potentially prejudicial in subsequent coverage litigation, including legal conclusions that "[t]he provisions of the Plan related to Non-Settling Insurers' Policies are approved in full," (*id.*, p. 21 of 27 at ¶ R); "the Insurance Assignment is made free and clear of all Claims, Liens, encumbrances, charges and other Interests, except for rights and defenses of the Non-Settling Insurers," (*id.*, p. 22 of 27 at ¶ V); and that the Non-Settling Insurers "reserve all rights under applicable non-bankruptcy law [but not bankruptcy law] as to the

29 *See supra* § III.J.

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allocation protocol," (*id.*, pp. 24-25 of 27 at ¶ Z). Each of these provisions discusses Non-Setting Insurers' Policies in a manner that is not required to be included within the Proposed Confirmation Order under the Bankruptcy Code, and therefore only serves to potentially prejudice the Non-Settling Insurers. Consequently, these provisions should be removed.

IV. CONCLUSION

WHEREFORE, the Certain Insurers respectfully request entry of an order sustaining this Objection, denying confirmation of the Plan, and granting such other and further relief as is just and right.

Respectfully submitted: May 13, 2026

By: */s/ Harris B. Winsberg*

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IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA
OAKLAND DIVISION

In re: THE ROMAN CATHOLIC BISHOP OF OAKLAND, a California corporation sole, Debtor.	Bankruptcy Case No. 23-40523 WJL Chapter 11 **APPENDIX TO CERTAIN INSURERS' JOINT OBJECTION TO CONFIRMATION OF THE DEBTOR'S MODIFIED FOURTH AMENDED PLAN DATED MARCH 27, 2026** Hearing Date: June 15, 2026 Time: 8:00 a.m. Pacific Time Place: U.S. Bankruptcy Court 1300 Clay Street, Courtroom 220 Oakland, California 94612

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Respectfully submitted: May 14, 2026

BY: */s/ Harris B. Winsberg*

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UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
OAKLAND DIVISION

In re: THE ROMAN CATHOLIC BISHOP OF OAKLAND, a California corporation sole, Debtor.	Case No. 23-40523 WJL Chapter 11 Judge: Hon. William J. Lafferty

DEBTOR'S MODIFIED FOURTH AMENDED PLAN OF REORGANIZATION

DATED MARCH 27, 2026

INTRODUCTION

This Modified Fourth Amended Plan of Reorganization, dated March 27, 2026 (as amended, modified or supplemented from time to time, the "**Plan**"),[1] is proposed by The Roman Catholic Bishop of Oakland, a California corporation sole, the debtor and debtor in possession (the "**Debtor**" or "**RCBO**") in the above-captioned chapter 11 bankruptcy case (the "**Chapter 11 Case**"). Holders of Claims (as those terms are defined below) may refer to the Disclosure Statement (defined below) for a summary and description of the Plan and a discussion of the Debtor's history, estate, assets, mission, operations, historical financial information and projections of future operations. The Debtor is the proponent of this Plan within the meaning of Section 1129 of title 11 of the United States Code, as amended from time to time and as in effect during the Chapter 11 Case (the "**Bankruptcy Code**").

The Debtor has concurrently filed a document comparing this Modified Fourth Amended Plan to the *Debtor's Fourth Amended Plan of Reorganization* dated February 20, 2026. All interested parties, including without limitation Holders of Claims, are urged to review that comparison to identify the amendments included in the Modified Fourth Amended Plan (as compared to the Fourth Amended Plan).

ARTICLE I

DEFINITIONS AND RULES OF INTERPRETATION

1.1. ***Definitions***. As used in this Plan, unless defined in the above Introduction or elsewhere in the Plan, capitalized terms shall have the meanings set forth in this Section 1.1. Any term not otherwise defined herein but defined in the Bankruptcy Code or the Federal Rules of Bankruptcy Procedure as amended from time to time and as in effect during the Chapter 11 Case (the "**Bankruptcy Rules**") will have the meaning given to that term in the Bankruptcy Code or the Bankruptcy Rules, as applicable. The following definitions apply in this Plan:

1.1.1. "**Abuse**" means sexual conduct or misconduct, sexual abuse or molestation, sexual exploitation, indecent assault and/or battery, rape, pedophilia, ephebophilia,

[1] For the avoidance of doubt, the terms "hereof" and/or "herein" as used in this Plan are references to this entire Plan.

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sexually related psychological or emotional harm, humiliation, anguish, shock, sickness, disease, disability, dysfunction, or intimidation, any other sexual misconduct or injury, contacts or interactions of a sexual nature, including the use of photography, video, or digital media, or other physical abuse or bullying without regard to whether such physical abuse or bullying is of a sexual nature, between a child and an adult, between a child and another child, or between a non-consenting adult and another adult, in each instance without regard to whether such activity involved explicit force, whether such activity involved genital or other physical contact, and whether there is or was any associated physical, psychological, or emotional harm to the child or non-consenting adult.

1.1.2. "**Abuse Claim**" means any Claim relating to, in whole or in part, directly or indirectly, an act of Abuse committed by any Person before the Effective Date for which the Debtor or any its agents, employees, or representatives is allegedly responsible. Except as otherwise provided herein, the term "Abuse Claim" includes Unknown Abuse Claims and Trust Claims but not Abuse Related Contribution Claims.

1.1.3. [Reserved].

1.1.4. "**Abuse Claimant**" means a Holder of an Abuse Claim.

1.1.5. "**Abuse Claims Reviewer**" means the Person chosen by the Committee to review Abuse Claims and allocate to each Allowed Abuse Claim a percentage of the Survivors' Trust recovery pool based on numerical scaling factors (but not based on alleged dollar value of the Claim), except for those Abuse Claims held by Abuse Claimants who have elected to receive an Immediate Payment, in accordance with the procedures set forth in the Survivors' Trust Documents. The identity of the Abuse Claims Reviewer shall be disclosed in a Plan Supplement.

1.1.6. "**Abuse Insurance Policies**" means any insurance policy alleged in the Coverage Action or in any Abuse Claim Litigation (as defined in Section 9.8.4 of the Plan) to provide insurance coverage for any Abuse Claim.

1.1.7. "**Abuse Related Contribution Claim**" means any Person's Claim against any other Person for contribution, indemnity, equitable indemnity, subrogation, or equitable subrogation, or reimbursement, or any other indirect or derivative recovery, arising because such

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Person has paid or defended against any Abuse Claim including but not limited to a Joint Tortfeasor or the like, but excluding any claim by an Insurer for contribution or similar relief.

1.1.8. "**Additional Distributions**" shall have the meaning ascribed to such term in Section 9.8.3.3 of this Plan.

1.1.9. "**Additional Reserves**" shall have the meaning ascribed to such term in Section 9.8.3.3 of this Plan.

1.1.10. "**Administrative Expense Claim**" means any right to payment constituting a cost or expense of administration of the Chapter 11 Case under Sections 503(b) and 507(a)(1) of the Bankruptcy Code, including, without limitation, any actual and necessary costs and expenses of preserving the Estate of the Debtor, any actual and necessary costs and expenses of the Debtor's operations, and any indebtedness or obligations incurred or assumed by the Debtor in connection with the conduct of its business, but not including Fee Claims, Cure Claims, or U.S. Trustee Fees. Administrative Expense Claims are further described in in Section 3.1 below.

1.1.11. "**Administrative Expense Claims Bar Date**" means the date that is 45 days after the Effective Date.

1.1.12. "**Adventus**" means a California nonprofit public benefit corporation by that name, separate and distinct from RCBO.

1.1.13. "**Affiliate**" shall have the meaning set forth in Section 101(2) of the Bankruptcy Code.

1.1.14. "**Allowed**" means, with respect to any Claim, except as otherwise provided herein: (a) a Claim that is evidenced by a Proof of Claim Filed by the applicable Claims Bar Date, (b) a Claim for which a Proof of Claim is or shall not be required to be Filed under the Plan, the Bankruptcy Code, or a Final Order of the Bankruptcy Court, (c) a Claim that is listed in the Schedules as not contingent, not unliquidated, and not disputed, and for which no Proof of Claim has been timely Filed, (d) a Claim Allowed pursuant to the Plan or a Final Order of the Bankruptcy Court; provided, however, that with respect to a Claim described in clauses (a), (b), and (c) above, such Claim shall be considered Allowed only if no objection to its allowance has been made before

the Claims Objection Deadline or within such time fixed by the Plan, the Bankruptcy Code, the Bankruptcy Rules, or the Bankruptcy Court (except with respect to a Trust Claim whose Holder elects the Litigation Option, in which case any such Trust Claim shall only be considered Allowed (i) following entry of a final judgment pursuant to a Final Order by a non-bankruptcy court of competent jurisdiction as set forth in the Plan, (ii) upon the effective date of any Insurance Settlement Agreement covering such Trust Claim for purposes of such settlement only, or (iii) upon the effective date of any settlement agreement between the Holder of such Trust Claim and one or more Non-Settling Insurers pursuant to or following which settlement such Holder reverts from the Litigation Option to the Distribution Option for purposes of the Distribution Option only). Notwithstanding the foregoing, pursuant to the Survivors' Trust Distribution Procedures, the Survivors' Trustee may deem any Abuse Claim filed after the Bar Date Allowed; provided, however, the Survivors' Trustee may not deem an Abuse Claim Allowed if such Abuse Claim has been Disallowed by order of the Bankruptcy Court.

1.1.15. "**Assigned Insurance Interests**" means all rights, claims, interests, benefits, responsibilities and obligations of the Debtor and RCWC (solely as to Released RCWC Claims) in the Non-Settling Insurer Policies that are assignable under applicable law and to the fullest extent assignable under applicable law, including, without limitation, Insurance Actions, subject to the terms hereof including without limitation Articles VIII and IX of the Plan and the provisions of the Plan concerning the Litigation Option.

1.1.16. "**Assumed Employee Benefit Plans**" means any written contracts, agreements, policies, programs, and plans (including any related trust or other funding vehicle) governing any obligations relating to compensation, reimbursement, indemnity, health care benefits, disability benefits, deferred compensation benefits, travel benefits, vacation and sick leave benefits, paid time off, savings, severance benefits, retirement benefits, welfare benefits, relocation programs, life insurance, and accidental death and dismemberment insurance, including written contracts, agreements, policies, programs, and plans for bonuses and other incentives or compensation for the current and former officers, employees, and priests, as applicable, of the Debtor, but excluding the

equivalent.

1.1.26. "**Cathedral Property**" means the parcel of real estate described on Schedule 1.1.26, owned as of the Petition Date by The Catholic Cathedral Corporation of the East Bay ("**CCCEB**").

1.1.27. "**Cause of Action**" means any action, claim, cause of action, controversy, demand, right, action, Lien, indemnity, guaranty, suit, obligation, liability, damage, judgment, account, defense, offset, power, privilege, license, and franchise of any kind or character whatsoever, whether known, unknown, contingent or non-contingent, matured or unmatured, suspected or unsuspected, liquidated or unliquidated, disputed or undisputed, secured or unsecured, assertable directly or derivatively, whether arising before, on, or after the Petition Date, in contract or in tort, in law, or in equity or pursuant to any other theory of law. For the avoidance of doubt, "Cause of Action" includes: (a) any right of setoff, counterclaim, or recoupment and any claim for breach of contract or for breach of duties imposed by law or in equity; (b) the right to object to Claims; (c) any Claim pursuant to Section 362 or Chapter 5 of the Bankruptcy Code; (d) any claim or defense including fraud, mistake, duress, and any other defenses set forth in Section 558 of the Bankruptcy Code; (e) any state or foreign law fraudulent transfer or similar claim; (f) any cause of action asserted by the Debtor in the Coverage Action; and (g) any cause of action described on the Debtor's Schedules or Statements of Financial Affairs.

1.1.28. "**CCCEB Note**" means that certain Promissory Note dated as of April 16, 2009, payable by CCCEB to the Debtor, as amended, modified, or restated including by that certain Amendment #1 to Promissory Note dated as of January 1, 2014, by and between the Debtor and CCCEB, and that certain Amendment #1 to Promissory Note dated as of February 1, 2017, by and between the Debtor and CCCEB.

1.1.29. "**CCCEB Settlement**" means the transaction described in Section 12.3 of the Plan, as set forth in the CCCEB Settlement Documents.

1.1.30. "**CCCEB Settlement Documents**" means all documents necessary to effectuate the CCCEB Settlement as of the Effective Date.

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1.1.31. "**Channeled Claim**" means any Claim, including without limitation an Abuse Claim, against a Released Party or any Settling Insurer arising from, in connection with, or related to an Abuse Claim, or any of the Abuse Insurance Policies issued by any Settling Insurers, including Abuse Related Contribution Claims, but not including (a) an Abuse Claim against any Person who personally committed an act or acts of Abuse resulting in a Claim against the Debtor or any Non-Debtor Catholic Entity or (b) any Claim (including any Abuse Claim) held by a Non-Settling Insurer against any Released Party other than the Debtor or the Reorganized Debtor.

1.1.32. "**Channeling Injunction**" means the injunction imposed pursuant to Section 13.11 of this Plan and the Confirmation Order.

1.1.33. "**Chapter 11 Case**" shall have the meaning ascribed to such term in the Introduction Section of this Plan.

1.1.34. "**Child Protection Protocols**" means the Child Protection Protocols for the Roman Catholic Bishop of Oakland, California to be implemented not later than the Effective Date, a copy of which is attached as Schedule 1.1.34.

1.1.35. "**Churches**" means the individual Catholic churches within the Diocese of Oakland, each of which is part of the corporation sole that is the Debtor, and each of which is listed on Schedule 1.1.35 attached hereto.

1.1.36. "**Claim**" shall have the meaning set forth in Section 101(5) of the Bankruptcy Code.

1.1.37. "**Claim Enhancement**" shall have the meaning ascribed to such term in Section 9.8.4.2 of this Plan.

1.1.38. "**Claims Bar Date**" means, including without limitation for Claims arising under Section 503(b)(9) of the Bankruptcy Code, and in accordance with the terms of the Bar Date Order, (i) for all Claims other than Claims of Governmental Units, September 11, 2023, at 5:00 p.m. Pacific Time, and (ii) for Claims of Governmental Units, November 6, 2023, at 5:00 p.m. Pacific Time.

1.1.39. "**Claims Objection Deadline**" means the deadline for objecting to a

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Claim, which shall be on the date that is the later of: (a) 12 months after the Effective Date, and (b) such other period of limitation as may be specifically fixed by the Debtor or the Reorganized Debtor, as applicable, or by an order of the Bankruptcy Court for objecting to such Claims. For the avoidance of doubt, the Claims Objection Deadline shall not apply to (a) the Survivors' Trustee as to objections to Abuse Claims, or (b) Non-Settling Insurers who agree to defend against an Abuse Claim asserted by any Abuse Claim Holder who elects the Litigation Option; *provided, however*, Non-Settling Insurers shall only assert objections and defenses to an Abuse Claim, other than those arising under the Bankruptcy Code, in the appropriate non-bankruptcy forum following the election of the Holder of such Abuse Claim of the Litigation Option as defined in Section 9.8.4 hereof.

1.1.40. "**Claims Register**" means the official register of Claims maintained by the Debtor or Reorganized Debtor, as applicable.

1.1.41. "**Class**" means a category of Holders of Claims as set forth in Section 2.3 of this Plan, under Section 1122(a) of the Bankruptcy Code.

1.1.42. "**Committee**" means the Official Committee of Unsecured Creditors appointed in the Chapter 11 Case on May 23, 2023.

1.1.43. "**Confirmation**" means the entry of the Confirmation Order on the docket of the Chapter 11 Case.

1.1.44. "**Confirmation Date**" means the date on which the Bankruptcy Court enters the Confirmation Order.

1.1.45. "**Confirmation Order**" means an Order of the Bankruptcy Court confirming the Plan under Section 1129 of the Bankruptcy Code.

1.1.46. "**Contribution**" shall have the meaning ascribed to such term in Section 8.4 of this Plan.

1.1.47. "**Coverage Action**" means the proceeding captioned *In re: The Roman Catholic Bishop of Oakland Insurance Adversary Proceeding Litigation*, Case Nos. 3:24-cv- 00709-JSC & 3:24-cv-00711-JSC (N.D. Cal.) and all adversary proceedings consolidated thereunder.

1.1.48. "**Creditor**" shall have the meaning set forth in Section 101(10) of the

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Bankruptcy Rule 8002; *provided, however*, that the possibility that a motion under Rule 60 of the Federal Rules of Civil Procedure, or any analogous rule under the Bankruptcy Rules, may be filed relating to such order shall not cause an order not to be a Final Order.

1.1.80. "**General Unsecured Claim**" means an Unsecured Claim that is not an Abuse Claim, Unknown Abuse Claim, or Non-Abuse Litigation Claim.

1.1.81. "**Governmental Unit**" shall have the meaning set forth in Section 101(27) of the Bankruptcy Code.

1.1.82. "***Hand***" means *Hand v. Farmers Ins. Exchange*, 23 Cal. App.4th 1847 (1994).

1.1.83. "**Holder**" means a Person or Entity with ownership or legal control of a Claim, including without limitation an Abuse Claim.

1.1.84. "**Immediate Payment**" means a one-time irrevocable and indefeasible distribution of $50,000 paid to an Abuse Claimant with an Allowed Abuse Claim who elects the Immediate Payment option from the Survivors' Trust without objection and on the terms and conditions set forth in this Plan.

1.1.85. "**Immediate Payment Election Deadline**" shall have the meaning ascribed to such term in Section 9.7 of this Plan.

1.1.86. "**Immediate Payment Notice**" means a notice to Holders of Abuse Claims informing them of their right to elect the Immediate Payment, and which may be signed and returned to the Survivors' Trustee to indicate the election of a Holder to receive the Immediate Payment in lieu of any further distributions.

1.1.87. "**Impaired**" means, with respect to a Class of Claims, a Class of Claims that is not Unimpaired.

1.1.88. "**Initial Debtor Contribution**" shall have the meaning ascribed to such term in Section 9.3.1 of this Plan.

1.1.89. "**Initial Determination**" shall have the meaning ascribed to such term in Section 9.8.1 of this Plan.

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1.1.90. "**Initial Distribution**" shall have the meaning ascribed to such term in Section 9.8.3.2 of this Plan.

1.1.91. "**Initial RCWC Contribution**" shall have the meaning ascribed to such term in Section 9.3.2.1 of this Plan.

1.1.92. "**Initial Reserve**" shall have the meaning ascribed to such term in Section 9.8.3.2 of this Plan.

1.1.93. "**Insurance Assignment**" means the transaction described in Section 8.1 of the Plan, subject to the terms of the Plan, the Abuse Insurance Policies, and applicable law.

1.1.94. "**Insurance Action**" means any Claim, Cause of Action, or right of the Debtor or another Released Party, excluding a Settling Insurer, under the laws of any jurisdiction, whether sounding in contract, tort, or otherwise (including equity and bad faith) against any Non-Settling Insurer, including but not limited to Claims asserted in the Coverage Action, arising from or related to: (a) any such Non-Settling Insurer's failure to provide coverage or otherwise pay under Abuse Insurance Coverage; (b) any conduct by any Non-Settling Insurer constituting "bad faith" conduct that could give rise to extra-contractual damages, or other wrongful conduct under applicable Law; (c) the refusal of any Non-Settling Insurer to compromise and settle any Abuse Claim under or pursuant to any Abuse Insurance Policy; (d) indemnity and payment of any Abuse Claim; (e) the interpretation or enforcement of the terms of any Abuse Insurance Policy with respect to any Abuse Claim; or (f) any other Claims under, arising out of or relating to an Abuse Insurance Policy or Abuse Insurance Coverage, including Claims asserted in the Insurance Coverage Action. The term "Insurance Action" includes any Claims against a Non-Settling Insurer for reimbursement of all unpaid defense costs or related expenses under any Non-Settling Insurer's Abuse Insurance Policy incurred by the Debtor; provided that the Debtor shall not be required to pay over to the Survivors' Trust any reimbursement of defense costs or related expenses received by the Debtor from an Insurer prior to the Effective Date. For the avoidance of doubt, no Claim, Cause of Action, or right of the Debtor or another Released Party, excluding a Settling Insurer, against any Settling Insurer shall be deemed an Insurance Action.

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1.1.136. "**RCWC Escrow**" means an escrow account administered pursuant to the terms of the RCWC Escrow Agreement by a third-party escrow agent who shall be identified in the RCWC Escrow Agreement (the "**RCWC Escrow Agent**"). For the avoidance of doubt, the RCWC Escrow Agent shall not be a Non-Debtor Catholic Entity.

1.1.137. "**RCWC Escrow Agreement**" means an escrow agreement between RCWC, the Survivors' Trustee, and the RCWC Escrow Agent, which shall be in substantially the form Filed with the Plan Supplement.

1.1.138. "**RCWC Release**" means a release, which shall become effective as provided in Section 9.3.2.3 hereof, in a form filed with the Plan Supplement and approved by the Bankruptcy Court in the Confirmation Order, by which a Holder of an Abuse Claim may consensually release RCWC, including its current and former directors, managers, officers, employees, predecessors, successors, assigns, managed accounts or funds, agents, advisory board members, financial advisors, partners, attorneys, accountants, investment bankers, consultants, and other professionals, of any and all claims that have been asserted or might be asserted by such Holder based on any conduct occurring before the Effective Date of the Plan.

1.1.139. "**Rejection Claim**" means a Claim for rejection damages arising out of the rejection of an Executory Contract or Unexpired Lease by the Debtor, whether the rejection occurs through an order of the Bankruptcy Court approving a motion to reject an Executory Contract or Unexpired Lease or through confirmation of this Plan or any other chapter 11 plan.

1.1.140. "**Rejection Claims Bar Date**" means, as to a particular Rejection Claim, the date that is the earlier of (a) sixty (60) calendar days following the entry of an order rejecting an Executory Contract or Unexpired Lease, the rejection of which gave rise to the Rejection Claim, or (b) thirty (30) days after entry of the Confirmation Order.

1.1.141. "**Released Parties**" means collectively: (a) the Debtor, (b) the Reorganized Debtor, (c) the Churches, none of whom are separately incorporated from the Debtor and whose releases under the Plan shall be one and the same as, and not separate from or in addition to, the releases of the Debtor and Reorganized Debtor and (d) with respect to each of the foregoing

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Persons and Entities in clauses (a) through (c), such Person and their, or such Entity and its, current and former directors, managers, officers, employees, predecessors, successors, assigns, managed accounts or funds, agents, advisory board members, financial advisors, partners, attorneys, accountants, investment bankers, consultants, and other professionals; *provided, however*, this term expressly excludes (i) any Person accused of committing a physical act of Abuse upon an Abuse Claimant or their predecessor(s)-in-interest, (ii) any Non-Debtor Catholic Entity (except that RCWC may receive the RCWC Release pursuant to Section 9.3.2 of the Plan) , and (iii) any Catholic diocese or archdiocese other than the Debtor or Reorganized Debtor. For the avoidance of doubt, RCWC shall not be deemed a Released Party hereunder, because each RCWC Release will be governed by its terms.

1.1.142. "**Released RCWC Claims**" means Abuse Claims the Holders of which have executed RCWC Releases and such Abuse Claims have been released pursuant to the terms hereof.

1.1.143. "**Releases**" means the release of any Claim or Cause of Action in favor of Released Parties as set forth in Section 13.8 of the Plan given by the persons or entities listed in subparagraphs (a) through (b) of this Section of the Plan (collectively, the "**Releasing Parties**"): (a) the Released Parties; and (b) with respect to each of the foregoing Persons and Entities in clause (a), such Person and their, or such Entity and its, current and former directors, managers, officers, employees, equity holders (regardless of whether such interests are held directly or indirectly), interest holders, predecessors, successors, and assigns, subsidiaries, affiliates, managed accounts or funds, and each of their respective current and former equity holders, officers, directors, managers, principals, shareholders, members, management companies, fund advisors, employees, agents, advisory board members, financial advisors, partners, attorneys, accountants, investment bankers, consultants, representatives, and other professionals. For the avoidance of doubt, (i) "Releasing Parties" excludes Non-Settling Insurers and (ii) Non-Settling Insurers are not giving any Releases to Released Parties under the Plan.

1.1.144. "**Reorganized Debtor**" means the Debtor upon the occurrence of the

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Section 9.1.3 of the Plan.

1.1.153. "**Survivors' Trust Agreement**" means the agreement establishing the Survivors' Trust in conformity with the provisions of the Plan approved in the Confirmation Order and entered into by the Reorganized Debtor on behalf of the Survivors' Trust Beneficiaries and the Survivors' Trustee on the Effective Date, pursuant to the terms of the Plan. A copy of the form of the Survivors' Trust Agreement shall be Filed with the Plan Supplement.

1.1.154. "**Survivors' Trust Assets**" means collectively, whether contributed on or after the Effective Date, and including all proceeds thereof, (i) the Debtor Cash Contribution, (ii) the RCWC Contribution (if any), (iii) any proceeds of Insurance Settlement Agreements realized by the Debtor (before the Effective Date) or the Survivors' Trust (after the Effective Date), (iv) the Assigned Insurance Interests, and (v) the Causes of Action asserted in the Restricted Assets Adversary Proceeding.

1.1.155. "**Survivors' Trust Beneficiaries**" means Holders of Allowed Class 4 and Class 5 Claims.

1.1.156. "**Survivors' Trust Distribution Plan**" means the plan and guidelines for distributing liquid assets of the Survivors' Trust to Abuse Claimants and Unknown Abuse Claims, the form of which shall be filed with the Plan Supplement.

1.1.157. "**Survivors' Trust Documents**" means all documents necessary to establish and administer the Survivors' Trust, including without limitation the Survivors' Trust Agreement and the Survivors' Trust Distribution Plan.

1.1.158. "**Survivors' Trustee**" means the Person appointed by the Bankruptcy Court as trustee of the Survivors' Trust in accordance with the terms of the Plan, the order confirming the Plan, and the Survivors' Trust Documents, or any of their successors.

1.1.159. "**Target Policy**" means any Insurance Policy issued by a Non-Settling Insurer that is alleged to afford insurance coverage for any Litigation Claim or whose carrier is alleged to be a defendant in any Insurance Action.

1.1.160. "**Tax Code**" means the Internal Revenue Code of 1986, as amended.

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to reject the Plan.

ARTICLE V

DISPUTED CLAIMS AND CLAIM DISTRIBUTIONS

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

5.2. ***Claims Objections.***

5.2.1. *Who May Object*. Subject to the terms of this Section 5.2 or further order of the Bankruptcy Court, any party in interest shall be entitled to object to Non-Abuse Claims to the extent permitted under Section 502(a) of the Bankruptcy Code, and the Holder of any Non-Abuse Claim to which an objection is made is entitled to assert their defenses to such objection.

5.2.2. *Objections to Abuse Claims*. All parties in interest reserve the right to object, in the Bankruptcy Court, to Abuse Claims pursuant to Section 502(a) of the Bankruptcy Code, and Abuse Claimants reserve their defenses to such objections, *provided, however*, that from and after the Effective Date, parties in interest other than the Survivors' Trustee, including without limitation the Non-Settling Insurers, may object to Abuse Claims in the Bankruptcy Court only based on any applicable defense arising under the Bankruptcy Code (including untimeliness and any injunction barring late or unfiled claims), and (i) any determinations of the dollar amount of liability for purposes other than Survivors' Trust Distributions, and any defense based upon non-bankruptcy law, shall be made in a court of competent jurisdiction as determined under applicable non-bankruptcy law, and (ii) all determinations regarding insurance coverage shall be made in a court of competent jurisdiction or such other venue as the affected parties (including without limitation any Non-Settling Insurer) may agree; further *provided, however*, the Non-Settling Insurers shall be entitled to defend against any Litigation Claim in the non-bankruptcy court system based upon any of the objections that could otherwise have been asserted in the Chapter 11 Case, as provided in Sections 1.1.39 and 4.4 hereof and Articles VIII and IX hereof. For the avoidance of doubt, any

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party in interest, including without limitation the Debtor and any Non-Settling Insurer, may File an objection to any Abuse Claim before the Effective Date, and, the Survivors' Trustee may object to Abuse Claims at any time in accordance with the Survivors' Trust Documents and on any grounds permissible thereunder.

5.2.3. *Time for Objections to Claims*. The Reorganized Debtor may File an objection to any Non-Abuse Claim at any time through the closing of the Chapter 11 Case. For all other parties in interest, an objection to a Claim must be Filed on or before the Claims Objection Deadline, provided that as set forth in Section 1.1.32 hereof, the Claims Objection Deadline does not apply to any Non-Settling Insurer who agrees to defend against any Abuse Claim Holder who elects the Litigation Option as set forth in Section 5.2.2 and Articles VIII and IX hereof, as to such defense in the appropriate non-bankruptcy forum. For the avoidance of doubt, the Claim Objection Deadline shall apply to any objection by a Non-Settling Insurer filed in the Bankruptcy Court.

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

5.3. ***Treatment of Disputed Claims***. Until such time as some or all of an unliquidated or contingent Claim becomes Allowed or is Disallowed, such Claim will be treated as a Disputed Claim for all purposes related to Plan distributions. No distribution shall be made on account of any Disputed Claim unless and until all objections to such Disputed Claim have been settled or withdrawn or have been determined by an order which has become a non-appealable order, and the Disputed Claim has become an Allowed Claim. In the event Disputed Claims in Class 2 or Class 3 have not been Allowed or Disallowed at the time of a distribution under the Plan, the Reorganized Debtor shall maintain a reasonable reserve for such Disputed Claims. The Reorganized Debtor shall not make a distribution of such reserved funds for a Disputed Claim in Class 2 or Class 3 until such Disputed Claim has been resolved by order of the Bankruptcy Court or compromise consistent with the terms of the Plan and the Bankruptcy Code. Distributions for Disputed Claims in Class 4 or Class 5 shall be as provided in the Survivors' Trust Distribution Plan and/or other Survivors' Trust Documents.

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change of address has been received; or (iv) the last known address reflected in the Debtor's books and records. Distributions to Abuse Claimants and Unknown Abuse Claimants from the Survivors' Trust Assets will be made in accordance with the Survivors' Trust Documents.

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

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

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

5.14. ***Additional Terms Regarding Class 4 and Class 5 Claims.*** Except as otherwise provided herein, terms for resolution of and distribution in connection with Abuse Claims in Class 4 or Class 5 shall be as provided in the Survivors' Trust Documents. For the avoidance of doubt, (i) any such Abuse Claimant shall not recover in the aggregate from the Survivors' Trust and any Non-Settling Insurer an amount greater than the amount of the judgment issued by the applicable court of competent jurisdiction on the underlying Abuse Claim, (ii) any such Abuse Claimant is not barred by this Section 5.14 from seeking extracontractual damages under the holding of ***Hand***, and (iii) all defenses and the rights of any Non-Settling Insurer to oppose any such claim by an Abuse Claimant under *Hand* are fully preserved, including that *Hand* is not a correct statement of

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applicable law and that it would not apply to any such asserted claim.

ARTICLE VI

VOTING ON THE PLAN

6.1. ***Voting Classes***. Only Holders of Claims in Classes 1, 3, 4, 5, and 6 are Impaired and entitled to vote to accept or reject the Plan. Class 2 Claims are Unimpaired, and the Holders of such Claims are presumed to accept the Plan. Class 7A and 7B Claims are Impaired, and Holders of such Claims are presumed to reject the Plan. A Class shall have accepted this Plan if this Plan is accepted by at least two-thirds in the aggregate dollar amount, and more than one-half in number of Holders, of the Allowed Claims of such Class that have voted to either accept or reject the Plan.

6.2. ***Elimination of Vacant Classes***. Any Class of Claims that does not have a Holder of an Allowed Claim or a Claim temporarily Allowed by the Bankruptcy Court for purposes of voting as of the date of the Confirmation Hearing shall be deemed eliminated from the Plan for purposes of voting to accept or reject the Plan and for purposes of determining acceptance or rejection of the Plan by such Class pursuant to Section 1129(a)(8) of the Bankruptcy Code.

6.3. ***Effect of Objections***. If an objection to a Claim is filed before the deadline established for voting on the Plan, the Holder of such Claim cannot vote and any Ballot submitted by such Holder shall not be counted unless the Bankruptcy Court, after notice and hearing, either overrules the objection or orders that the Claim be Allowed for voting purposes.

ARTICLE VII

EXECUTORY CONTRACTS AND UNEXPIRED LEASES

7.1. ***Prior Orders***. All orders of the Bankruptcy Court entered in the Chapter 11 Case authorizing the assumption or rejection of Executory Contracts or Unexpired Leases pursuant to Section 365 of the Bankruptcy Code are hereby ratified.

7.2. ***Assumption of Contracts and Unexpired Leases.***

7.2.1. *Contracts to be Assumed*. Entry of the Confirmation Order shall constitute approval, pursuant to Sections 365(a) and 1123 of the Bankruptcy Code, for the assumption of each Executory Contract assumed under this Section 7.2. Each Executory Contract assumed by the

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Debtor will re-vest 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 by applicable law.

7.2.2. *Employee Benefits*. On the Effective Date, all Assumed Employee Benefit Plans are deemed to be, and shall be treated as, Executory Contracts under this Plan, and shall be assumed as of the Effective Date. All outstanding payments which are accrued and unpaid as of the Effective Date pursuant to the Assumed Employee Benefit Plans shall be made by the Reorganized Debtor on the later of (i) the Effective Date, (ii) as soon as practicable thereafter, or (iii) when otherwise due under the applicable Assumed Employee Benefit Plan. Such assumption shall have the effect of curing and reinstating the rights of the employee beneficiaries and shall result in the full release and satisfaction of any Claims and Causes of Action against the Debtor or defaults by the Debtor arising under any Assumed Employee Benefit Plan at any time before the Effective Date. Any Proofs of Claim filed with respect to an Assumed Employee Benefit Plan shall be deemed Disallowed Claims and expunged, without further notice to or action, order, or approval of the Bankruptcy Court.

7.2.3. *Assumption of Other Contracts.* Except for any Executory Contract: (i) previously rejected by order of the Bankruptcy Court, (ii) subject to a pending motion to reject before the Bankruptcy Court, (iii) previously expired or terminated pursuant to its own terms, or (iv) treated otherwise under this Plan, each Executory Contract entered into by the Debtor prior to the Petition Date shall be assumed, unless and except as otherwise provided in the Plan, Confirmation Order, or Insurance Settlement Agreement.

7.2.4. *Executory Contract Cure Schedule*. If the Debtor assumes one or more Executory Contracts (excluding the Assumed Employee Benefit Plans), the Debtor may, but shall not be required to, file the Executory Contract Cure Schedule with the Plan Supplement.

7.2.5. *Cure Amount and Payment*. As to each assumed Executory Contract, unless an Assumption Objection is filed no later than the deadline set forth below, the cure amount required under Section 365(b)(l) of the Bankruptcy Code shall be the amount set forth on the Executory

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Contract Cure Schedule, as it may be amended from time to time prior to Confirmation, or no payment if such Executory Contract is not listed on the Executory Contract Cure Schedule (for the avoidance of doubt, unless a different amount is set forth on the Executory Contract Cure Schedule, the Debtor contends that no cure payment is required). Such payment shall be made by the Debtor in full in Cash on the later of the Effective Date or when any Assumption Objection regarding the cure amount for the applicable Executory Contract is resolved by the Bankruptcy Court, or on such other terms as the parties to each such Executory Contract may otherwise agree.

7.2.6. *Objections to Assumption and Cure*. Any Person who (i) is a party to an Executory Contract assumed under the Plan and (ii) objects to assumption or the cure amount, must File an Assumption Objection with the Bankruptcy Court and serve the same upon interested parties. An Assumption Objection shall be accompanied by a declaration or other sufficient evidence setting forth the basis for any objection to assumption of that party's Executory Contract or Unexpired Lease, including without limitation as to the cure amount, on or before the later of: (i) the deadline set for filing of objections to confirmation of the Plan, or (ii) seven (7) days after the filing of the Executory Contract Cure Schedule (or any amendment thereto affecting such executory contract). Any Entity that fails to timely file and serve an Assumption Objection will be deemed to waive any and all objections to the proposed assumption of its Executory Contract. A hearing on the Assumption Objections will take place at the hearing on Confirmation, or as soon thereafter as the Bankruptcy Court is available.

7.3. ***Rejection of CCCEB Lease***. In connection with and contingent upon the execution of the CCCEB Settlement, the Unexpired Lease between the Debtor and CCCEB in effect as of the Petition Date, together with any other contracts or agreements between the Debtor and CCCEB related to use or possession of the Cathedral Property, shall be rejected as of the Effective Date.

7.4. ***Rejection of Contracts.***

7.4.1. *Rejected Contracts*. Any Executory Contract or Unexpired Lease listed in the Executory Contract Rejection Schedule shall be rejected as of the Effective Date. Entry of the Confirmation Order shall constitute the approval, pursuant to Section 365(a) of the Bankruptcy

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Code, of the rejection of such Executory Contracts and Unexpired Leases pursuant to the provisions of the Plan.

7.4.2. *Bar Date for Rejection Claims*. Any Claim arising out of the rejection of an Executory Contract or Unexpired Lease shall be a Disallowed Claim and forever barred and shall not be enforceable against the Debtor, the Reorganized Debtor, the Estate, or the Survivors' Trust and shall not be entitled to any distribution under the Plan, unless a Proof of Claim for such rejection Claim is filed and served on the Reorganized Debtor within twenty-one (21) days after the later of (a) the entry of an order of the Bankruptcy Court approving the rejection of the Executory Contract or Unexpired Lease or (b) the Confirmation Date; *provided* that nothing contained in this Plan shall extend any deadline previously approved by the Bankruptcy Court for a Person to file a Proof of Claim with respect to any Executory Contract or Unexpired Lease previously rejected in the Chapter 11 Case.

7.4.3. *Treatment of Rejection Claims*. Any Claim arising from the rejection of an Executory Contract or Unexpired Lease shall be classified and treated as a Class 3 General Unsecured Claim against the Debtor.

ARTICLE VIII

INSURANCE ASSIGNMENT AND OTHER INSURANCE MATTERS

8.1. ***The Insurance Assignment***. Subject to the rights of the Non-Settling Insurers set forth herein, including Sections 8.2 and 8.3 of this Plan, in addition to the Debtor Cash Contribution and contributions from RCWC being paid to the Survivors' Trust through the RCWC Escrow, the Assigned Insurance Interests shall be automatically and without further act or deed assigned and transferred to the Survivors' Trust on the Effective Date (the "**Insurance Assignment**") and the Insurance Assignment shall become effective. The Insurance Assignment shall not be construed as an assignment of the Non-Settling Insurer Policies but rather an assignment of the Debtor's and RCWC's (but solely as to Released RCWC Claims) rights and interests in the Non-Settling Insurer Policies for Abuse Claimants and the Survivors' Trust, as applicable, to directly receive proceeds and remedies for Insurance Actions available under the Non-Settling Insurers' Abuse Insurance

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Policies, notwithstanding any anti-assignment provision in or incorporated into any such Abuse Insurance Policy. Any rights, claims, interests, and benefits of the Debtor in the Non-Settling Insurer Policies, and any Claims of the Debtor against the California Insurance Guarantee Association, that are not assignable as a matter of law shall be retained by the Debtor to the fullest extent possible under applicable law. Upon the assignment of the Assigned Insurance Interests to the Survivors' Trust, an Abuse Claimant shall have the right to either (i) elect to receive the Immediate Payment under Section 9.7 hereof, or (ii) receive a distribution of the Abuse Claimant's individual allocable shares of contributions to the Survivors' Trust, pursue all available insurance coverage and remedies for Insurance Actions under the Non-Settling Insurer Policies pursuant to, and in accordance with, applicable law and the terms of the Non-Settling Insurer Policies, or both, all as set forth in Article IX hereof. Upon the assignment of the Assigned Insurance Interests to the Survivors' Trust, recourse to the Released Parties shall be limited to the Assigned Insurance Interests and any other rights or interests expressly granted to the Survivors' Trust under this Plan. In furtherance of the Insurance Assignment:

8.1.1. The Insurance Assignment is made free and clear of all Claims, Liens, encumbrances, or Causes of Action of any nature whatsoever pursuant to Section 363(f) of the Bankruptcy Code, except for rights and defenses of the Non-Settling Insurers, including available limits of liability for coverage of certain types of claims under one or more of the Abuse Insurance Policies that may have been reduced by certain prepetition payments made by an Insurer under any of the Abuse Insurance Policies.

8.1.2. The Survivors' Trust shall be solely responsible for satisfying, to the extent required under applicable law or the Abuse Insurance Policies, any premiums, deductibles, self-insured retentions, and fronting obligations arising in any way out of any and all Abuse Claims.

8.1.3. Upon the effectiveness of the Insurance Assignment, the Survivors' Trust shall have whatever obligations, if any, that exist under the Abuse Insurance Policies under applicable law, including without limitation all notice obligations required under the Abuse Insurance Policies and applicable law pertaining to Abuse Claims; *provided*, *however*, that the

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Survivors' Trust's assumption of such responsibility shall not relieve the Debtor, the Reorganized Debtor or the Released Parties from their respective obligations under the Abuse Insurance Policies as provided herein.

8.1.4. The Insurance Assignment is absolute upon entry of the Confirmation Order, and conditioned upon the occurrence of the Effective Date, and requires no further action by the Released Parties, the Survivors' Trust, the Bankruptcy Court, the Non-Settling Insurers, or any other Entity.

8.1.5. The Insurance Assignment shall be governed by, and construed in accordance with, the Bankruptcy Code and the laws of the state of California, without regard to conflict of law principles.

8.1.6. Subject to the terms hereof, the Insurance Assignment shall be effective to the maximum extent permissible under applicable law and the terms of the Abuse Insurance Policies.

8.2. ***Insurance Coverage for Abuse Claims.***

8.2.1. As set forth in Article IX of this Plan, Abuse Claimants who do not elect to receive an Immediate Payment may elect the Litigation Option (defined in Section 9.8.4 herein). An Abuse Claimant may only litigate coverage of such Holder's Abuse Claim under the Non-Settling Insurer's Abuse Insurance Policy(ies) by electing the Litigation Option. Only the applicable Abuse Claimant may seek recovery for such Abuse Claim against a Non-Settling Insurer pursuant to an Abuse Insurance Policy issued by such Non-Settling Insurer and the Insurance Assignment to the Survivor's Trust is subject to the exclusive rights of such Holders.

8.2.2. After Confirmation, any Abuse Claimant who elects the Litigation Option, i.e. to pursue the Holder's Claim in the non-bankruptcy court system against the Debtor as a nominal party only or (only to the extent permitted under applicable non-bankruptcy law) a Non-Settling Insurer, solely for the purpose of recovering from one or more Non-Settling Insurers under their respective Insurance Policies, shall be granted leave to pursue such Claim by filing in the Chapter 11 Case a written statement of intent to do so by electing the Litigation Option (which may be filed under a pseudonym if the claimant's name has not been previously publicly identified, *provided* that

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(i) the notice otherwise adequately identifies the relevant Claim including the case number for the pending litigation and (ii) the claimant or his or her counsel notifies the Non-Settling Insurers of the claimant's actual name). After the expiration of ninety (90) days following the filing of such written statement, such Abuse Claimant may continue to pursue such Claim in a separate action filed in a non-bankruptcy court of competent jurisdiction as determined by applicable law, solely to seek a recovery from Abuse Insurance Policies. Affected Non-Settling Insurers shall have the right (and the obligation, to the extent so provided under their respective Abuse Insurance Policy(ies)), to defend such Claim, consistent with the terms of their Abuse Insurance Policies and applicable non-bankruptcy law. Such affected Non-Settling Insurers are also granted leave to defend against Abuse Claims and take other actions authorized in their respective Abuse Insurance Policies in response to Abuse Claims, including paying settlements to which the affected Non-Settling Insurers agree or any judgments. The Debtor (including the Estate and the Reorganized Debtor) and the Survivors' Trust will cooperate in the defense of any such claim to the extent provided under the applicable Abuse Insurance Policy or Policies and as requested by an affected Non-Settling Insurer. Nothing in this Section 8.2.2 shall diminish or alter the rights of an Abuse Claimant who elects the Litigation Option to receive a distribution from the Survivors' Trust pursuant to Section 9.8.4 herein.

8.2.3. If an Abuse Claimant elects the Litigation Option then, among other things, (i) the rights of affected Non-Settling Insurers to defend or associate in the defense of such Abuse Claim shall be fully preserved so that a Non-Settling Insurer who has offered to, or has an obligation to, defend may do so, and (ii) the rights of affected Non-Settling Insurers to assert all rights, claims and coverage defenses in any insurance recovery action (under Cal. Ins. Code § 11580 or otherwise) shall also be fully preserved. In any such insurance recovery action (under Cal. Ins. Code § 11580 or otherwise), Abuse Claimants shall have no greater or lesser rights than the Debtor, including as to any findings of fact, conclusions of law, or rulings issued in connection with the Coverage Action or any other coverage litigation between the Debtor or the Survivors' Trust and any of the Insurers. If any Non-Settling Insurer elects not to defend an Abuse Claim in the non-bankruptcy court system after receiving proper notice and opportunity to do so, the Abuse Claimant shall be entitled to seek

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a default judgment against the Debtor as nominal party only, solely to allow such Abuse Claimant to then pursue insurance rights under Cal. Ins. Code § 11580 in accordance with the provisions in the Plan.

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

8.3. ***Preservation of the Rights of Non-Settling Insurers.***

8.3.1. With respect to Non-Settling Insurers, nothing in the Plan, the Plan Documents, the Confirmation Order, or the Survivors' Trust Documents, including any provision that purports to be preemptory or supervening, shall in any way operate to, or have the effect of, impairing, altering, supplementing, changing, expanding, decreasing, or modifying (i) the terms and conditions of an Abuse Insurance Policy, (ii) the rights and obligations of the Debtor, its Estate or the Reorganized Debtor and any Non-Settling Insurers (and third-party claims administrators) under the Abuse Insurance Policies, or (iii) the coverage or benefits provided under the Abuse Insurance Policies.

8.3.2. With respect to the Non-Settling Insurers, notwithstanding any provision in the Plan, the Plan Documents, the Confirmation Order, or the Survivors' Trust Documents, nothing contained in any such documents or in this paragraph shall impose, or shall be deemed or construed to impose, any obligation on any Non-Settling Insurer to provide a defense for, settle, or pay any judgment with respect to, any Abuse Claim. Rather, a Non-Settling Insurer's obligations, if any, with respect to an Abuse Claim shall be determined solely by and in accordance with the applicable Abuse Insurance Policy or Abuse Insurance Policies issued by that Non-Settling Insurer subject to applicable non-bankruptcy law. Nothing in the Plan, the Plan Documents, the Confirmation Order, or the Survivors' Trust Documents shall diminish or impair, or be deemed to

diminish or impair, the rights of any Non-Settling Insurer to defend any Abuse Claim or to assert any claim, defense, right, or counterclaim in connection with any Abuse Claim or Abuse Insurance Policy in accordance with applicable law; *provided, however*, that any claim or counterclaim for Contribution against a Settling Insurer shall be addressed as provided herein.

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

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

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

8.3.6. The determination of, qualification and estimation of Claims, and the payment of Survivors' Trust distributionsis not an admission of liability by the Debtor or Reorganized Debtor (as applicable), any Non-Settling Insurer, the Survivors' Trust, or any other Person with respect to any Abuse Claims and has no *res judicata* or collateral estoppel effect on any

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Non-Settling Insurer, the Debtor, the Survivors' Trust, or any other Person, except that such determination may be introduced for the limited purpose of establishing the amount of any credit to which the Debtor (as a nominal party) or the Survivors' Trust may be entitled to offset any verdict in favor of an Abuse Claimant.

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

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

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(g) constitute a finding or determination (or be introduced to support a finding or determination) that any Insurer has any defense or indemnity obligation with respect to any Claim or Abuse Claim, or (h) constitute a finding or determination (or be introduced to support a finding or determination) on any matter at issue or which may be raised as an issue in any action, including the Coverage Action. In addition, no payment made in accordance with the Plan shall be, or be deemed to be, a waiver of any rights of any Non-Settling Insurer under any Abuse Insurance Policy.

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

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

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(including the Non-Settling Insurer(s)) may agree.

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

8.3.12. Any Non-Settling Insurer's legal, equitable, or contractual rights and obligations relating to the Abuse Insurance Policies issued by such Non-Settling Insurer shall be determined under applicable non-bankruptcy law. Nothing in the Plan shall be construed to impair or diminish the Debtor's or any Non-Settling Insurer's legal, equitable, or contractual rights or obligations under any Abuse Insurance Policy including, but not limited to, the ability to negotiate resolution of any dispute. The Non-Settling Insurers reserve (and expressly do not waive) all policy defenses and Claims, including without limitation all rights and defenses concerning cooperation, offsets, recoupments, deductions, deductibles, self-insured retentions, and all rights and defenses provided in their policies. The Non-Settling Insurers also reserve all objections to any Abuse Claim available to a party of interest in this Chapter 11 Case and any such objections are preserved and may be asserted by Non-Settling Insurers as a defense to coverage in Abuse Claim Litigation commenced by a Litigation Claimant. For the avoidance of doubt, nothing herein shall restrict the Survivors' Trust from resolving or making a distribution on account of any Abuse Claims without the consent of any Non-Settling Insurer.

8.3.13. Except as expressly stated herein, any coverage issues involving the Non-Settling Insurers or the Abuse Insurance Policies issued by the Non-Settling Insurers shall be determined in accordance with applicable non-bankruptcy law. All positions and arguments with respect to available coverage under such Abuse Insurance Polices shall be fully preserved for assertion by the Non-Settling Insurers and the Abuse Claimants in any litigation of coverage issues. Subject to the terms of the Plan, each Non-Settling Insurer and each Abuse Claimant reserves their rights, if any, to (i) bring proceedings concerning the application and interpretation of the terms of the Abuse Insurance Policies and rights thereunder, as well as whether defense and/or indemnity are owed under the Abuse Insurance Policies, and (ii) oppose any such proceeding commenced by any

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other Person or Entity in any court of appropriate jurisdiction as determined under applicable non-bankruptcy law; *provided, however*, because the Debtor will have received a discharge under the Plan, any effort to collect from Abuse Insurance Policies issued by the Non-Settling Insurers to satisfy an Abuse Claim after Confirmation of the Plan shall be sought individually by the applicable Abuse Claimant after such Abuse Claimant's Abuse Claim has been liquidated as provided herein. Any disputes regarding a Non-Settling Insurer's liability for Abuse Claims (after such Abuse Claim has been liquidated under the provisions set forth above) and/or coverage therefor under Abuse Insurance Policies shall be resolved under applicable non-bankruptcy law in a court of competent jurisdiction or such other venue as the affected parties (including the Non-Settling Insurer(s)) may agree.

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

8.3.15. The foregoing provisions of Section 8.3 hereof shall be incorporated into the Confirmation Order.

8.4. ***Scope of Plan Injunctions***. Any injunction under the Plan or Confirmation Order shall not enjoin a Non-Settling Insurer's right to assert any Claims against the Survivors' Trust for contribution, subrogation, indemnification, reimbursement, or other similar Causes of Action (collectively, "**Contribution**") for any Settling Insurer's alleged share or equitable share relating to the defense and/or indemnity obligation for any Abuse Claim, or for any Cause of Action released in any Insurance Settlement Agreements. If a Non-Settling Insurer asserts it has (a) Contribution Claims directly or indirectly arising out of or in any way relating to such Non-Settling Insurer's

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payment of loss on behalf of the Debtor or defense expenses incurred in any action that should have been paid by or are otherwise attributable to a Settling Insurer related to any Abuse Claim or (b) rights to recover any self-insured retentions/obligations and/or deductibles (collectively, "**Payment Obligations**") in connection with its payment of defense and/or indemnity related to an Abuse Claim, then (x) such Contribution Claims or Payment Obligations may be asserted as a setoff, defense, or counterclaim against any Abuse Claimant and/or the Survivors' Trust in any insurance action or insurance recovery action (under Cal. Ins. Code § 11580 or otherwise) involving such Non-Settling Insurer and (y) to the extent such Contribution Claims or Payment Obligations are determined to be valid, the liability (if any) of such Non-Settling Insurer to the Holder of the Abuse Claim or the Survivors' Trust shall be reduced by the amount of such Contribution Claims or Payment Obligations, *provided* that if any such Contribution Claim exceeds the liability of such Non-Settling Insurer to the Survivors' Trust, the Non-Settling Insurer does not waive any excess claim and may seek affirmative recovery from the Survivors' Trust. To the extent payment of a self-insured retention is a condition to a Non-Settling Insurer's obligation to provide defense or indemnity under applicable non-bankruptcy law and the Non-Settling Insurer's applicable insurance policies, the failure of the Survivors' Trust to pay such self-insured retention to the Non- Settling Insurer shall result in the Non-Settling Insurer having the right to argue that such failure of payment is a complete defense to any claim for coverage by the Non-Settling Insurer to, or related to, any claim for recovery of insurance from the Non-Settling Insurer.

8.5. ***Non-Settling Insurers' Contribution Claims Against Settling Insurers.*** In any action, including the Coverage Action, involving an Abuse Claimant and one or more Non-Settling Insurers, where a Non-Settling Insurer has asserted, asserts, or could assert any Contribution Claim against any of the Settling Insurers or the Survivors' Trust, and such Contribution Claims are determined by the court presiding over such Claims to be valid, then any judgment or award obtained against such Non-Settling Insurer by such Abuse Claimant shall be automatically reduced by the amount, if any, that the Survivors' Trust or any of the Settling Insurers is liable to pay such Non-Settling Insurer as a result of the Non-Settling Insurer's Contribution Claim, so that the Contribution

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Claim is thereby satisfied and extinguished; *provided, however*, that, as against the Survivors' Trust (as successor to the Debtor), a Non-Settling Insurer may only assert any such Contribution Claim for the payment of a deductible or self-insured retention. The Settling Insurers shall be required to cooperate in good faith with the Debtor, the Reorganized Debtor, and/or the Survivors' Trust to take commercially reasonable steps to defend against any Contribution Claim by a Non-Settling Insurer.

8.6. ***Cooperation***. The Survivors' Trust and the Debtor (including the Estate and the Reorganized Debtor) shall have the obligation as provided in the Abuse Insurance Policies to cooperate with the Non-Settling Insurers with respect to the investigation and defense of Abuse Claims pursuant to the terms of the Non-Settling Insurers' respective Abuse Insurance Policies, including with respect to preserving any documents relevant to liability or coverage disputes, making documents and witnesses available to the Non-Settling Insurers concerning such disputes, and maintaining privilege with regard to the defense. The Reorganized Debtor and its agents will not voluntarily waive any privilege under non-bankruptcy law applicable to documents or communications related to alleged Abuse Claims (collectively, "**Privileged Communications**"). Without limiting the generality of the foregoing, neither the Reorganized Debtor nor its agents shall provide the Survivors' Trust or any Abuse Claimant with any Privileged Communications, absent the express consent of all affected Non-Settling Insurers or a court order compelling such a production. The Reorganized Debtor shall provide prompt notice of any requests and/or motions to compel disclosure of Privileged Communications and cooperate with affected Insurers with respect to the same. The Non-Settling Insurers reserve all coverage defenses with respect to any current or future failure to cooperate. The Debtor and the Survivors' Trust reserve all rights under the applicable Abuse Insurance Policies of the Non-Settling Insurers. The terms of the Plan (including Articles VIII and IX hereof) constitute a voluntary agreement by the Non-Settling Insurers to the Insurance Assignment, and such terms shall not be deemed to be an involuntary order to that effect.

8.7. ***Reductions In Non-Settling Insurers' Liability***. No Abuse Claimant who elects the Litigation Option shall recover in the aggregate from the Survivors' Trust and any Non-Settling Insurer an amount greater than the total amount of the judgment entered by the applicable court of

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competent jurisdiction on such Holder's underlying Abuse Claim, subject to the terms of Section 5.14 herein. A Non-Settling Insurer shall have all rights available under non-bankruptcy law to assert, seek, and enforce any right to offset, recoup, or otherwise reduce its liability on any such entered judgment, including without limitation all rights available under non-bankruptcy law to assert, seek, and recover on such claims against the Survivors' Trust. For the avoidance of doubt, such Abuse Claimant is not barred by this Section 8.7 from seeking extracontractual damages under the *Hand* holding, and all defenses and the rights of any Non-Settling Insurer to oppose any such claim by an Abuse Claimant under *Hand* are fully preserved, including without limitation that *Hand* is not a correct statement of applicable law and that it would not apply to any such asserted claim.

8.8. ***Settling Insurers***.

8.8.1. *Pre-Confirmation Insurance Settlement Agreements.* If, before Confirmation, an Insurer enters into an Insurance Settlement Agreement with the Debtor under which the Insurer becomes a Settling Insurer hereunder upon entry of the Confirmation Order, the Debtor shall file with the Plan Supplement any provisions required by the proposed Settling Insurer, and agreed to by the Debtor, to be made a part of this Plan. Any such provisions set forth in the Plan Supplement shall be deemed incorporated into this Section as part of the Plan. Any Insurer that becomes a Settling Insurer shall receive the treatment as may be provided in any Insurer Settlement Agreement approved by a Final Order. Each Insurance Settlement Agreement is effective and binding upon all Persons who have notice, and any of the foregoing Persons' successors and assigns, upon the entry of a Final Order approving the Insurance Settlement Agreement and satisfaction of all conditions precedent, provided that such Insurance Settlement Agreement shall not affect the rights of any remaining Non-Settling Insurers. All payments by a Settling Insurer shall occur, and all releases contained in an Insurance Settlement Agreement shall be effective, according to the terms of each such agreement unless otherwise ordered by the Bankruptcy Court. Any court-approved pre-Confirmation Insurance Settlement Agreements shall survive the Confirmation and the Effective Date.

8.8.2. *Terms.* The rights of the parties under any Insurance Settlement Agreement

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shall be determined exclusively under the applicable Insurance Settlement Agreement and those provisions of the Final Order approving such Insurance Settlement Agreement, the Plan, and the Confirmation Order.

8.8.3. *Sale Free and Clear*. Each Settling Insurer Abuse Insurance Policy shall be sold to the issuing Settling Insurer, pursuant to Sections 105, 363, and 1123 of the Bankruptcy Code, free and clear of all Liens and Claims of all Persons, to the extent provided for in each applicable Insurance Settlement Agreement, *provided* that such sale shall not affect the rights of any remaining Non-Settling Insurers.

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

8.8.5. *Contribution Claims of Settling Insurers.* Each Settling Insurer agrees that it will not pursue any Abuse Related Contribution Claim that it might have against any other Insurer (a) whose Contribution Claim against Settling Insurers is satisfied and extinguished entirely; or (b) that does not make an Abuse Related Contribution Claim against the Settling Insurer, or any of them. If, in the future, a Non-Settling Insurer releases its Abuse Related Contribution Claims, if any such exist, that it may have against the Settling Insurers, then such released Settling Insurer shall release its Abuse Related Contribution Claims against such releasing Insurer. If any Non-Settling Insurer asserts a Claim directly against the Survivors' Trust arising from or concerning one or more Settling Insurers' Abuse Insurance Policies, any Abuse Related Contribution Claim of the Settling Insurers shall be transferred to the Survivors' Trust, and the Survivors' Trust shall be authorized to assert the Contribution Claims of such Settling Insurer against such Non-Settling Insurer.

8.9. ***The Coverage Action.*** On the Effective Date, claims asserted in the Coverage Action other than claims constituting Debtor Extracontractual Insurance Actions shall be dismissed without prejudice to (a) any Holder of an Abuse Claim to elect the Litigation Option as provided herein and

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pursue an Insurance Action, subject to Section 9.8.4 hereof, and (b) the Survivors' Trust to pursue an Insurance Settlement Agreement with any Non-Settling Insurer on or after the Effective Date or to pursue any Debtor Extracontractual Insurance Actions, including without limitation Extracontractual Insurance Actions the Debtor asserted in the Coverage Action. On or promptly after the Effective Date, the Survivor's Trust shall be substituted as plaintiff in the Coverage Action for purposes of asserting Debtor Extracontractual Insurance Actions. The Holder of an Abuse Claim electing the Litigation Option and the Survivors' Trust, as applicable, shall have all rights of the Debtor to pursue recoveries against any Non-Settling Insurer; *provided*, *however*, any such Non-Settling Insurer shall have all defenses and Claims available under its Non-Settling Insurance Policy(ies) and may assert any defense or objection to any such Claim a party in interest could have asserted under the Bankruptcy Code or an order of the Bankruptcy Court in the Chapter 11 Case. For the avoidance of doubt, the Survivors' Trust shall have no right to pursue recoveries in the Coverage Action against any Settling Insurer.

ARTICLE IX

THE SURVIVORS' TRUST

9.1. ***Creation of the Survivors' Trust, Appointment of Survivors' Trustee, and Survivors' Trust Advisory Committee***.

9.1.1. *Establishment and Purpose of the Survivors' Trust.* On the Effective Date, the Survivors' Trust shall be established in accordance with the Survivors' Trust Documents. The Survivors' Trust will, upon its creation, and without limitation: (1) assume liability for all Abuse Claims, including without limitation Unknown Abuse Claims, against the Debtor, RCWC (but solely as to Released RCWC Claims), and any Settling Insurers; and (2) receive, hold, administer, liquidate, and distribute the Survivors' Trust Assets in accordance with this Plan and the Survivors' Trust Documents. The Survivors' Trust shall administer, process, settle, resolve, liquidate, satisfy, and make Trust Distributions in such a way that Abuse Claimants are treated equitably and in a substantially similar manner, subject to the applicable terms of the Plan Documents and the Survivors' Trust Documents. From and after the Effective Date, (x) the Abuse Claims and Unknown

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Abuse Claims against the Debtor, (y) the Released RCWC Claims, and (z) Insurance Actions against any Settling Insurer in connection with such Claims, shall be channeled to the Survivors' Trust pursuant to the Channeling Injunction set forth in Section 13.11 of the Plan and may be asserted only and exclusively against the Survivors' Trust, subject to the right of Litigation Claimants to name the Debtor and/or RCWC (but solely as to Released RCWC Claims) as a nominal defendant as provided in the Plan. The Survivors' Trust shall have no liability for Non-Abuse Litigation Claims. Holders of Non-Abuse Litigation Claims shall have no recourse to the Survivors' Trust with respect to such Claims.

9.1.2. *Qualified Settlement Fund.* The Survivors' Trust is intended to qualify as a "qualified settlement fund" pursuant to Section 468B of the Tax Code and the regulations promulgated thereunder (the "**Treasury Regulations**"). The Debtor shall be the "transferor" within the meaning of Treasury Regulation Section 1.468B-1(d)(1). The Survivors' Trustee shall be the "administrator" of the Survivors' Trust within the meaning of Treasury Regulation Section 1.468B-2(k)(3).

9.1.3. *Survivors' Trust Advisory Committee.* The Plan and Trust Agreement provide for the creation of a Survivors' Trust Advisory Committee, which shall initially consist of those members of the Committee, or their designees, who agree to serve on the Survivors' Trust Advisory Committee. The members of the Survivors' Trust Advisory Committee shall have only such limited rights, duties and powers as set forth in the Plan and Survivors' Trust Agreement. The process for appointing replacement members of the Survivors' Trust Advisory Committee shall be provided in the Survivors' Trust Agreement. Upon termination of the Survivors' Trust, or as otherwise provided in the Survivors' Trust Agreement, the Survivors' Trust Advisory Committee shall be deemed dissolved and discharged of and from all further authority, duties, responsibilities, and obligations with respect to or in connection with the Survivors' Trust and the Chapter 11 Case. Except for the reimbursement of reasonable actual costs and expenses incurred in connection with their duties as members of the Survivors' Trust Advisory Committee, the members of the Survivors' Trust Advisory Committee shall serve without compensation. Reasonable expenses incurred by

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members of the Survivors' Trust Advisory Committee shall be promptly paid by the Survivors' Trust without need for approval of the Bankruptcy Court. For the avoidance of doubt, none of the Released Parties or Settling Insurers shall be responsible for any fees, costs, or expenses associated with the Survivors' Trust Advisory Committee. Except with respect to Insurance Settlement Agreements entered into by the Survivors' Trust after the Effective Date and certain other matters set forth in the Survivors' Trust Documents, the Survivors' Trust Advisory Committee is intended to be consultative in nature and assist the Survivors' Trustee in the independent exercise of the Survivors' Trustee's duties.

9.2. ***Appointment and Powers of the Survivors' Trustee***. On the Confirmation Date, the Bankruptcy Court shall appoint the Survivors' Trustee to serve in accordance with, and who shall have the functions and rights provided in, the Survivors' Trust Documents. Any successor Survivors' Trustee shall be appointed in accordance with the terms of the Survivors' Trust Documents. For purposes of the Survivors' Trustee performing his or her duties and fulfilling his or her obligations under the Survivors' Trust and the Plan, the Survivors' Trust and the Survivors' Trustee shall be deemed to be "parties in interest" within the meaning of Section 1109(b) of the Bankruptcy Code. The Survivors' Trustee shall have such powers and duties as are set forth in the Survivors' Trust Documents, including without limitation the following:

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

9.2.2. *Liquidation of Survivors' Trust Assets*. The Survivors' Trustee shall liquidate and convert to Cash the Survivors' Trust Assets, make timely distributions, and not unduly

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prolong the duration of the Survivors' Trust. The Survivors' Trustee may also abandon any property which the Survivors' Trustee determines in the Survivors' Trustee's reasonable discretion to be of *de minimis* value or of more burden than the value of the Survivors' Trust.

9.2.3. *Protection of Survivors' Trust Assets.* The Survivors' Trustee shall protect and enforce the rights in and to the Survivors' Trust Assets under the Survivors' Trust Documents.

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

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

9.2.6. *Non-Settling Insurance.* The Survivors' Trustee may use the Trust Assets to prosecute Debtor Extracontractual Insurance Actions against the Non-Settling Insurers and to pursue Post-Effective Date Insurance Settlement Agreements. If the Survivors' Trust successfully resolves a Debtor Extracontractual Insurance Action or otherwise receives a recovery of insurance proceeds relating to any Abuse Claim from a Non-Settling Insurer, such proceeds shall become Trust Assets available to pay, and shall increase the amount available to pay, Abuse Claims, pursuant to the Survivors' Trust Distribution Plan.

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

9.2.8. *Settlements With Non-Settling Insurers.* Notwithstanding any present exclusionary language in the Plan, after the Effective Date, any Non-Settling Insurer may enter into an Insurance Settlement Agreement with the Survivors' Trustee (a "**Post-Effective Date Insurance**

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Settlement Agreement"); *provided, however*, that the Survivors' Trustee shall File a notice with the Bankruptcy Court within thirty (30) days of entering into any such Post-Effective Date Insurance Settlement and the Insurer that is a party to the Post-Effective Date Insurance Settlement (and any related Persons or Representatives, as applicable) shall be deemed to be a Settling Insurer for all purposes hereunder. Subject to the terms of the Survivors' Trust Documents, any Post-Effective Date Insurance Settlement and amendments thereto shall be binding and effective without approval of or any other action by the Bankruptcy Court; *provided further*, *however*, that no Post-Effective Date Insurance Settlement Agreement shall impair the rights of any other Non-Settling Insurers, including those rights set forth herein. No settlement (whether in the Plan or otherwise) as among any of the Debtor, its Estate, the Survivors' Trust, any Abuse Claimant, and the Settling Insurers, including Payment Obligations, shall bind a Non-Settling Insurer in any way without its consent.

9.3. ***Property and Funding of the Survivors' Trust***. The Survivors' Trust shall be funded with (i) aggregate Cash contributions from the Debtor and Reorganized Debtor (as applicable) of $150 million, (ii) any Cash contributions from RCWC pursuant to Section 9.3.2 hereof; (iii) any proceeds held by the Debtor or the Reorganized Debtor on account of Insurance Settlement Agreements as set forth in this Section 9.3, and (iv) the Assigned Insurance Interests. These contributions to the Survivors' Trust shall be made according to the schedule set forth in this Section 9.3. The Debtor Cash Contribution and any portion of the RCWC Contribution shall be made in respect of the uninsured exposure of the Debtor for Abuse Claims (including Unknown Abuse Claims) and of RCWC (solely as to the Released RCWC Claims), including, but not limited to, years in which no Abuse Insurance Policies are available and, to the extent required under applicable law, when a self-insured retention or deductible must be satisfied to access potential coverage under Non-Settling Insurer Policies. The Debtor Contribution and any RCWC Contribution are not, and shall not be construed as, a discharge and/or release of any Abuse Claim (including any Unknown Abuse Claim) covered or alleged to be covered under any of the Non-Settling Insurer Policies. Notwithstanding the foregoing, the Debtor and RCWC (solely as to the Released RCWC Claims) shall have no further financial obligations under this Plan or the Plan Documents to Holders of

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Allowed Abuse Claims, including Allowed Unknown Abuse Claims, other than the obligations required to be paid to the Survivors' Trust in Section 9.3 hereof.

9.3.1. *Debtor Cash Contribution.* On the Effective Date of the Plan, the Debtor shall transfer $40 million, plus any remaining DIP Availability, in good and available funds to the Survivors' Trust using wiring instructions provided by the Survivors' Trustee (the "**Initial Debtor Contribution**"). The Survivors' Trust shall also receive Cash from the Debtor as follows (collectively, the "**Additional Debtor Contributions**" and together with the Initial Debtor Contribution, the "**Debtor Cash Contribution**"):

9.3.1.1. No later than the date that is one year after the Effective Date, the Debtor shall transfer no less than $6 million in good and available funds to the Survivors' Trust using wiring instructions provided by the Survivors' Trustee.

9.3.1.2. No later than the date that is two years after the Effective Date, the Debtor shall transfer no less than $5.9 million in good and available funds to the Survivors' Trust using wiring instructions provided by the Survivors' Trustee.

9.3.1.3. No later than the date that is three years and six months after the Effective Date (such time between the Effective Date and such date, the "**Plan Payment Period**"), the Debtor shall transfer the remaining balance of the total Debtor Cash Contribution of $150 million, up to $98.1 million, in good and available funds to the Survivors' Trust using wiring instructions provided by the Survivors' Trustee.

9.3.1.4. *Timing of Payments*. During the Plan Payment Period, the Debtor shall pay to the Survivors' Trust (i) any payments owed the Survivors' Trust under Section 9.3.1.5 hereof no later than the deadline set forth therein and (ii) the net proceeds (after reimbursement of the Reorganized Debtor's closing costs and attorneys' fees, if any) realized from the closing of any sale of Trust Collateral Property, with such payment(s) to occur contemporaneously with the closing of such sale. In each instance, such payment(s) shall be made regardless of whether the payment(s) cause the Debtor to exceed the minimum transfers described in Sections 9.3.1.1 and 9.3.1.2 hereof. At any time during the Plan

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Payment Period, the Reorganized Debtor may, in its sole discretion, transfer unrestricted Cash to the Survivors' Trust to be credited dollar-for-dollar against the amount of the Additional Debtor Contribution outstanding at the time of such transfer.

9.3.1.5. *Restricted Assets Adversary Proceeding*. On the Effective Date of the Plan, the Restricted Assets Adversary Proceeding and all surviving claims asserted therein shall be assigned to the Survivors' Trust. The Survivors' Trust shall succeed the Committee as plaintiff in the Restricted Assets Adversary Proceeding upon the Survivors' Trust filing a Notice of Substitution of Parties no earlier than the Effective Date and no later than 14 days after the Effective Date, which substitution shall be approved in the Confirmation Order. If the Court enters a Final Order in the Restricted Assets Adversary Proceeding (the "Adversary Proceeding Order") declaring any of the Shielded Assets (as defined in the First Amended Adversary Complaint for Declaratory Relief) are unrestricted funds and property of the Debtor's Estate that the Debtor may use, and that is available to the Debtor, to pay creditors under applicable law ("Converted Assets"), all Cash declared to be Converted Assets in the Adversary Proceeding Order shall be transferred from the holder of the Converted Assets to the Survivors' Trust within 60 days of the Adversary Proceeding Order becoming final and non-appealable; provided, however, to the extent the Committee claims in the Restricted Assets Adversary Proceeding the Debtor's Insurance and Benefit Reserves are or should be declared Converted Assets, the Survivors' Trust shall dismiss any such claims concurrently with its substitution for the Committee and all Insurance and Benefit Reserves shall vest in the Reorganized Debtor on the Effective Date; provided further, however, the Reorganized Debtor and Survivors' Trust, or the successor of either, may resolve the Restricted Assets Adversary Proceeding without entry of the Adversary Proceeding Order on terms that are not inconsistent with the Plan or Confirmation Order.

9.3.1.6. *Debtor Contribution Deeds of Trust.* To secure the Additional Debtor Contribution, the Debtor shall grant the Survivors' Trust a Lien on the real property listed on Schedule 9.3.1.6, to be filed with the Plan Supplement. The Liens

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shall be memorialized in deeds of trust to be executed and delivered on the Effective Date (such agreement being a "**Debtor Contribution Deed of Trust**"). Such real property shall be valued by Hilco Real Estate, LLC in an amount of no less than one hundred percent (100%) of the Additional Debtor Contribution. At the closing of any sale of Trust Collateral Property, the Survivors' Trust shall deliver and the Reorganized Debtor (or its agent or representative) shall record a release of the Debtor Contribution Deed of Trust recorded against such Trust Collateral Property. Within 14 days of the timely satisfaction of the Debtor Cash Contribution, the Survivors' Trust shall release any remaining Debtor Contribution Deeds of Trust.

9.3.2. *Contributions from RCWC.* In support of the Plan, RCWC will contribute $30,000,000.00 (the "RCWC Cash Contribution") in good and available funds to the RCWC Escrow on the schedule set forth below.

9.3.2.1. *Contributions to RCWC Escrow*. $7,700,000.00 of the RCWC Cash Contribution (the "**Initial RCWC Contribution**") will be paid to the RCWC Escrow on the Effective Date, the balance to be paid between the Effective Date and the date that is six months after the three-year anniversary of the Effective Date, with the minimum amounts to be paid on or before each anniversary of the Effective Date as follows:

(a) No later than the date that is one year after the Effective Date, RCWC shall transfer no less than $3 million in good and available funds to the RCWC Escrow.

(b) No later than the date that is two years after the Effective Date, RCWC shall transfer no less than $6 million in good and available funds to the RCWC Escrow.

(c) No later than the date that is three years and six months after the Effective Date, RCWC shall transfer the remaining balance of the total RCWC Cash Contribution of $30 million, up to $13,300,000, in good and available funds to the RCWC Escrow.

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(d) During the Plan Payment Period, RCWC (i) shall pay to the RCWC Escrow the net proceeds (after reimbursement of closing costs and attorneys' fees, if any) realized from the closing of any sale of unencumbered real estate titled in the name of RCWC, regardless of whether such payment(s) cause RCWC to exceed the minimum transfers described in Sections 9.3.2.1(a)-(c) hereof and (ii) may transfer unrestricted Cash to the RCWC Escrow at any time, in its sole discretion, to be credited dollar-for-dollar against the amount of the RCWC Cash Contribution outstanding at the time of such transfer.

9.3.2.2. *Survivors' Trust Withdrawals from RCWC Escrow*. The Survivors' Trust shall receive distributions from the RCWC Escrow in accordance with the Survivors' Trust Documents and the RCWC Escrow Agreement. The Survivors' Trust Documents and the RCWC Escrow Agreement shall provide that distributions to the Survivors' Trust from the RCWC Escrow shall not commence until after the Preliminary Abuse Claim Allowance Deadline, after which the funds in the RCWC Escrow shall be released and transferred to the Survivors' Trust as Holders of Class 4 Claims whom the Abuse Claims Reviewer determines asserted a valid, compensable Claim against RCWC in the Holder's Proof of Claim (an "**RCWC Claimant**") execute and return a RCWC Release to counsel for RCWC, the Reorganized Debtor and the Survivors' Trustee. The Survivors' Trustee shall have sole responsibility for providing a copy of each RCWC Release and notice of the Final Determination for each RCWC Claimant to the RCWC Escrow Agent, each pursuant to the terms of and procedures set forth in the RCWC Escrow Agreement. For each RCWC Claimant who executes a RCWC Release, the RCWC Escrow Agent shall release to the Survivors' Trust such RCWC Claimant's *pro rata* share of the RCWC Cash Contribution no later than five (5) Business Days after the RCWC Escrow Agent has received both (i) the RCWC Release executed by such RCWC Claimant, and (ii) notice of the Final Determination for such RCWC Claimant, provided the *pro rata* share of the RCWC Cash

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Contribution for each RCWC Claimant shall be determined by the Survivor's Trustee.

9.3.2.3. *Effectiveness of RCWC Releases*. As to a RCWC Claimant who has executed an RCWC Release, such RCWC Release shall become effective upon the RCWC Escrow Agent's release to the Survivors' Trust such RCWC Claimant's *pro rata* share of the RCWC Cash Contribution. The RCWC Escrow Agent shall deliver such RCWC Claimant's RCWC Release to RCWC no later than five (5) business days after the Escrow Agent's receipt of same, along with such documentation as needed to confirm the corresponding release of funds from the RCWC Escrow to the Survivors' Trust.

9.3.2.4. *Channeling of RCWC Claims.* Any Claim held by an RCWC Claimant who executes an RCWC Release shall be channeled to the Survivors' Trust such that the Survivors' Trust shall have the sole obligation to pay such Claim in accordance with this Plan and the Survivors' Trust Documents.

9.3.2.5. *Excess Funds in RCWC Escrow*. In the event all RCWC Claimants holding Allowed Claims against RCWC execute a RCWC Release, any amount remaining in the RCWC Escrow shall thereupon be transferred to the Survivors' Trust for distribution to all Abuse Claimants.

9.3.2.6. *Return of Remaining Balance in RCWC Escrow*. If any amount remains in the RCWC Escrow on account of an RCWC Claimant holding an Allowed Claim against RCWC having failed to execute a RCWC Release as of the three and a half-year anniversary of the Effective Date, the RCWC Escrow Agent shall return such amount, less expenses of the RCWC Escrow, to RCWC no later than thirty (30) calendar days after the later of (i) the three and a half-year anniversary of the Effective Date or (ii) distribution to the Survivors' Trust of all payments to Holders of Allowed Class 4 Claims who executed and returned to RCWC an RCWC Release on or before the three and a half-year anniversary of the Effective Date.

9.3.3. *Separate Contributions*. Any contribution to the Survivors' Trust by RCWC shall be in addition to and separate from the Debtor Cash Contribution.

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9.3.4. *Livermore Option.* Should Adventus sell part or all of the Livermore Property such that funds from any such sale are received on or before the date that is three years and six months following the Effective Date (the "**Livermore Option**"), then Adventus agrees, and the Confirmation Order shall provide, the net proceeds of each such sale shall be distributed for the benefit of the Estate in the following sequence, conditioned on the confirmation and effectiveness of this Plan:

9.3.4.1. First, to Adventus in the amount of its closing costs, including without limitation all professional fees associated with the Livermore Property and entitlement, development, and sale thereof.

9.3.4.2. Second, on behalf of the Debtor, to the Survivor's Trust, in an amount not to exceed the amount of all remaining Debtor Contribution obligations under the Plan.

9.3.4.3. Third, should any funds remain, to Adventus.

9.3.4.4. *Payment in Full of Debtor Cash Contribution.* Should one or more sales pursuant to the Livermore Option result, when combined with all previous payments to the Survivors' Trust by RCBO in accordance with the Plan, in the Survivors' Trust realizing the full amount owed by RCBO under the Plan, then RCBO shall thereafter have no further payment obligations to the Survivors' Trust under the Plan.

9.3.5. *Insurance Settlement Agreements.*

9.3.5.1. *Pre-Effective Date*. In addition to the Debtor Cash Contribution, any Cash received by the Debtor on or before the Effective Date in connection with an Insurance Settlement Agreement shall be transferred to the Survivors' Trust on the Effective Date and shall be part of the Survivors' Trust Assets.

9.3.5.2. *Post-Effective Date.* After the Effective Date, the Survivors' Trustee may enter into such Insurance Settlement Agreements as in the Survivors' Trustee's business judgment and in accordance with the Survivors' Trust Documents the Survivors' Trustee deems necessary and beneficial to the Survivors' Trust. To the extent the Survivors'

Trustee enters into an Insurance Settlement Agreement that covers the Abuse Claim of a Trust Claimant who elected the Litigation Option and commenced an Abuse Claim Litigation (each as defined in Section 9.8.4 hereof) (a "Settling Trust Claimant"), (i) such Abuse Claim Litigation shall be promptly dismissed to the extent the Settling Trust Claimant is seeking a determination of, and the availability of Insurance Recoveries for, the liability of a Released Party on account of the Settling Trust Claimant's Abuse Claim, (ii) within thirty (30) days after receipt of the Cash consideration of such Insurance Settlement Agreement, the Survivors' Trust shall pay the Settling Trust Claimant an amount equivalent to 50% of the Settling Trust Claimant's Trust Distribution amount, calculated based on the value of the Survivors' Trust Assets immediately before receipt of such Cash consideration from the Insurance Settlement Agreement, (iii) the Settling Trust Claimant shall be deemed to have rescinded their election of the Litigation Option in favor of the Distribution Option and the Survivors' Trustee shall be deemed to have consented to such rescission, each in accordance with Section 9.8.4.7 of the Plan, and (iv) the remaining Cash realized by the Survivors' Trust on account of the Insurance Settlement Agreement shall be added to the Survivors' Trust Assets. Thereafter, Settling Trust Claimants shall be treated as having elected the Distribution Option in all respects and shall be entitled to receive *pro rata* distributions from the Survivors' Trust Assets in accordance with the terms of this Plan and the Survivors' Trust Documents.

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

9.3.7. *Use of Survivors' Trust Assets*. The Survivors' Trust Assets shall be used in accordance with and for the purposes set forth in the Survivors' Trust Documents, including without limitation to pay Abuse Claims and reasonable expenses of the Survivors' Trust and to pursue and execute Insurance Settlement Agreements. Notwithstanding anything herein to the contrary, no monies and/or assets comprising the Survivors' Trust Assets that are transferred, granted, assigned, or otherwise delivered to the Survivors' Trust shall be used for any purpose other

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than in accordance with the Plan and the Survivors' Trust Documents.

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

9.4. ***Unknown Abuse Claims Reserve***.

9.4.1. *Payments to Unknown Abuse Claims Reserve*. Upon (a) the Effective Date, the Survivors' Trust shall segregate $3,700,000.00 (Three Million Seven Hundred Thousand Dollars and Zero Cents) of the Initial Debtor Contribution into the Unknown Abuse Claims Reserve, (b) the date that is the two-year anniversary of the Effective Date, the Survivors' Trust shall segregate $1,000,000.00 (One Million Dollars and Zero Cents) of the Additional Debtor Contribution described in Section 9.3.1.2 herein into the Unknown Abuse Claims Reserve, and (c) the date that is three years and six months after the Effective Date, the Survivors' Trust shall segregate $3,000,000.00 (Three Million Dollars and Zero Cents) of the Additional Debtor Contribution described in Section 9.3.1.3 herein into the Unknown Abuse Claims Reserve.

9.4.2. *Duration*. The Unknown Abuse Claims Reserve shall be maintained for the greater of (a) five years after the Effective Date, and (b) resolution of all Unknown Abuse Claims submitted to the Survivors' Trustee within five years after the Effective Date. On that date, the remaining funds in the Unknown Abuse Claims Reserve will be de-segregated and returned to the Survivors' Trust's general accounts, and neither the Debtor, Reorganized Debtor, Survivors' Trust, nor any Settling Insurer shall have any more liability for any Unknown Abuse Claim.

9.5. ***Vesting***. On the Effective Date, all Survivors' Trust Assets shall vest in the Survivors' Trust, and the Debtor, Reorganized Debtor, RCWC, subject to the terms of the RCWC Escrow, and Settling Insurers shall be deemed for all purposes to have transferred all of their respective interests in the Survivors' Trust Assets to the Survivors' Trust. On the Effective Date, or as soon as practicable thereafter, the Reorganized Debtor, any other Released Party, and Settling Insurers, as applicable, shall take all actions reasonably necessary to transfer any Survivors' Trust Assets to the Survivors' Trust. Upon the transfer of control of Survivors' Trust Assets in accordance

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with this paragraph, the Debtor, Reorganized Debtor, RCWC (subject to the terms of the RCWC Escrow), and the Settling Insurers shall have no further interest in the Survivors' Trust Assets except as otherwise explicitly provided in this Plan.

9.6. ***Survivors' Trust Assumption of Liabilities for Abuse Claims***. The transfer to, vesting in and assumption by the Survivors' Trust of the Survivors' Trust Assets as contemplated by the Plan shall, as of the Effective Date, discharge all obligations and liabilities of and bar any recovery or action against the Released Parties for or in respect of all Abuse Claims (including Unknown Abuse Claims). The Confirmation Order shall provide for such discharge. Subject to Article VIII hereof and the rights of Abuse Claimants who elect the Litigation Option, the Survivors' Trust shall, as of the Effective Date, assume sole and exclusive responsibility and liability for all Abuse Claims against the Released Parties, and such Claims shall be paid by the Survivors' Trust from the Survivors' Trust Assets or as otherwise directed in the Survivors' Trust Documents and Articles VIII and IX hereof. From and after the Effective Date, all Abuse Claims against the Released Parties shall be considered Channeled Claims subject to the Channeling Injunction under Section 105(a) of the Bankruptcy Code and the provisions of the Plan and the Confirmation Order. Subject to the foregoing, from and after the Effective Date, the Released Parties shall not have any obligation with respect to any liability of any nature or description arising out of, relating to, or in connection with any Abuse Claims.

9.7. ***Right to Elect to Receive an Immediate Payment***. Not later than fourteen (14) days following the Effective Date, the Survivors' Trustee shall mail the Immediate Payment Notice to counsel for all Holders of Abuse Claims or to any Holder of an Abuse Claim that is not represented by counsel. Holders of Abuse Claims may elect to receive the Immediate Payment from the Survivors' Trust by signing and returning the Immediate Payment Notice such that it is postmarked (if sent by US Mail) not later than the date that is forty-five (45) days after the Effective Date, or if such date is not a Business Day the next Business Day thereafter (the "**Immediate Payment Election Deadline**"). Only Abuse Claimants who return an Immediate Payment Notice not later than the Immediate Payment Election Deadline, affirmatively indicating their election to receive the

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Immediate Payment, shall be entitled to receive the Immediate Payment. If an Abuse Claimant elects to receive the Immediate Payment, the payment will be made within thirty (30) days after the Immediate Payment Election Deadline. After receiving the Immediate Payment, the Abuse Claimant shall not be entitled to any further distributions from the Survivors' Trust and shall not be entitled to pursue any Abuse Claim against the Debtor, the Reorganized Debtor, the Survivor's Trust, the Released Parties, the Insurers, RCWC, and/or the RCWC Escrow. The Immediate Payment Notice shall include conspicuous language indicating that return of the election form and acceptance of the Immediate Payment constitutes a full and final release of all Claims against the foregoing parties. If a Person submitted, or is the Holder of, more than one Abuse Claim and such Holder elects to receive the Immediate Payment, such Holder shall only be entitled to one Immediate Payment on account of all of their Abuse Claims, shall not be entitled to any further distributions from the Survivors' Trust, and shall be deemed to have released all Claims against the Debtor, the Reorganized Debtor, the Survivor's Trust, the Released Parties and the Insurers.

9.8. ***Method of Determination of Abuse Claims and Rights of Abuse Claimants to Choose to Pursue Litigation***. After the Effective Date, every Trust Claim held by an Abuse Claimant shall be reviewed and allocated a percentage of the Survivors' Trust Assets based on numerical scaling factors (but not based on alleged dollar value of the Claim) by the Abuse Claims Reviewer in order to determine the distribution to each such Holder in accordance with the terms of the Survivors' Trust Documents.

9.8.1. *Notice of Initial Determination.* Based on the percentage allocation determined by the Abuse Claims Reviewer, the Survivors' Trustee shall provide a determination of the distribution to which each Holder of each Trust Claim is entitled (the "**Initial Determination**"), in accordance with the terms of the Survivors' Trust Documents. Counsel to each Holder of a Trust Claim, or the Holder of a Trust Claim if they are not represented by counsel, will receive a notice containing the Initial Determination, including a projected recovery based on the anticipated available assets of the Survivors' Trust at the time of the Initial Determination.

9.8.2. *Right to Appeal Notice of Initial Determination.* Within thirty (30) days of

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receipt of the notice of the Initial Determination, each Holder of a Trust Claim shall have the right to request an additional review of the Initial Determination by the Abuse Claims Reviewer and shall be allowed to submit additional documentation or information that such Claimant believes should be considered. The Abuse Claims Reviewer shall provide a subsequent determination (the "**Review Determination**"), as provided for in the Survivors' Trust Documents. If requested, the Review Determination shall be the "**Final Determination**" for purposes of such Holder's distributions from the Survivors' Trust. If the Review Determination is not requested, the outcome of the Initial Determination shall be the Final Determination. For the avoidance of doubt, no determination will be made in the Chapter 11 Case concerning the alleged dollar value of an Abuse Claim for purposes of Abuse Insurance Policies issued by Non-Settling Insurers. Neither the Abuse Claims Reviewer's nor Survivors' Trustee's review of an Abuse Claim and determination of qualification, nor the Survivors' Trust's estimation of Claims or payment of distributions, shall constitute a trial, an adjudication on the merits, or evidence of liability or damages in any litigation with the Non-Settling Insurer or any other Person.

9.8.3. *Distributions to Trust Claimants from the Survivors' Trust.* Subject to the Survivors' Trust Documents, the following procedures will govern distributions to Trust Claimants from the Survivors' Trust:

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

9.8.3.2. The Survivors' Trustee will make an initial distribution (the "**Initial Distribution**") to each Trust Claimant. The Initial Distribution shall be comprised of each such Trust Claimants' *pro rata* share of the Survivors' Trust Assets existing on that date, less reasonable reserves for the Survivors' Trust (the "**Initial Reserve**").

9.8.3.3. Upon the receipt of additional Cash contributions into the Survivors' Trust, the Survivors' Trustee shall make further distributions (the "**Additional**

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Distributions") to the Trust Claimants, less appropriate reserves (the "**Additional Reserves**").

9.8.3.4. After (i) the final resolution of all Trust Claims, including with respect to the Trust Claimants who selected the Litigation Option, and (ii) all Survivors' Trust Assets are monetized, the Survivors' Trustee shall make a final distribution to the Trust Claimants (the "**Final Distribution**"), which shall include previously withheld reserves and any reallocated funds. If, 180 days after the date of the Final Distribution, there are any funds which are not claimed by any Trust Claimant, such unclaimed funds shall revert to the Survivors' Trust for distribution pursuant to the Survivors' Trust Documents.

9.8.4. *Right to Elect Litigation Against Non-Settling Insurers and Other Parties.* Irrespective of whether a Trust Claimant has requested an additional review of the Initial Determination by the Abuse Claims Reviewer, not later than the later of the first anniversary of the Effective Date or ninety days after receiving the notice of the Initial Determination, (i) Trust Claimants holding Abuse Claims against the Debtor may elect to pursue litigation against the Debtor (as nominal party only), Non-Settling Insurers and/or other parties and (ii) Trust Claimants that have granted a RCWC Release may elect to pursue litigation against RCWC (as nominal party only), Non-Settling Insurers and/or other parties by filing the notice described in Section 8.2.2 hereof, which form of notice shall be filed with the Plan Supplement (the "**Litigation Option Notice**"). For the avoidance of doubt, the Litigation Option Notice may be filed at any time following the Effective Date, but not later than the deadline set forth in this Section. Trust Claimants who do not timely make an election will be deemed to have chosen to forego the Litigation Option.

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

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9.8.4.2. *Claim Enhancement.* To the extent the Survivors' Trustee enters into an Insurance Settlement Agreement with respect to a Target Policy that covers a Litigation Claimant's Abuse Claim, such Claimant shall be entitled to an enhanced Distribution (the "**Claim Enhancement**") as set forth below to his or her allocation pursuant to the Survivors' Trust Distribution Plan, which enhanced amount shall be payable from the proceeds of the applicable Insurance Settlement Agreement. To the extent the Debtor and the Committee enter into an Insurance Settlement Agreement prior to the Confirmation Date with respect to a Target Policy that covers an Abuse Claim for which the automatic stay has been modified or lifted by the Bankruptcy Court such that it may continue after the Petition Date, such Abuse Claim shall also be entitled to the Claim Enhancement. The Claim Enhancements are independent of one another and are not intended to be cumulative. The Survivors' Trustee shall reserve sufficient amounts to fund such enhanced payments prior to making any Distribution of Insurance Settlement Agreement proceeds to Abuse Claimants who are not Litigation Claimants. The Claim Enhancement shall be applied as follows:

9.8.4.3. A Litigation Claimant shall be entitled to an enhancement of ten percent (10%) if the Survivors' Trust negotiates an Insurance Settlement Agreement for a Target Policy of such Litigation Claimant if the Insurance Settlement Agreement is entered into prior to the date which is 90 days after the Litigation Claimant files their Litigation Option Notice.

9.8.4.4. A Litigation Claimant shall be entitled to an enhancement of twenty-five percent (25%) if the Survivors' Trust negotiates an Insurance Settlement Agreement for a Target Policy of such Litigation Claimant if the Insurance Settlement Agreement is entered into after litigation commences but prior to a deposition or interview of the Litigation Claimant by opposing counsel in such Litigation Claimant's case.

9.8.4.5. A Litigation Claimant shall be entitled to an enhancement of forty percent (40%) if the Survivors' Trust negotiates an Insurance Settlement Agreement for a Target Policy of such Litigation Claimant if the Insurance Settlement Agreement is

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entered into after a deposition or interview of the Litigation Claimant by opposing counsel but before commencement of a trial in such Litigation Claimant's case.

9.8.4.6. A Litigation Claimant shall be entitled to an enhancement of fifty (50%) if the Survivors' Trust negotiates an Insurance Settlement Agreement for a Target Policy of such Litigation Claimant if the Insurance Settlement Agreement is entered into on or after the first day of a trial in such Litigation Claimant's case.

9.8.4.7. A Litigation Claimant shall be entitled to an enhancement of one hundred percent (100%) if the Survivors' Trust negotiates an Insurance Settlement Agreement for a Target Policy of such Litigation Claimant if the Insurance Settlement Agreement is entered into after a Litigation Claim Award entered in favor of the Litigation Claimant in such litigation becomes final and non-appealable.

9.8.4.8. In no event may a Litigation Claimant receive more than the total amount of his or her Litigation Claim Award from all sources. For the avoidance of doubt, if, after accounting for recovery from parties other than the Survivors' Trust, a Litigation Claimant receives any amount in excess of the amount of the Litigation Claim Award, such amount shall be recoverable by the Survivors' Trustee. In any case of a Trust Claimant who obtains a Litigation Claim Award, where the payment of any amounts payable to such Trust Claimant by (i) defendants in the Abuse Claim Litigation other than the Released Parties and/or (ii) one or more Non-Settling Insurers, when taken together with any distributions received by such Trust Claimant from the Survivors' Trust, would cause such Trust Claim to receive more than the total amount of his or her Litigation Claim Award, then (a) all amounts to be paid under such Litigation Claim Award that would be in excess of such Litigation Claim Award shall be paid to the Survivors' Trustee to be allocated for distribution to other Trust Claimants on account of their *pro rata* share of Survivors' Trust Assets, or (b) if such amounts are paid directly to the Litigation Claimant, such Litigation Claimant shall immediately turn them over to the Survivors' Trustee; *provided, however*, any such Abuse Claimant is not barred by this Section 9.9 from seeking extracontractual

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damages under the holding of *Hand* and (iii) all defenses and the rights of any Non-Settling Insurer to oppose any such claim by an Abuse Claimant under *Hand* are fully preserved, including without limitation that *Hand* is not a correct statement of applicable law and that it would not apply to any such asserted claim.

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

9.9. ***Provisions for Preliminary Distribution to Holders of Allowed Abuse Claims.***

9.9.1. *Preliminary Review.* Not later than the Preliminary Abuse Claim Allowance Deadline, the Abuse Claims Reviewer shall review the Proof of Claim for each Abuse Claim to (a) determine whether it is an Allowed Claim, and (b) determine whether it asserts a compensable claim against RCWC. The allowance of Abuse Claims by the Abuse Claims Reviewer shall have no effect on the amount of the contributions of the Debtor or RCWC. Neither the determination by the Abuse Claims Reviewer that a Proof of Claim is an Allowed Claim, nor that a Proof of Claim asserts a compensable claim against RCWC, shall constitute a trial, an adjudication on the merits, or evidence of liability or damages in any litigation with any Non- Settling Insurer or any other Person.

9.9.2. *Preliminary Distribution.* Not later than the date that is the later of (a) ten (10) days after the Preliminary Abuse Claim Allowance Deadline, and (b) thirty (30) days after the Effective Date, the Survivors' Trustee shall make a Preliminary Distribution to the Holder of each Abuse Claim determined by the Abuse Claims Reviewer to be an Allowed Claim in the amount of $5,000.00 to each such Holder from the Survivors' Trust Assets in accordance with the Survivors' Trust Documents.

9.10. ***Compensation and Reimbursement of Expenses to Survivors' Trustee and Survivors' Trust Professionals.*** The Survivors' Trustee shall be entitled to compensation as

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

9.11. ***Excess Survivors' Trust Assets.*** After all distributions from the Survivors' Trust have been made to Holders of Allowed Abuse Claims and all Survivors' Trust Expenses have been paid, all remaining Assets in the Survivors' Trust shall be transferred to a charity to support sexual abuse survivors chosen by the Survivors' Trust Advisory Board.

9.12. ***Indemnification of Debtor, Reorganized Debtor and RCWC.*** The Survivors' Trust shall indemnify and hold harmless the Debtor, the Reorganized Debtor and RCWC from and against any and all Abuse Claims, as well as indemnify and reimburse such parties for all fees, costs and expenses related to Abuse Claims (including such fees, costs and expenses incurred in connection with discovery), to the extent set forth in this Plan and the Survivors' Trust Documents, provided that as to RCWC such indemnification shall apply only as to Released RCWC Claims. The Survivors' Trust shall not have any obligation to indemnify any Person accused of committing a physical act of Abuse against an Abuse Claimant or such Abuse Claimant's predecessor(s)-in-interest.

9.13. ***Modification of Survivors' Trust Documents.*** The Survivors' Trust Documents may not be amended or modified without the consent of the Reorganized Debtor, which consent shall not be unreasonably withheld. Notwithstanding the foregoing, the indemnification obligations of the Survivors' Trust described in this Plan as to any Released Party may not be amended or modified without the consent of such Released Party and no such amendment shall affect the rights of any remaining Non-Settling Insurers.

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11.3. *Authorization.* On the Effective Date, the Reorganized Debtor and the Exit Facility Lender shall be authorized to make all filings and recordings, obtain all governmental approvals and consents, and take any other actions necessary to establish and perfect such liens and security interests under the provisions of the applicable state, federal, or other law (whether domestic or foreign) that would be applicable in the absence of the Plan and the Confirmation Order (it being understood that perfections shall occur automatically by virtue of the entry of the Confirmation Order and any such filings, recordings, approvals, and consents shall not be required), and the Reorganized Debtor shall thereafter cooperate to make all other filings and recordings that otherwise would be necessary under applicable law to give notice of such liens and security interests to third parties.

ARTICLE XII

MEANS FOR IMPLEMENTING THE PLAN

12.1. ***Revesting.***

12.1.1. *Revesting of Property in the Reorganized Debtor.* On the Effective Date, all property of the Estate as defined in Section 541 of the Bankruptcy Code other than the Survivors' Trust Assets, including any Causes of Action, shall be revested in the Reorganized Debtor, free and clear of all Liens and encumbrances and all Claims, rights, interests, and entitlements. Thereafter, the Reorganized Debtor may use, sell, transfer or exchange such property in its discretion, subject to any restriction or limitation set forth in the Plan.

12.1.2. *Obtaining Credit.* At any time after the Effective Date the Reorganized Debtor may obtain credit in its sole discretion without approval of the Bankruptcy Court.

12.1.3. *No Waiver*. No claim, right, Cause of Action, or other property of the Estate shall be deemed waived or otherwise forfeited by the Debtor's failure to identify such property in the Schedules or the Disclosure Statement accompanying the Plan.

12.2. ***Non-Monetary Commitment to Healing and Reconciliation***. In order to further promote healing and reconciliation, and in order to continue efforts to protect children and vulnerable adults and to prevent Abuse from occurring in the future, the Reorganized Debtor shall,

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(a) as of the Effective Date continue the non-monetary measures outlined in Article IV(G) of the Third Amended Disclosure Statement entitled "Debtor's Mission to Effect Reconciliation and Compensation" after the Effective Date; and (b) not later than the Effective Date (unless a different date is provided in the Confirmation Order) implement the additional Child Protection Protocols in the form filed as Schedule 1.1.35, which non-monetary measures are expressly incorporated herein, provided that if there is any inconsistency between existing measures identified in "(a)" above, and the Child Protection Protocols, the Child Protection Protocols shall govern.

12.3. ***CCCEB Settlement***. Upon the occurrence of the Effective Date, the CCCEB Settlement, in accordance with the CCCEB Settlement Documents, shall become effective. The CCCEB Settlement shall include the following terms:

12.3.1. In full and complete satisfaction of all obligations under the CCCEB Note, CCCEB shall transfer to RCBO on the Effective Date fee simple title to the Cathedral Property, together with all improvements thereon and all tangible personal property owned by CCCEB and located on or used in connection with operation of the Cathedral Property.

12.3.2. CCCEB shall assign to RCBO, and RCBO shall assume all obligations of CCCEB under, all current contracts related to maintenance, operation, and security of the Cathedral Property, provided that RCBO may decline to assume any such contract following reasonable diligence review, and further provided that to the extent any such contracts are not assignable under their terms or applicable law or assignment would constitute a breach under the terms of such contract, RCBO may instead, at its election, fund CCCEB's obligations for payment under any such contracts.

12.3.3. Funds in deposit accounts in the name of or controlled by CCCEB for operation of the Cathedral Property shall, at RCBO's election, be transferred to RCBO, or otherwise used for operating expenses related to the Cathedral Property or otherwise to pay the debts of CCCEB.

12.3.4. CCCEB shall assign to RCBO, and RCBO shall assume all obligations under the existing leases and user agreements with tenants and other users of the Cathedral Property,

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including (i) that certain License and Services Agreement dated as of January 1, 2020, with RCC regarding the mausoleum on the Cathedral Property; (ii) that certain Commercial Office Lease Agreement with RCC dated as of April 3, 2024; (iii) that certain Lease Agreement with the Order of Malta Clinic of Northern California dated January 25, 2008, and amended February 10, 2023; and (iv) agreements for use of Cathedral Property space with RCWC, and the Cathedral of Christ the Light parish Church.

12.3.5. CCCEB shall have no further obligation or liability of any kind for the debt evidenced by the CCCEB Note, or in connection with the CCCEB Note.

12.3.6. The Debtor and CCCEB shall agree to such other terms, not inconsistent with the Plan, as are necessary or desired to complete the CCCEB Settlement.

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

12.5. ***Continued Existence***. From and after the Effective Date, the Debtor shall continue in existence as the Reorganized Debtor in accordance with applicable law for all purposes, including, among other things, (a) enforcing and prosecuting claims, interests, rights, and privileges

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of the Debtor including, without limitation, prosecuting Causes of Action, (b) resolving Disputed Non-Abuse Claims, (c) administering the Plan, (d) filing appropriate tax returns and refund requests, and (e) performing all such other acts and conditions required by and consistent with consummation of the Plan.

12.6. ***The Survivors' Trust***. On the Effective Date, the Survivors' Trust shall be created, as provided in Article IX of the Plan.

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

12.7.1. *Relief from the Automatic Stay*. Effective upon the Effective Date, Holders of Class 6 Claims are granted relief from the automatic stay provided for in Section 362 of the Bankruptcy Code solely for the purpose of continuing to prosecute their Class 6 Claim in a court of competent jurisdiction (each, a "**Class 6 Action**"), including but not limited to, litigating such action through entry of a judgment, prosecution of any appeals and/or settlement of such action, subject to the terms and conditions set forth herein. All Holders of Class 6 Claims shall be permitted, but not required, to liquidate their Class 6 Action in a court of competent jurisdiction in accordance with 28 U.S.C. § 157(b)(2)(B).

12.7.2. *Non-Abuse Litigation Reserve.* No less than sixty (60) days after the Effective Date, the Reorganized Debtor shall establish the Non-Abuse Litigation Reserve and fund it with $750,000.00. For the avoidance of doubt, the Non-Abuse Litigation Reserve shall be separate from any contributions made by the Debtor and RCWC (if any) on behalf of Abuse Claims.

12.7.3. *Sources of Recovery for Non-Abuse Litigation Claims.* Notwithstanding any provision to the contrary in the Plan Documents, Holders of Class 6 Claims shall be entitled to prosecute and/or settle their respective Class 6 Action, provided that each such Holder shall be limited to recovering from (i) the proceeds of any applicable insurance policy which provides coverage, or could provide coverage, with respect to such Class 6 Claim and (ii) its *pro rata* portion of the Non-Abuse Litigation Reserve; *provided, however*, no Holder of a Class 6 Claim may recover more than $250,000.00 from the Non-Abuse Litigation Reserve. Effective upon the Effective Date, Holders of Class 6 Claims shall be otherwise barred and enjoined from seeking recovery on any

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judgment or settlement obtained in their respective Class 6 Action from the assets of the Debtor, Reorganized Debtor, Survivors' Trust, and any other party receiving a release under this Plan.

12.7.4. *Insurance Coverage for Non-Abuse Litigation Claims.* All parties, including, but not limited to, any insurer under any insurance policy alleged to provide coverage of a Class 6 Claim, reserve and expressly do not waive any of their rights, remedies and/or defenses with respect to any Class 6 Claim. If any insurer denies and/or disclaims coverage of a Class 6 Claim, the Debtor or Reorganized Debtor (as applicable) shall reasonably cooperate at the sole cost of the Holder of such Class 6 Claim to assign to that Holder the right to pursue and receive the proceeds of any applicable coverage under such Insurer's Abuse Insurance Policy or Abuse Insurance Policies. Nothing contained herein shall be deemed a representation or warranty concerning the availability, scope or interpretation of any insurance coverage(s) which may or may not exist for Class 6 Claims.

12.8. ***Document Access.*** The Survivors' Trust shall provide Litigation Claimants, upon request, all non-privileged information previously provided by the Debtor to the Committee bearing on the Debtor's liability for Abuse Claims.

12.9. ***Bankruptcy Procedure and Transition.***

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

12.9.2. *Post-Confirmation Matters*. Except as otherwise specified herein, matters arising after the Confirmation Date and subject to the Bankruptcy Court's retained jurisdiction may be initiated in the same manner and with the same effect as if the Chapter 11 Case was pending before the Bankruptcy Court and the Plan had not been confirmed. Subject to the provisions of the Plan and the Bankruptcy Code governing compensation of Professionals, and except as provided in Article XIII of the Plan, every party to such a matter shall bear its own attorneys' fees and costs in

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connection therewith.

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

12.9.4. Statutory Fees.

12.9.4.1. The Reorganized Debtor shall continue to pay all U.S. Trustee Fees accruing on or before the earlier of (i) the closing of the Chapter 11 Case, and (ii) December 31, 2027. Should the Chapter 11 Case remain open through January 1, 2028, or later, the Survivors' Trust shall pay all U.S. Trustee Fees accruing on or after that date until the Chapter 11 Case is closed. All U.S. Trustee Fees shall be paid at the rate in effect at the time such fees come due.

12.9.4.2. Solely for purposes of calculating U.S. Trustee Fees on account of the amounts to be funded by the Debtor to the Survivors' Trust, such amounts shall be considered distributions from the Debtor pursuant to 28 U.S.C. § 1930(a)(6) on the date of such distributions.

12.9.4.3. Contributions by any party to the Survivors' Trust other than the Debtor, including without limitation RCWC or a Settling Insurer, shall not be considered distributions by or on behalf of the Debtor or Reorganized Debtor for purposes of calculating U.S. Trustee Fees.

12.9.4.4. Distributions from the Survivors' Trust shall not be considered distributions by or on behalf of the Debtor or Reorganized Debtor for purposes of calculating U.S. Trustee Fees.

12.9.5. *Post-Confirmation Reporting*. The Reorganized Debtor shall file with the Bankruptcy Court post-confirmation quarterly reports in a form consistent with Bankruptcy Code § 1106(a)(7), Bankruptcy Rule 2015(a)(5), and 28 C.F.R. § 58.8 until the earliest of the Chapter 11 Case being closed, dismissed, or converted to a case under Chapter 7 of the Bankruptcy Code.

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12.10. ***Post-Petition Deposits.***

12.10.1. *Closing of Utility Deposit Account*. As of the Effective Date, the Reorganized Debtor shall be authorized to close the Adequate Assurance Account, as defined in the *Final Order Establishing Adequate Assurance Procedures With Respect to The Debtor's Utility Providers* [Dkt. No. 114], and retain all funds held therein.

12.10.2. *Other Deposits*. From and after the Effective Date, the Reorganized Debtor may, at its election, demand the refund of any deposit provided to a Person other than a utility after the Petition Date or may offset the amount of such deposit, at the Reorganized Debtor's election, against either post-Effective Date billings or against distributions to the holder of such deposit on account of its Allowed Claims, or otherwise take any actions permitted by law to obtain recovery of such deposit; for the avoidance of any doubt, the foregoing supersedes any pre- or post-petition agreement between the holder of such deposit and the Debtor.

12.11. ***Other Actions***. On and after the Effective Date, the Reorganized Debtor and the Survivors' Trustee shall be authorized to take such actions as are reasonably necessary to complete and effectuate the terms of this Plan, subject only to the specific limitations contained in this Plan, the Bankruptcy Code or Bankruptcy Rules, and any order of the Bankruptcy Court.

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

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(as applicable), whether or not they have accepted the Plan.

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

13.3. ***Discharge of Claims***. Under Section 1141(d) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan or in any agreement or document executed pursuant to the Plan, the distributions, rights, and treatment of Claims and Causes of Action in the Plan shall be in complete satisfaction, discharge, and release, as of the Effective Date, of Claims and Causes of Action based upon conduct occurring before the Effective Date, whether known or unknown, against the Debtor (including for the avoidance of doubt the Churches) or any of its assets or properties, including without limitation (i) any demands, liabilities, and Causes of Action based upon conduct occurring before the Effective Date, (ii) any liability to the extent such Claims relate to services performed by employees of the Debtor before the Effective Date and that arise from a termination of employment, (iii) any contingent or non-contingent liability on account of representations or warranties issued on or before the Effective Date, and (iv) all debts of the kind specified in Sections 502(g), 502(h), or 502(i) of the Bankruptcy Code. Any default by the Debtor with respect to any Claim existing immediately before or on account of the filing of the Chapter 11 Case shall be deemed cured on the Effective Date. The Confirmation Order shall be a judicial determination of the discharge of all Claims subject to the Effective Date occurring. Nothing in this Section 13.3 shall prohibit an Abuse Claimant from exercising the Litigation Option to pursue recovery from any applicable Non-Settling Insurer Abuse Insurance Policy in accordance with this Plan, and anything herein to the contrary notwithstanding, to the extent the Holder of an Abuse Claim elects the Litigation Option, such Abuse Claim shall not be discharged or released to the extent that such Holder may assert claims in a court of competent jurisdiction against the Debtor in name only and cannot recover any additional amounts from the Debtor other than the Debtor Contribution to the Survivors' Trust as provided herein. For avoidance of doubt, subject to the foregoing, the discharge provided under the Plan and Section 1141 will be effective as to each such

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Abuse Claim upon conclusion of any such litigation in a court of competent jurisdiction.

13.4. ***Confirmation Injunction.***

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

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

13.6. ***Exculpation***. **Subject to the occurrence of the Effective Date, to the fullest extent permissible under applicable law and without affecting or limiting either the releases by the Debtor, and except as otherwise specifically provided in the Plan or the Confirmation Order, none of the Exculpated Parties shall have or incur any liability to any Holder of a Claim or any other Person for any act or omission in connection with, related to, or arising out of, the Chapter 11 Case, the Plan, the pursuit of Confirmation of the Plan, the negotiation and consummation of the Plan, or the administration of the Chapter 11 Case and the Plan, the property to be distributed under the Plan, the administration of the Survivors' Trust Assets and the Survivors' Trust by the Survivors' Trustee, or any other related agreement, or any restructuring transaction, contract, instrument, release, or other agreement or document**

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

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

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instrument, or agreement executed to implement the Plan or reinstated under the Plan.

13.9. ***Injunction Related to Discharge***. **As of the Effective Date, and except as set forth in Articles VIII and IX hereof for Abuse Claimants who elect the Litigation Option to sue the Debtor (as a nominal party only), all Creditors treated under the Plan are, and shall be, expressly, conclusively, absolutely, unconditionally, irrevocably, and forever stayed, restrained, prohibited, barred and enjoined from taking any of the following actions against any Released Party or its property or successors or assigns on account of or based on the subject matter of Claims treated under the Plan, whether directly or indirectly, derivatively or otherwise: (a) commencing, conducting or continuing in any manner, directly or indirectly, any suit, action or other proceeding (including any judicial, arbitral, administrative or other proceeding) in any forum; (b) enforcing, attaching (including, without limitation, any prejudgment attachment), collecting, or in any way seeking to recover any judgment, award, decree, or other order; (c) creating, perfecting or in any way enforcing in any matter, directly or indirectly, any Lien or encumbrance; and/or (d) setting off, seeking reimbursement or contributions from, or subrogation against, or otherwise recouping in any manner, directly or indirectly, any amount against any liability or obligation that is discharged under Section 13.3 of the Plan.**

13.10. ***Disallowed Claims***. On and after the Effective Date, the Debtor and the Reorganized Debtor shall be fully and finally discharged of any and all liability or obligation on any and all Disallowed Claims, and any order Disallowing a Claim that is not a Final Order as of the Effective Date solely because of an Entity's right to move for reconsideration of such Order pursuant to Section 502 of the Bankruptcy Code or Bankruptcy Rule 3008 shall nevertheless become and be deemed to be a Final Order on and as of the Effective Date. The Confirmation Order, except as otherwise provided herein, shall constitute an order Disallowing all Claims to the extent such Claims are not allowable under any provision of Section 502 of the Bankruptcy Code, including time-barred Claims, and Claims for unmatured interest.

13.11. ***Channeling Injunction***. **IN CONSIDERATION OF THE UNDERTAKINGS**

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UNDER THIS PLAN BY THE RELEASED PARTIES, THEIR CONTRIBUTIONS TO THE SURVIVORS' TRUST, AND OTHER CONSIDERATION AND TO FURTHER PRESERVE AND PROMOTE THE AGREEMENTS AMONG THE RELEASED PARTIES AND THE SETTLING INSURERS AND TO SUPPLEMENT WHERE NECESSARY THE INJUNCTIVE EFFECT OF THE DISCHARGE AS PROVIDED IN SECTIONS 524 AND 1141 OF THE BANKRUPTCY CODE, AND PURSUANT TO SECTIONS 105 AND 363 OF THE BANKRUPTCY CODE:

13.11.1. ANY AND ALL CHANNELED CLAIMS, INCLUDING WITHOUT LIMITATION UNKNOWN ABUSE CLAIMS, ARE CHANNELED INTO THE SURVIVORS' TRUST AND SHALL BE TREATED, ADMINISTERED, DETERMINED, RESOLVED AND PAID IN THE AMOUNTS AS PROVIDED BY THE SURVIVORS' TRUST DISTRIBUTION PLAN AND PROCEDURES ESTABLISHED UNDER THIS PLAN AND THE SURVIVORS' TRUST AGREEMENT AS THE SOLE AND EXCLUSIVE REMEDY FOR ALL HOLDERS OF CHANNELED CLAIMS; AND

13.11.2. EXCEPT AS SET FORTH IN ARTICLES VIII AND IX HEREOF FOR ABUSE CLAIMANTS WHO ELECT THE LITIGATION OPTION TO SUE THE DEBTOR (AS A NOMINAL PARTY ONLY), ALL PERSONS WHO HELD OR ASSERTED, HOLD OR ASSERT, OR MAY IN THE FUTURE HOLD OR ASSERT ANY CHANNELED CLAIMS ARE HEREBY PERMANENTLY STAYED, ENJOINED, BARRED AND RESTRAINED FROM TAKING ANY ACTION, DIRECTLY OR INDIRECTLY, FOR THE PURPOSES OF ASSERTING, ENFORCING, OR ATTEMPTING TO ASSERT OR ENFORCE ANY CHANNELED CLAIM AGAINST THE RELEASED PARTIES AND THE SETTLING INSURERS, INCLUDING: (i) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND WITH RESPECT TO ANY CHANNELED CLAIM AGAINST ANY OF THE RELEASED PARTIES OR SETTLING INSURERS OR AGAINST THE PROPERTY OF ANY OF THE RELEASED PARTIES OR SETTLING INSURERS; (ii) ENFORCING, ATTACHING,

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COLLECTING OR RECOVERING, BY ANY MANNER OR MEANS, FROM ANY OF THE RELEASED PARTIES OR THE PROPERTY OF ANY OF THE RELEASED PARTIES OR SETTLING INSURERS, ANY JUDGMENT, AWARD, DECREE, OR ORDER WITH RESPECT TO ANY CHANNELED CLAIM AGAINST ANY OF THE RELEASED PARTIES OR SETTLING INSURERS; (iii) CREATING, PERFECTING OR ENFORCING ANY LIEN OF ANY KIND RELATING TO ANY CHANNELED CLAIM AGAINST ANY OF THE RELEASED PARTIES OR SETTLING INSURERS OR THE PROPERTY OF THE RELEASED PARTIES OR SETTLING INSURERS; (iv) ASSERTING, IMPLEMENTING OR EFFECTUATING ANY CHANNELED CLAIM OF ANY KIND AGAINST ANY OBLIGATION DUE ANY OF THE RELEASED PARTIES OR SETTLING INSURERS, ANY OF THE RELEASED PARTIES OR SETTLING INSURERS, OR THE PROPERTY OF ANY OF THE RELEASED PARTIES OR SETTLING INSURERS; (v) TAKING ANY ACT, IN ANY MANNER, IN ANY PLACE WHATSOEVER, THAT DOES NOT CONFORM TO, OR COMPLY WITH, THE PROVISIONS OF THIS PLAN OR THE SURVIVORS' TRUST DOCUMENTS; AND (vi) ASSERTING OR ACCOMPLISHING ANY SETOFF, RIGHT OF INDEMNITY, SUBROGATION, CONTRIBUTION OR RECOUPMENT OF ANY KIND AGAINST ANY OBLIGATION DUE TO ANY OF THE RELEASED PARTIES OR SETTLING INSURERS.

13.12. ***Provisions Relating to the Channeling Injunction.***

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

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

13.12.3. *Bankruptcy Rule 3016 Compliance.* The Debtor's compliance with the requirements of Bankruptcy Rule 3016 shall not constitute or be deemed to constitute an admission

that the Plan provides for an injunction against conduct not otherwise enjoined under the Bankruptcy Code.

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

13.13. ***Effect of Channeling Injunction***. The Channeling Injunction is an integral part of this Plan and is essential to this Plan's consummation and implementation. It is intended that the channeling of the Channeled Claims as provided in Section 13.11 of the Plan shall inure to the benefit of the Released Parties and the Settling Insurers. In any action to enforce the injunctive provisions of Section 13.11 of the Plan against a Holder of a Claim whereby it is held by a Final Order that such Holder willfully violated the terms of Section 13.11 of the Plan, the moving party may seek an award of costs including reasonable attorneys' fees against such Holder, and such other legal or equitable remedies as are just and proper, after notice and a hearing. The Channeling Injunction does not bar claims against any Non-Settling Insurer except to the extent a Non-Settling Insurer becomes a Settling Insurer.

13.14. ***Exclusion Regarding Non-Settling Insurers.*** **NOTWITHSTANDING THE FOREGOING, AND FOR THE AVOIDANCE OF DOUBT, NOTHING IN THIS ARTICLE XIII (INCLUDING THE RELEASES, INJUNCTIONS, AND EXCULPATIONS) LIMITS THE RIGHTS OF A NON-SETTLING INSURER AS SET FORTH IN, OR PRESERVED BY, THE PLAN, INCLUDING (I) ARTICLES VIII AND IX AND (II) THE RIGHTS OF ANY INSURER (INCLUDING NON-SETTLING INSURERS) TO ASSERT ANY CLAIMS FOR REINSURANCE UNDER REINSURANCE CONTRACTS OR CLAIMS UNDER RETROCESSIONAL CONTRACTS AGAINST THE SETTLING INSURERS AND OTHER**

INSURANCE COMPANIES. FURTHERMORE, THE NON-SETTLING INSURERS ARE NOT GRANTING (NOR SHALL THEY BE SUBJECT TO) ANY THIRD- PARTY RELEASE, INJUNCTION, OR EXCULPATION COVERING ANY NON- DEBTOR PERSON OR ENTITY AND THEY SHALL BE DEEMED TO HAVE OPTED OUT OF ANY SUCH RELEASE, INJUNCTION, OR EXCULPATION.

ARTICLE XIV

MODIFICATION

14.1. ***Modification of the Plan.***

14.1.1. To the fullest extent permitted under Section 1127 of the Bankruptcy Code, the Plan may be altered, amended or modified by the Debtor (or Reorganized Debtor as appropriate) at any time prior to its substantial consummation.

14.1.2. In the event of any modification, alteration or amendment on or before Confirmation, any votes to accept or reject this Plan shall be deemed to be votes to accept or reject this Plan as modified, unless the Bankruptcy Court finds that the modification, alteration or amendment materially and adversely affects the rights of parties in interest which have cast said votes.

14.2. ***Correction of Defects***. Following the Effective Date, the Reorganized Debtor may initiate a proceeding or motion in the Bankruptcy Court in order to remedy any defects or omissions, or to reconcile any inconsistencies, in the Plan or the Confirmation Order, upon notice of such proceedings or motion served on all parties listed in the Post-Confirmation Notice List and any other parties who may be materially and adversely affected.

14.3. ***Savings Clause***. Any minor defect or inconsistency in the Plan may be corrected or amended by the Confirmation Order.

14.4. ***Remedy of Defects***. After the Effective Date, the Reorganized Debtor may, with approval of the Bankruptcy Court, and so long as it does not materially and adversely affect the interests of Holders of Claims, remedy any defect or omission or reconcile any inconsistencies in the Plan or in the Confirmation Order in such manner as may be necessary to carry out the purposes

and effect of the Plan and in form and substance satisfactory to the Reorganized Debtor.

ARTICLE XV

RETENTION OF JURISDICTION

15.1. ***Scope of the Bankruptcy Court's Retained Jurisdiction***. The Bankruptcy Court shall retain and have jurisdiction over the Chapter 11 Case for all purposes provided by the Bankruptcy Code, including for the following purposes:

15.1.1. To hear and determine motions for the assumption or rejection of Executory Contracts or Unexpired Leases, if any are pending on the Effective Date and not otherwise determined by Confirmation, and the allowance of Claims resulting therefrom.

15.1.2. To grant full and complete relief upon the request of the Reorganized Debtor.

15.1.3. To determine any and all objections to the allowance of Claims and to allow, disallow, estimate, liquidate, or determine any Claim, except with respect to Abuse Claims whose Holders select the Litigation Option pursuant to Section 9.8.4 hereof.

15.1.4. To determine any and all applications for compensation and reimbursement of expenses and any other fees and expenses authorized to be paid or reimbursed under the Bankruptcy Code or the Plan which accrued on or prior to the Confirmation Date.

15.1.5. To determine any and all applications, adversary proceedings and contested or litigated matters (a) that may be pending on the Effective Date, except as provided in the Confirmation Order; or (b) which shall be commenced on or after the Effective Date and be properly before the Bankruptcy Court.

15.1.6. To consider any modifications of the Plan, any defect or omission, or reconcile any inconsistency in any order of the Bankruptcy Court, including the Confirmation Order, to the extent authorized by the Bankruptcy Code.

15.1.7. To implement the provisions of the Plan and to issue orders in aid of execution of the Plan to the extent authorized by Section 1142 of the Bankruptcy Code.

15.1.8. To resolve any disputes and otherwise hear such additional matters brought

by the Survivors' Trustee or otherwise related to the Survivors' Trust Assets or to the fulfillment of the Survivors' Trustee's duties pursuant to the Plan and the Survivors' Trust Documents.

15.1.9. To hear and determine disputes arising in connection with the interpretation, implementation or enforcement of the Plan.

15.1.10. To enter a Final Decree and orders reopening the Chapter 11 Case as appropriate after entry of a Final Decree, *provided that* the Bankruptcy Court shall retain jurisdiction to enter an order terminating the Survivors' Trust and discharging the Survivors' Trustee in accordance with the terms of the Survivors' Trust, notwithstanding the issuance of the Final Decree and closing of the Chapter 11 Case and without the necessity of reopening the Chapter 11 Case.

15.1.11. To hear any other matter consistent with the Bankruptcy Code.

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

ARTICLE XVI

MISCELLANEOUS PROVISIONS

16.1. ***Enforcement.*** The Committee, the Debtor and the Reorganized Debtor may take such actions, including the initiation of proceedings or the prosecution of a motion, as may be reasonably necessary in order to interpret or enforce the purposes and intent of the Plan.

16.1.1. *Forum for Enforcement.* Subject to the retained jurisdiction of the Bankruptcy Court, any motion or proceeding to enforce the Plan may be brought before the Bankruptcy Court or any other court of competent jurisdiction.

16.1.2. *Expenses of Enforcement*. In the event that any action, motion, contested matter, complaint, answer, counterclaim, cross-claim or other action is filed or taken by the Committee or the Reorganized Debtor either in the Bankruptcy Court or otherwise, in order to enforce or interpret any terms of the Plan or the Confirmation Order, or any order or agreement

ROMAN CATHOLIC BISHOP OF OAKLAND, CALIFORNIA

SURVIVORS' TRUST AGREEMENT

This trust agreement (this "**Survivors' Trust Agreement**") is made and entered into by and between The Roman Catholic Bishop of Oakland, a California corporation sole (the "**Debtor**" or "**RCBO**") and [NAME of TRUSTEE] (the "**Survivors' Trustee**") pursuant to the *Debtor's Modified Fourth Amended Plan of Reorganization* dated March 27, 2026 (together with all amendments, exhibits, supplements, and schedules thereto, the "**Plan**") filed in the Debtor's chapter 11 bankruptcy case, Case No. 23-40523 WJL (the "**Chapter 11 Case**"), pending before the United States Bankruptcy Court for the Northern District of California, Oakland Division (the "**Bankruptcy Court**"). Unless otherwise stated in this Survivors' Trust Agreement, capitalized terms used in this Survivors' Trust Agreement shall have the meanings ascribed to them in the Plan, the Confirmation Order (defined below), and/or title 11 of the United States Code (the "**Bankruptcy Code**").

RECITALS

A. On the Petition Date, the Debtor filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code. The Debtor continues to operate its business as debtor in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

B. On March 27, 2026, the Debtor submitted the Plan, as subsequently modified and/or amended, to the Bankruptcy Court. The Plan contemplates the creation of the Survivors' Trust described herein and the transfer and assignment to the Survivors' Trust of the Survivors' Trust Assets by the Debtor and certain Contributing Non-Debtor Catholic Entities.

C. The Bankruptcy Court entered an order confirming the Plan (the "**Confirmation Order**") on [●], 20XX, granting the Plan full force and effect, subject to occurrence of the Effective Date.

D. Pursuant to the Plan and Confirmation Order, the Survivors' Trustee is to use the Survivors' Trust Assets to pay Class 4 Claims and Class 5 Claims ("**Abuse Claims**") and carry out the purpose of the Plan, among other obligations set forth herein. The Survivors' Trust Assets (as defined in Section 1.1.154 of the Plan) shall be transferred to and vested in the Survivors' Trust free and clear of all liens, encumbrances, charges, claims, interests or other liabilities of any kind of the Debtor or its affiliates, any creditor or any other entity, other than as provided in the Channeling Injunction with respect to the Channeled Claims and as provided in Section 13.11 of the Plan.

E. Effective as of the Effective Date of the Plan, the Survivors' Trust is established for the benefit of the Beneficiaries of the Survivors' Trust (each defined below) and is intended to qualify as a "qualified settlement fund" within the meaning of Section 468B of the Internal Revenue Code of 1986, as amended (the "**Tax Code**") and Sections 1.468B-1 to -5 of the regulations promulgated under the Tax Code (the "**Treasury Regulations**").

NOW, THEREFORE, pursuant to the Plan and the Confirmation Order, in consideration of the premises and provisions in the Plan, and other good and valuable consideration, the recipient and sufficiency of which are hereby acknowledged and affirmed, it is agreed as follows:

ARTICLE 1.
AGREEMENT OF TRUST

1.1 ***Creation and Name***. Effective as of the Effective Date of the Plan, the Debtor as Settlor hereby creates this Survivors' Trust known as the "RCBO Survivors' Trust," which is the Survivors' Trust provided for and referred to in the Plan. The Survivors' Trustee may transact business and affairs of the Survivors' Trust in the name of the RCBO Survivors' Trust and references herein to the Survivors' Trust shall include the RCBO Survivors' Trust and the Survivors' Trustee acting on its behalf. It is the intention of the parties hereto that the Survivors' Trust created hereby constitutes a statutory trust under the California Probate Code and that the Confirmation Order, the Plan, and this Survivors' Trust Agreement, including the Exhibits hereto, which includes the Survivors' Trust Distribution Plan attached hereto as Exhibit 1 (collectively the "**Survivors' Trust Documents**"), constitute the governing instrument of the Survivors' Trust. The Survivors' Trustee is hereby authorized and directed to execute and file a Certificate of Survivors' Trust with the California Secretary of State.

1.2 ***Purpose***. The purpose of the Survivors' Trust is to assume all liability for the Abuse Claims pursuant to the Channeling Injunction, and assume responsibility for preserving, managing, and distributing Survivors' Trust Assets to Abuse Claimants in accordance with the Survivors' Trust Documents. In doing so, the Survivors' Trust shall hold, manage, protect, and monetize the Survivors' Trust Assets (as defined in Section 1.1.103 of the Plan) in accordance with the terms of the Survivors' Trust Documents for the benefit of the Beneficiaries (defined below). For the avoidance of doubt, all Abuse Claims asserted against the Debtor in the Bankruptcy Proceeding shall be resolved exclusively in accordance with the Survivors' Trust Documents.

1.3 ***Transfer of Survivors' Trust Assets***. Pursuant to the Plan and Confirmation Order, and upon the Effective Date, the Debtor shall irrevocably transfer, absolutely grant, assign, convey, set over, and deliver to the Survivors' Trust at all times as set forth in the Plan, all of the their rights, titles and interests in and to the Survivors' Trust Assets in accordance with the Plan to be held in trust and for the uses and purposes stated in the Plan. The Survivors' Trustee is hereby authorized to file with the proper governmental authorities any and all documents necessary or helpful to establish the Survivors' Trust as of the Effective Date of the Plan. The Debtor shall execute and deliver such documents to the Survivors' Trust as the Survivors' Trustee reasonably requests to transfer and assign any assets comprising of all or a portion of the Survivors' Trust Assets.

1.4 ***Irrevocability***. The Survivors' Trust shall be irrevocable. The Debtor shall not alter, amend, revoke, or terminate the Survivors' Trust. The Debtor shall have no power or authority to direct the Survivors' Trustee to return any of the Survivors' Trust Assets to the Debtor. Nothing in this Agreement shall diminish the Survivors' Trust's obligation to pay any amounts required by the Plan, including without limitation pursuant to the indemnification provisions in Section 9.12 of the Plan, or the Reorganized Debtor's right to enforce such obligations.

1.5 ***Acceptance of Assets and Assumption of Liabilities***.

1.5.1 In furtherance of the purpose of the Survivors' Trust, the Survivors' Trustee hereby accepts the role of trustee of the Survivors' Trust and accepts the transfer, grant, assignment, conveyance, set over, and delivery of the Survivors' Trust Assets to the Survivors' Trust, subject to the terms and conditions set forth herein and in the Plan. The Survivors' Trust shall succeed to all of the Debtor's respective right, title, and interest, including all legal privileges, in the Survivors' Trust Assets and neither the Debtor nor any other person or entity transferring such Survivors' Trust Assets will have any further equitable or legal interest in, or with respect to, the Survivors' Trust Assets.

1.5.2 Except as otherwise provided in the Plan, the Survivors' Trust shall have all defenses, cross-claims, offsets, and recoupments, as well as Claims that the Debtor has or would have had under applicable law with regard to Survivors' Trust Assets.

1.5.3 In furtherance of the purposes of the Survivors' Trust, the Survivors' Trustee, on behalf of the Survivors' Trust, hereby expressly assumes all responsibility for preserving, managing, and distributing Survivors' Trust Assets to the Beneficiaries. The Abuse Claims of the Beneficiaries will be evaluated by the Abuse Claims Reviewer in accordance with the Survivors' Trust Distribution Plan, which is attached hereto as Exhibit 1.

1.5.4 The Survivors' Trustee shall have all of the rights, powers, and duties set forth in the Plan and this Survivors' Trust Agreement, and available under applicable law, for accomplishing the purposes of the Survivors' Trust. The Survivors' Trustee's powers are exercisable solely in a fiduciary capacity consistent with, and in furtherance of, the applicable provisions of the Plan, the purpose of the Survivors' Trust, and applicable law. The Survivors' Trustee shall have the authority to bind the Survivors' Trust within the limitations set forth in this Survivors' Trust Agreement, but shall be acting in the capacity as Survivors' Trustee, and not individually, for all purposes contained in this Survivors' Trust Agreement.

1.5.5 No provision herein or in the Survivors' Trust Distribution Plan shall be construed or implemented in a manner that would cause the Survivors' Trust to fail to qualify as a "qualified settlement fund" under the Tax Code and Treasury Regulations.

1.5.6 Nothing in this Survivors' Trust Agreement shall be construed in any way to limit the scope, enforceability, or effectiveness of the Channeling Injunction or other terms of the Plan or Confirmation Order.

1.5.7 All Survivors' Trust expenses and all liabilities of the Survivors' Trust with respect to the Beneficiaries shall be payable solely by the Survivors' Trustee out of the Survivors' Trust Assets.

1.5.8 The proceeds of any recoveries from any litigation or claims of the Survivors' Trust will be deposited in the Survivors' Trust's accounts and become the property of the Survivors' Trust.

1.6 ***Privileged and Confidential Information***. The transfer or assignment of any Privileged Information to the Survivors' Trustee, if any, pursuant to the Plan shall not result in the

encumbrances or Interests of creditors of the Debtor) in accordance with sections 1123, 1141, and 1146(a) of the Bankruptcy Code, except as otherwise provided in this Survivors' Trust Agreement, the Plan or the Confirmation Order.

2.3 ***Survivors' Trustee's Right to Title and Interest in the Survivors' Trust Assets***. Upon the transfer of the Survivors' Trust Assets, the Survivors' Trust succeeds to all of the Debtor and the Estate's right to and title and interest in the Survivors' Trust Assets, and the Debtor and the Estate shall have no further right to, or title or Interest in or with respect to, the Survivors' Trust Assets or the Survivors' Trust, except as provided in this Survivors' Trust Agreement, the Plan, or the Confirmation Order.

2.4 ***No Tax on Transfers to Survivors' Trust***. Pursuant to section 1146(a) of the Bankruptcy Code, the delivery of any deed or other instrument of transfer under, in furtherance of, or in connection with this Survivors' Trust, including any deeds, bills of sale, or assignments executed in connection with any transfer to the Survivors' Trust or receipt or disposition/sale of assets by the Survivors' Trust contemplated by the Plan, shall not be subject to any stamp tax, real estate transfer tax, excise tax, sales tax, use tax, or similar tax.

2.5 ***Spendthrift Provision***. To the fullest extent permitted by law and Channeling Injunction, neither the principal nor income of the Survivors' Trust, in whole or in part, shall be subject to (a) any legal or equitable claims of creditors of any Beneficiary or others, (b) legal process, or (c) voluntary or involuntary transfer, assignment, anticipation, pledge, or other form of alienation or encumbrance except as may be ordered by the Bankruptcy Court.

2.6 ***The Survivors' Trust Corpus***. The entirety of the Survivors' Trust's corpus shall be available to pay the Beneficiaries and authorized expenses. The Survivors' Trust's corpus shall be allocated, administered, and distributed as provided in the Survivor Trust Documents.

2.7 ***Unknown Abuse Claims Reserve***. $7,700,000 of the Survivors' Trust Assets shall be set aside in a reserve fund owned by the Survivors' Trust for Unknown Abuse Claims pursuant to the Plan (the "**Unknown Abuse Claims Reserve**"). The payments to holders of Unknown Abuse Claims shall be made in accordance with the Survivors' Trust Distribution Plan. The Unknown Abuse Claims Reserve will be in accordance with the Plan and Survivors' Trust Distribution Plan. After the end of the five-year period set forth in section 9.4.2 of the Plan, to the extent there are any remaining funds after payment to all Unknown Abuse Claims pursuant to the Survivors' Trust Distribution Plan, such remaining funds shall be retained by the Survivors' Trust, with no further restrictions on the Survivors' Trust's use of such funds except for the general restrictions on use of Survivors' Trust Assets provided for herein. For the avoidance of doubt, the Unknown Abuse Claims Reserve are also considered Survivors' Trust Assets and the Holders of Class 5 Unknown Abuse Claims shall be treated as Beneficiaries of the Survivors' Trust to the extent otherwise provided in the Survivors' Trust Documents. The Unknown Abuse Claims Reserve funds shall be distributed as specifically provided for in the Survivors' Trust Distribution Plan.

ARTICLE 3.
POWERS, DUTIES, AND TRUST ADMINISTRATION

3.1 ***Powers***. The Survivors' Trustee shall have, in addition to any other powers and duties conferred on the Survivors' Trustee by applicable trust law (to the extent not inconsistent with applicable bankruptcy law, the Plan, and the Confirmation Order) and the Survivors' Trust Documents, the following powers and duties:

3.1.1 The Survivors' Trustee is and shall act as the fiduciary to the Survivors' Trust in accordance with the provisions of this Survivors' Trust Agreement. The Survivors' Trustee shall have the power to take any and all actions that in the judgment of the Survivors' Trustee are necessary or advisable to fulfill the purpose of the Survivors' Trust, including, without limitation, each power expressly granted in this Section 3.1, any power reasonably incidental thereto, and any trust power now or hereafter permitted under the laws of the State of California.

3.1.2 To act as a custodian of, and to receive, control, manage, liquidate, monetize, and dispose of, all Survivors' Trust Assets for the benefit of the Beneficiaries as the Survivors' Trustee deems appropriate to accomplish the purpose of the Survivors' Trust, in accordance with the Survivors' Trust Documents and the Survivors' Trust's purpose. The Survivors' Trustee may sell, transfer, or exchange any or all of the Survivors' Trust Assets at such prices and upon such terms as the Survivors' Trustee may determine proper and consistent with other terms of the Survivors' Trust Documents.

3.1.3 To abandon any property which the Survivors' Trustee reasonably determines to be of *de minimis* value or of more burden than the value of the Survivors' Trust.

3.1.4 To protect and enforce the rights in and to the Survivors' Trust Assets under the Plan. This includes, but is not limited to, resolving all applicable lien resolution matters.

3.1.5 To enter into leasing, financing, or other contracts in the course of administering the Survivors' Trust Assets under the Plan.

3.1.6 To open and maintain bank accounts on behalf of the Survivors' Trust, to deposit funds in the bank accounts, and draw checks on the bank accounts, as appropriate under the Plan. Notwithstanding anything herein to the contrary, the Survivors' Trustee may open and maintain bank accounts on behalf of the Survivors' Trust after the date the Confirmation Order is entered but prior to the Effective Date.

3.1.7 To obtain all reasonably available insurance coverage with respect to any property that is, or may in the future become, a Survivors' Trust Asset.

3.1.8 To appoint such officers and retain such employees, consultants, advisors, independent contractors, experts, and agents to engage in such legal, financial, administrative, accounting, investment, auditing, and alternative dispute resolution services and activities as the Survivors' Trust requires, and delegate to such persons such powers and authorities as this Survivors' Trust Agreement provides or the fiduciary duties of the Survivors' Trustee permits and as the Survivors' Trustee, in his or her discretion, deems advisable or necessary in order to carry out the terms of this Survivors' Trust Agreement.

3.1.9 To incur on behalf of the Survivors' Trust, and pay from the assets of the Survivors' Trust, all fees, costs, and expenses of administering the Survivors' Trust as provided in the Survivors' Trust Documents. These fees, costs, and expenses can include, but are not limited to: (a) the fees of bankruptcy claims and/or distribution agents, (b) the fees and costs of professionals employed by the Survivors' Trustee (the "**Professionals**"), including without limitation, the Abuse Claims Reviewer, investment advisors, accountants, agents, managers, attorneys-at-law, actuaries, or auditors, (c) the premiums charged by insurers, including without limitation, professional liability insurers, and (d) any other operating expenses incurred in accordance with the Survivors' Trust Documents ("**Survivors' Trust Operating Expenses**").

3.1.10 In accordance with the evaluation of the Abuse Claim Reviewer under the Survivors' Trust Distribution Plan, to make distributions, in accordance with the Survivors' Trust Distribution Plan, to Beneficiaries who have provided signed copies of all Releases as required by the Plan.

3.1.11 In the Survivors' Trustee's discretion, to rely on the authenticity of the signature of the Abuse Claim Reviewer, and the accuracy of the information set forth by, and the reasonableness of the determination of, the Abuse Claim Reviewer in the administration of the Survivors' Trust Distribution Plan and assessment of the Abuse Claims without any verification or confirmation.

3.1.12 In the Survivors' Trustee's discretion, as a party in interest, to seek enforcement of any provisions in the Plan or Confirmation Order pertaining to the Survivors' Trust.

3.1.13 To retain any attorney-at-law, consultant, expert, accountant, investment advisor, bankruptcy management company, or such other agents and advisors as are necessary and appropriate to effectuate the purpose of, and maintain and administer, the Survivors' Trust and shall be entitled to rely on advice given by such advisors within his, her, or its areas of competence. The Survivors' Trustee may enter into such other arrangements with any other third parties as are deemed by the Survivors' Trustee to be useful in carrying out the purpose of the Survivors' Trust, provided such arrangements do not conflict with any other provisions of the Survivors' Trust Documents. For the avoidance of doubt, these individuals are also considered Professionals.

3.1.14 To sue, be sued, and participate, as a party or otherwise, in any judicial, administrative, or arbitration proceeding.

3.1.15 Subject to consultation with the Survivors' Trust Advisory Committee (defined below), to remove the Abuse Claim Reviewer for cause. For purposes of this Survivors' Trust Agreement, "cause" shall mean (a) the willful and continued refusal by the Abuse Claim Reviewer to perform the Abuse Claim Reviewer's duties as set forth in the Survivors' Trust Documents, (b) gross negligence, gross misconduct, fraud, embezzlement, or theft, (c) a breach of fiduciary duty, or (d) other cause as the Survivors' Trustee shall in good faith determine. In the event the Abuse Claim Reviewer resigns, is removed, or is otherwise unable to perform the Abuse Claim Reviewer's obligations, the Survivors' Trustee, subject to consultation with the Survivors' Trust Advisory Committee, shall have exclusive authority to appoint a new Abuse Claim Reviewer. Nothing contained in this Survivors' Trust Agreement shall prohibit the Survivors' Trustee from also serving as the Abuse Claim Reviewer if the Survivors' Trustee determines, subject to

consultation with the Survivors' Trust Advisory Committee, that serving as both the Survivors' Trustee and the Abuse Claim Reviewer is in the best interest of the Survivors' Trust and the Beneficiaries.

3.1.16 To make, sign, execute, acknowledge, and deliver any documents that may be necessary or appropriate to effectuate the purpose of the Plan or the Survivors' Trust or to maintain and administer the Survivors' Trust.

3.1.17 To seek the examination of any Person under, and subject to, the provisions of the Bankruptcy Rules, including without limitation Bankruptcy Rule 2004.

3.1.18 To amend, modify, or alter this Survivors' Trust Agreement, subject to consultation with the Survivors' Trust Advisory Committee, by filing a motion with the Bankruptcy Court, with notice to the Beneficiaries (through their counsel when known, and otherwise directly), the Debtor, and any or all other parties in interest. The amendment will only become effective in accordance with the Bankruptcy Court's order on the trustee's motion. For the avoidance of doubt, the amendments, modifications, or alterations may not be inconsistent with the terms of the Plan, the terms of the Confirmation Order, or the purpose of the Survivors' Trust, as identified in Section 1.2 of this Survivors' Trust Agreement.

3.1.19 Upon any event terminating the Survivors' Trust, to defer distribution of Survivors' Trust Assets for a reasonable time needed to wind up the affairs of the Survivors' Trust, including time needed to provide for payment of debts and expenses, although the Beneficiaries' rights to distributions shall vest immediately.

3.1.20 To comply with section 345 of the Bankruptcy Code regarding the investment of the Survivors' Trust Assets. The Survivors' Trustee is relieved of any obligation to diversify.

3.1.21 To establish the accounts, funds, and reserves, as required by the Plan, for ease of administration. Nothing in this provision shall restrict the Survivors' Trustee's authority to pool the accounts, funds, or reserves for investment purposes or shall require separate bank accounts for the accounts, funds, or reserves.

3.1.22 To be responsible for the Survivors' Trust Assets delivered to the Survivors' Trust and have no duty to make, nor incur any liability for failing to make, any search for unknown property or liabilities.

3.1.23 To defend, Indemnify, and Hold Harmless the Released Parties against Abuse Claims as provided in the Survivors' Trust Documents to the fullest extent permitted by law. The Survivors' Trustee shall purchase insurance sufficient to reasonably cover defense and indemnity costs in connection with this duty.

3.1.24 To initiate, prosecute, defend, settle, maintain, administer, preserve, pursue, and resolve pursuant to section 11(b)(3)(B) of the Bankruptcy Code, all legal actions and other proceedings related to any asset, liability, or responsibility of the Survivors' Trust except with respect to the Litigation Option.

3.1.25 To enter into structured settlements and other similar arrangements with any Beneficiary (including a minor or other person in need of special consideration) upon such terms as the Survivors' Trustee and such Beneficiary (or such Beneficiary's counsel or other authorized person) agree, in accordance with the Survivors' Trust Distribution Plan.

3.1.26 To request an expedited determination of taxes of the Survivors' Trust under section 505(b) of the Bankruptcy Code for all returns filed for, or on behalf of the Survivors' Trust for all taxable periods through the dissolution of the trust.

3.1.28 To timely file such income tax and other tax returns and statements required to be filed and timely pay all taxes, if any, required to be paid from the Survivors' Trust Assets and comply with all applicable tax reporting and withholding obligations.

3.1.29 To take any action required to enforce any Insurance Settlement Agreements.

3.1.30 To take all actions, including such actions as may be consistent with those expressly set forth above, as the Survivors' Trustee deems necessary, to reasonably ensure that the Survivors' Trust is treated as a "qualified settlement fund." Further, the Survivors' Trustee may, unilaterally and without court order, amend, either in whole or in part, any administrative provision of this Survivors' Trust Agreement which causes unanticipated tax consequences or liabilities inconsistent with the foregoing.

3.1.31 In addition to all powers enumerated in the Plan, including but not limited to, the Survivors' Trustee's powers and authority with respect to interpretation, application of definitions, and rules of construction set forth in Article IX of the Plan to the fullest extent set forth therein, from and after the Effective Date, the Survivors' Trust shall succeed to all of the rights and standing of the Debtor with respect to the Debtor's contributions to the Survivors' Trust Assets in its capacity as a trust administering the Survivors' Trust Assets for the benefit of the Beneficiaries.

3.1.32 Except as otherwise provided by the Plan or applicable law, the Survivors' Trustee need not obtain the order or approval of any court in the exercise of power or discretion conferred hereunder.

3.2 ***Limitations on the Survivors' Trustee***. Notwithstanding anything in this Survivors' Trust Agreement to the contrary, the Survivors' Trustee shall not do or undertake any of the following:

3.2.1 Guaranty any debt other than as provided in the Survivors' Trust Documents;

3.2.2 Make loan(s) of Survivors' Trust Assets;

3.2.3 Make any transfer or distribution of Survivors' Trust Assets other than those authorized in this Survivors' Trust Documents;

3.2.4 Engage in any investment of the Survivors' Trust Assets other than as explicitly authorized by this Survivors' Trust Agreement;

Survivors' Trustee is obligated to perform under this Survivors' Trust Agreement. The appointment of the Successor Survivors' Trustee as the Outgoing Survivors' Trustee's attorney-in-fact and agent shall not be affected by the subsequent disability or incompetence of the Outgoing Survivors' Trustee. The Bankruptcy Court may also enter any order necessary to effect the termination of the appointment of the Outgoing Survivors' Trustee and the subsequent appointment of the Successor Survivors' Trustee.

6.5 ***Appointment of Successor Survivors' Trustee***. Any vacancy in the office of the Survivors' Trustee shall be filled by the nomination of a majority of the members of the Survivors' Trust Advisory Committee.

6.6 ***Preservation of Record of Changes in Survivors' Trustees***. A copy of each instrument of resignation, removal, appointment and acceptance of appointment shall be attached to an executed counterpart of this Survivors' Trust Agreement.

6.7 ***Survivors' Trust Advisory Committee Members***. The Survivors' Trust Advisory Committee shall be comprised initially those members of the Committee, or their designees, who agree to serve on the Survivors' Trust Advisory Committee (the "**Advisory Members**") and shall be formed as of the Effective Date to oversee certain actions of the Survivors' Trustee as set forth herein. Upon the death or resignation of an Advisory Member or removal for good cause shown, if such death, resignation, or removal would cause the Survivors' Trust Advisory Committee to have less than five (5) Advisory Members, then the remaining Advisory Members may, but shall not be required to, fill the applicable vacancy on the Survivors' Trust Advisory Committee with a new Advisory Member, subject to the reasonable consent of the Survivors' Trustee, which consent shall not be unreasonably withheld.

6.8 ***Survivors' Trust Advisory Committee Duties***. The members of the Survivors' Trust Advisory Committee (and their designees) shall serve in a fiduciary capacity representing current holders of Abuse Claims. The Survivors' Trust Advisory Committees shall not have any fiduciary duties or responsibilities to any party other than holders of current Abuse Claims. Except for the duties and obligations expressed in this Survivors' Trust Agreement and the Survivors' Trust Distribution Plan, there shall be no other duties (including fiduciary duties) or obligations, express or implied, at law or in equity, of the Survivors' Trust Advisory Committee. To the extent that, at law or in equity, the Survivors' Trust Advisory Committee has duties (including fiduciary duties) and liabilities relating thereto to the Survivors' Trust, the other parties hereto, or any Beneficiary, such duties and liabilities are replaced by the duties and liabilities of the Survivors' Trust Advisory Committee expressly set forth in this Survivors' Trust Agreement and the Survivors' Trust Distribution Plan.

6.9 ***Terms of Service***. Upon the completion of all the Survivors' Trustee's duties, responsibilities, and obligations under the Plan and this Survivors' Trust Agreement, the Survivors' Trust Advisory Committee shall be automatically disbanded and its members shall have no further duties, responsibilities, and obligations in connection with the Chapter 11 Case or the Plan and its implementation.

6.10 ***Survivors' Trust Advisory Committee Information Rights***. Subject to Section 1.6 of this Survivors' Trust Agreement, the Survivors' Trust Advisory Committee shall have reasonable

ARTICLE 8.
MISCELLANEOUS PROVISIONS

8.1 ***Plan Incorporation***. The Survivors' Trust Documents are incorporated into this Survivors' Trust Agreement.

8.2 ***Term; Termination***

8.2.1 The term for which the Survivors' Trust is to exist shall commence on the date of the filing of the Certificate of Survivors' Trust and shall terminate pursuant to the following provisions.

8.2.2 The Survivors' Trust shall automatically dissolve as soon as practicable but no later than ninety (90) days after the date on which the Bankruptcy Court approves the dissolution of the Survivors' Trust because (i) all reasonably expected assets have been collected by the Survivors' Trust, (ii) all distributions have been made to the extent set forth in the Survivors' Trust Distribution Plan, (iii) necessary arrangements and reserves have been made to discharge all anticipated remaining Survivors' Trust obligations and Survivors' Trust Operating Expenses in a manner consistent with the Plan, and (iv) a final accounting has been filed and approved by the Bankruptcy Court. Pursuant to Section 12.13 of the Plan, the Chapter 11 Case may be, and is anticipated to be, closed prior to completion of administration of the Survivors' Trust. To the extent that the Survivors' Trust has been closed, the Survivors' Trustee may move to reopen the case to seek approval for dissolution of the Survivors' Trust as provided herein. If the Bankruptcy Court denies such request to reopen the Chapter 11 Case, then the Survivors' Trust may be dissolved no earlier than thirty (30) days following notice provided by the Survivors' Trustee to the Survivors' Trust Advisory Committee documenting completion of (i)-(iii) above and providing a final accounting.

8.2.3 Following the dissolution and distribution of the Survivors' Trust Assets, the Survivors' Trust shall terminate, and the Survivors' Trustee shall execute and cause a Certificate of Cancellation of the Certificate of Survivors' Trust to be filed in accordance with applicable law. Notwithstanding anything to the contrary contained in this Survivors' Trust Agreement, the existence of the Survivors' Trust as a separate legal entity shall continue until the filing of such Certificate of Cancellation.

8.3.3 After termination of the Survivors' Trust and solely for the purpose of liquidating and winding up its affairs, the Survivors' Trustee shall continue to act as Survivors' Trustee until its duties hereunder have been fully performed. The Survivors' Trustee shall retain the books, records, documents and files that shall have been delivered to or created by the Survivors' Trustee until distribution of all the Survivors' Trust Assets. For purposes of this provision, Survivors' Trust Assets will be deemed distributed when the total amount remaining in the Survivors' Trust is less than $50,000 and no further actions are pending or have yet to be brought. At the Survivors' Trustee's discretion, all of such books, records, documents and files may be destroyed at any time following the later of: (i) the first anniversary of the final distribution of the Survivors' Trust Assets and (ii) the date until which the Survivors' Trustee is required by applicable law to retain such books, records, documents and files; provided however, that, notwithstanding the foregoing, the Survivors' Trustee shall not destroy or discard any books,

records, documents or files relating to the Survivors' Trust without giving the Reorganized Debtor the opportunity to take control of such books, records, documents, and/or files.

8.2.4 Upon termination of the Survivors' Trust and accomplishment of all activities described in this agreement, the Survivors' Trustee and its professionals shall be discharged and exculpated from liability (except for acts or omissions resulting from the recklessness, gross negligence, willful misconduct, knowing and material violation of law or fraud of the Survivors' Trustee or his agents or representatives). The Survivors' Trustee may, at the expense of the Survivors' Trust, seek an Order of the Bankruptcy Court confirming the discharges, exculpations and exoneration referenced in the preceding sentence.

8.3 ***Notices***. All notices or deliveries required or permitted under the Survivors' Trust Agreement shall be given as directed in the Plan, to the following:

IF TO THE DEBTOR:	**IF TO THE SURVIVORS' TRUST ADVISORY COMMITTEE:**
IF TO THE TRUSTEE:	

8.4 ***Waiver***. No failure or delay of any party to exercise any right or remedy pursuant to this Survivors' Trust Agreement shall affect the right or remedy or constitute a waiver by the party of any right or remedy pursuant to this Survivors' Trust Agreement. Resort to one form of remedy shall not constitute a waiver of alternative remedies.

8.5 ***Reimbursement of Costs***. If the Survivors' Trustee or the Survivors' Trust, as the case may be, is the prevailing party in a dispute regarding the provisions of this Survivors' Trust Agreement or the enforcement of a provision of this Survivors' Trust Agreement, the Survivors' Trustee or the Survivors' Trust, as the case may be, shall be entitled to collect from the non-prevailing party any and all costs, reasonable and documented out-of-pocket expenses and fees, including attorneys' fees, incurred in connection with the dispute or enforcement action.

8.6 ***Entirety of Survivors' Trust Agreement***. This Survivors' Trust Agreement supersedes any and all prior oral discussions and agreements with respect to the subject matter in this Survivors' Trust Agreement, which contains the sole and entire Survivors' Trust Agreement and understanding with respect to the matters addressed in the Survivors' Trust Agreement. It is acknowledged that there are no communications or oral understandings that are contrary to, or that in any way restrict, this Survivors' Trust Agreement and that all prior agreements or understandings within the scope of the subject matter of this Survivors' Trust Agreement are, upon execution and delivery of this Survivors' Trust Agreement, superseded, null, and void.

8.7 ***Counterparts***. This Survivors' Trust Agreement may be executed in two or more counterparts, with the same effect as if all signatures on the counterparts appeared on one document, each of which shall be deemed an original, but all of which together shall constitute

ROMAN CATHOLIC BISHOP OF OAKLAND, CALIFORNIA
SURVIVORS' TRUST DISTRIBUTION PLAN

This Survivors' Trust Distribution Plan has been adopted pursuant to the RCBO Survivors' Trust Agreement and the *Debtor's Modified Fourth Amended Plan of Reorganization* (the "**Plan**"). The Survivors' Trust Distribution Plan is designed to provide fair, equitable and substantially similar treatment for all Abuse Claims, except as otherwise set forth herein with respect to Immediate Payments and the Litigation Option. Except as expressly provided below, nothing in this Survivors' Trust Distribution Plan shall be deemed to create a substantive right for any Claimant. The rights and benefits provided herein to Abuse Claimants shall vest in such holders as of the Effective Date. The terms of the Plan shall prevail if there is any discrepancy between the terms of the Plan and the terms of this Survivors' Trust Distribution Plan.

1. GENERAL GUIDELINES

1.1 Definitions

Capitalized terms used in this Survivors' Trust Distribution Plan shall have the meanings given to them in the Plan, the RCBO Survivors' Trust Agreement, or the Bankruptcy Code, unless otherwise defined herein, and such definitions are incorporated in this Survivors' Trust Distribution Plan by reference.

1.2 Purpose

This Survivors' Trust Distribution Plan is designed to provide guidance to the Abuse Claims Reviewer in determining the amount of each Trust Claim under the Plan by assigning to each Trust Claim a value pursuant to the evaluation factors and criteria below. Although the factors collectively comprise the methodology that must be applied in reviewing Trust Claims, the Abuse Claims Reviewer may, as indicated below, take into account considerations in addition to those identified herein.

1.3 Sole and Exclusive Method.

The Plan and the RCBO Survivors' Trust Agreement contemplate the creation of the Survivors' Trust for satisfaction of the Abuse Claims. The Plan and Survivors' Trust Distribution Plan provide the sole and exclusive method by which holders of Abuse Claims (both known and unknown) may recover against the Debtor, RCWC (solely as to Released RCWC Claims), any of the Released Parties, or any of the Insurers.

1.4 Non-Compensatory Damages and Other Theories of Liability.

Any portion of an Abuse Claim (including an Unknown Abuse Claim) that is for punitive damages will be disallowed and may not be considered in determining the distribution on account of such Abuse Claims, regardless of the treatment of such damages under non-bankruptcy law. An Abuse Claimant (whether known or unknown) may not seek recovery of punitive damages from

the Survivors' Trust, the Debtor, the Reorganized Debtor, RCWC (solely as to Released RCWC Claims), or any of the Released Parties).

1.5 Confidentiality.

All submissions to the Survivors' Trusts relating to an Abuse Claim shall be treated as confidential and shall be protected by all state and federal privileges, including those related directly to settlement discussions. The Survivors' Trust will preserve the confidentiality of such submissions and shall disclose the contents thereof only to such persons as authorized by the Abuse Claimant (or his or her counsel), in response to a valid subpoena of such materials issued, an order compelling disclosure entered by a court of competent jurisdiction (including, but not limited to, the Bankruptcy Court) or as otherwise required by law. Notwithstanding anything in the foregoing to the contrary, the Survivors' Trust may disclose information, documents, or other materials (i) reasonably necessary in the Survivors' Trustee's judgment to preserve, obtain, litigate, resolve, or settle insurance coverage, or to comply with an obligation under an Insurance Policy, indemnity, or settlement agreement, or to pursue any other claims transferred or assigned to the Survivors' Trust by the holder of the Abuse Claim or operation of the Plan; (ii) subject to the consent of a Abuse Claimant or with redactions or other mechanism to preserve the confidentiality of a Abuse Claimant, where the submission contains non-privileged information that is relevant to the Allowance or value of another Abuse Claim; and (iii) notwithstanding anything otherwise provided herein, the Survivors' Trustee and Abuse Claims Reviewer may share information and materials with each other to the extent reasonably necessary to ensure that each valid, timely Trust Claim is submitted to the Survivors' Trust.

1.6 Payment of Abuse Claims and Insurance Recoveries.

Pursuant to the terms of the Plan, the Survivors' Trust has assumed the Debtor and the Settling Insurers' legal liability for, and obligation to pay, Abuse Claims. The Survivors' Trust Assets shall be used to fund distributions to Abuse Claimants under this Survivors' Trust Distribution Plan. The amounts that Abuse Claimants will ultimately be paid on account of their Abuse Claims will depend on, among other things, the way Abuse Claimants seek compensation for their claims.

1.7 Assignment of Insurance Rights.

The Plan effectuates the Insurance Assignment pursuant to which the Survivors' Trust will receive all rights, claims, interests, benefits, responsibilities, and obligations of the Debtor in the Non-Settling Insurer Policies, subject to the terms of the Plan (including without limitation Articles VIII and IX of the Plan) and the provisions of the Plan concerning the Litigation Option. Nothing in this Survivors' Trust Distribution Plan shall modify, amend, or supplement, or be interpreted as modifying, amending, or supplementing, the terms of any Abuse Insurance Policy or rights and obligations under an Abuse Insurance Policy assigned to the Survivors' Trust to the extent such rights and obligations are otherwise available under law and subject to the Plan. The rights and obligations, if any, of any Insurer relating to this Survivors' Trust Distribution Plan, or any provision hereof, shall be determined pursuant to the terms and provisions of the Abuse Insurance Policies, the Plan, and applicable non-bankruptcy law. Notwithstanding the foregoing, the Survivors' Trust shall satisfy, to the extent required under the relevant policies and law, any

retrospective premiums and self-insured retentions arising out of any Abuse Claims under the Abuse Insurance Policies. Nothing herein shall obligate any Insurer to advance any self-insured retention, unless otherwise required by law.

2. SURVIVORS' TRUST DISTRIBUTION AND ADMINISTRATION

2.1 Abuse Claims Reviewer

[•] is the Abuse Claims Reviewer for this Survivors' Trust Distribution Plan. The Abuse Claims Reviewer shall conduct a review of the following with respect to each Trust Claim:

i. Abuse Claims filed by holders of a Class 4 Claim that did not elect to receive an Immediate Payment pursuant to the Plan; and

ii. Unknown Abuse Claims (if any) that are filed within five (5) years of the Effective Date.

The Abuse Claims Reviewer's review (or Second-Look Review as set forth in Section 3.4) as to each Trust Claim shall be the final review for each such Trust Claim.

2.2 Survivors' Trust Advisory Committee to the Survivors' Trustee

Pursuant to the Plan and the RCBO Survivors' Trust Agreement, this Survivors' Trust Distribution Plan shall be administered by the Survivors' Trustee in consultation with the Survivors' Trust Advisory Committee and the Abuse Claims Reviewer. Except as set forth below with respect to Immediate Payment Claimants, the Abuse Claims Reviewer shall value Class 4 and Class 5 Abuse Claims, all such claims being "Trust Claims" for the purposes of this Trust Distribution Plan. The Survivors' Trustee shall administer Trust Claims with respect to the appropriate Reserve (the Unknown Claim Reserve and Trust Claim Reserve) in accordance with this Survivors' Trust Distribution Plan and findings of the Abuse Claims Reviewer. The Survivors' Trustee shall also consult with the Survivors' Trust Advisory Committee and the Abuse Claims Reviewer on such matters as required in the RCBO Survivors' Trust Agreement.

2.3 Claim Reserves

i. **Trust Claim Reserve:** A cash reserve maintained by Survivors' Trust established on the Effective Date for the benefit of Abuse Claims. Upon the Effective Date, the Survivors' Trust shall segregate all cash in its possession or thereafter received from the liquidation of Survivors' Trust Assets. For the avoidance of doubt, the Trust Claim Reserve shall not include the Unknown Abuse Claim Reserve.

ii. **Unknown Abuse Claim Reserve:** A cash reserve maintained by Survivors' Trust established on the Effective Date for the benefit of Unknown Abuse Claims. Upon the Effective Date, the Survivors' Trust shall segregate $5,000,000.00 (Five Million Dollars and Zero Cents) of the Initial Debtor Contribution into the Unknown Abuse Claims Reserve. The Unknown Abuse Claims Reserve shall be maintained for the greater of (i) five (5)

years after the Effective Date, and (ii) resolution of all Unknown Abuse Claims submitted to the Survivors' Trustee within five (5) years after the Effective Date. On that date, the remaining funds in the Unknown Abuse Claims Reserve will be de-segregated and deposited into the Trust Claim Reserve, and neither the Debtor, Reorganized Debtor, Survivors' Trust, nor any Settling Insurer shall have any more liability for any Unknown Abuse Claim.

iii. **RCWC Escrow:** An escrow account administered pursuant to the terms of the RCWC Escrow Agreement by a third-party escrow agent, from which the Survivors' Trustee may draw funds contributed by RCWC upon the execution by a Trust Claimant of an RCWC Release and distribute them to all Trust Claimants.

3. PROCEDURE

3.1 Immediate Payments.

i. Not later than ten (10) days following the Effective Date, the Survivors' Trustee shall mail the Immediate Payment Notice to all Holders of Abuse Claims. The Immediate Payment Notice shall include conspicuous language indicating that acceptance of the Immediate Payment and return of the election form constitutes a release of the Debtor, Survivors' Trust, any Settling or Non-Settling Insurers, and RCWC (and the RCWC Escrow) for any amount over and above the Immediate Payment of $50,000.

ii. Holders of Abuse Claims who elect to receive the Immediate Payment from the Survivors' Trust (each an "**Immediate Payment Claimant**") shall do so by signing and returning the Immediate Payment Notice such that it is postmarked (if sent by US Mail) not later than the Immediate Payment Election Deadline. Only Abuse Claimants who return an Immediate Payment Notice not later than the Immediate Payment Election Deadline, affirmatively indicating their election to receive the Immediate Payment, shall be entitled to receive an Immediate Payment.

iii. For the avoidance of doubt, any Immediate Payment Claimant shall not be treated as a Trust Claim. Because of this, an Immediate Payment Claimant shall not be required to proceed through the claims evaluation process or any of the other procedures provided for herein.

iv. The Survivors' Trustee may require such other documentation from an Immediate Payment Claimant as the Survivors' Trustee reasonably deems necessary to effectuate the applicable provisions of the Plan.

4.4 No Distribution for Disallowed/Expunged Claims.

For the avoidance of doubt, under no circumstance will the holder of a Trust Claim that has been Disallowed or expunged be eligible to receive a distribution under the Survivors' Trust Distribution Plan.

5. ELECTION TO PROCEED IN LITIGATION

5.1 Litigation Option.

Beginning on the Effective Date, but no later than ninety (90) days after receiving notice of the Initial Determination as provided in Section 3.3, the Holder of a Trust Claim may elect to pursue litigation against the Debtor (as a nominal party only), Non-Settling Insurers and/or other parties (excluding the Debtor or Reorganized Debtor as appropriate) (the "**Litigation Option**") by filing in the Chapter 11 Case a written statement of intent to do so (a "**Litigation Option Notice**"). The Litigation Option Notice may be filed under a pseudonym if the claimant's name has not been previously publicly identified, *provided* that (i) the notice otherwise adequately identifies the relevant Claim including the case number for the pending litigation and (ii) the claimant or his or her counsel notifies the Non-Settling Insurers of the claimant's actual name. After the expiration of ninety (90) days following the filing of a Litigation Option Notice, such Trust Claimant may continue to pursue such Claim in a separate action filed in a non-bankruptcy court of competent jurisdiction as determined by applicable law, solely to seek a recovery from Abuse Insurance Policies. Trust Claimants who do not timely file the Litigation Option Notice shall be barred from continuing an existing lawsuit or proceeding or from availing himself or herself of the provisions of this Section 5.1 and be deemed to have elected to receive a distribution solely from the Survivors' Trust (the "**Distribution Option**"). The failure to file a Litigation Option Notice shall not impact such Trust Claimant's point allocation in the Final Determination.

Promptly following the filing of a Litigation Option Notice, the Survivors' Trustee, Abuse Claims Reviewer, counsel for imputed Non-Settling Insurers, and the Trust Claimant who elected the Litigation Option (a "**Litigation Claimant**") shall meet and confer to discuss litigation (subject to any stay that may be imposed by another insolvency proceeding or otherwise), the process of substituting the Survivors' Trustee as defendant in such litigation (if necessary), scheduling and minimizing forum disputes (including avoiding parallel proceedings against different Released Parties in different fora); provided, however, for the avoidance of doubt, all parties' rights with respect to scheduling and the appropriate forum for such litigation (the "**Abuse Claim Litigation**") is fully reserved.

Any Abuse Claim Litigation following a Litigation Option Notice shall be governed by the rules of the court or courts of competent jurisdiction. For the avoidance of doubt, upon receipt of a Litigation Option Notice, the Survivors' Trustee may object to any Proof of Claim filed by such Trust Claimant. Nothing herein shall be construed to alter or amend 28 U.S.C. § 157.

Any Insurer's rights under its Insurance Policy or otherwise with respect to any Abuse Claim Litigation are fully reserved.

6.4 Additional Distributions to Trust Claimants:

Following the Initial Distribution, upon the receipt of additional Cash contributions into the Survivors' Trust, the Survivors' Trustee shall make one or more subsequent payments to Trust Claimants, comprised of such Claimants' *pro rata* share of the Survivors' Trust Assets then remaining in the Trust Claim Reserve, less reasonable reserve amounts for administrative expenses and litigation as the Survivors' Trustee deems appropriate.

6.5 Litigation Distribution(s):

Following resolution of a Litigation Claimant's Abuse Claim Litigation case where the Litigation Claimant secured a Litigation Judgment against one or more Non-Settling Insurer, the Survivors' Trustee shall determine whether the amount theretofore distributed to such Litigation Claimant pursuant to Sections 6.1, 6.3, and 6.4 herein is greater than such Litigation Judgment. Any amount already distributed to such Litigation Claimant in excess of their Litigation Judgment shall be recoverable by the Survivors' Trustee, provided it shall be entirely within the discretion of the Survivors' Trustee to determine whether to seek such recovery.

In the case of a Litigation Claimant who obtains a Litigation Judgment that is lower than the Distribution Amount, but who has not yet received distributions in excess of the Litigation Judgment amount, the distribution from the Survivors' Trust to such Trust Claimant subsequent to such Litigation Judgment shall be capped at the amount of the Litigation Judgment less distributions already made by the Survivors' Trust to such Litigation Claimants, provided, however, that such distribution from the Survivors' Trust shall be further reduced by the amount of any liability for the Litigation Judgment that is apportioned to (i) one or more defendants in the Abuse Claim Litigation other than any of the Released Parties, and/or (ii) any Non-Settling Insurer on account of such Non-Settling Insurer's coverage obligations under an Abuse Insurance Policy, if any, subject to such Non-Settling Insurer's rights to Contribution and other rights under the Plan and the applicable Abuse Insurance Policy(ies).

In the case of a Litigation Claimant who obtains a Litigation Judgment that is higher than the Distribution Amount for such Litigation Claimant, the distribution from the Survivors' Trust to such Trust Claimant shall be the lower of: (a) the Distribution Amount or (b) the amount of such Litigation Judgment less the sum of any distributions already made by the Survivors' Trust to such Trust Claimant and any liability for the Litigation Judgment apportioned to (i) any defendants in the Abuse Claim Litigation other than any of the Released Parties and/or (ii) any Non-Settling Insurer on account of such Non-Settling Insurer's coverage obligations under an Abuse Insurance Policy, if any, subject to such Non-Settling Insurer's rights to Contribution and other rights under this Plan and the applicable Abuse Insurance Policy(ies).

The difference between a Litigation Claimant's Distribution Amount and any reduced distribution to such Litigation Claimant from the Survivors' Trust based on their litigation recovery as provided herein shall be reallocated for distribution to Trust Claimants in their *pro rata* share.

If a Litigation Claimant obtains a Litigation Judgment for which all liability is assigned in the aggregate to (i) defendants in the Abuse Claim Litigation other than the Released Parties and/or (ii) one or more Non-Settling Insurers, any party found liable for payment to such Litigation

Claimant shall pay that judgment directly to such Litigation Claimant. The Litigation Claimant shall have no further claims against the Survivors' Trust

In no event may a Litigation Claimant receive more than the total amount of his or her Litigation Judgment from all sources. For the avoidance of doubt, if, after accounting for recovery from parties other than the Survivors' Trust, a Litigation Claimant receives any amount in excess of the Judgment Amount, such amount shall be recoverable by the Survivors' Trustee. In any case of a Litigation Claimant who obtains a Litigation Judgment, where the payment of any amounts payable to such Litigation Claimant by (i) defendants in the Abuse Claim Litigation other than the Released Parties and/or (ii) one or more Non-Settling Insurers, when taken together with any distributions received by such Litigation Claimant from the Survivors' Trust, would cause such Litigation Claimant's Claim to receive more than the total amount of his or her Litigation Judgment, then (a) all amounts to be paid under such Litigation Judgement that would be in excess of such Litigation Judgment shall be paid to the Survivors' Trustee to be allocated for distribution to other Trust Claimants in their *pro rata* share, or (b) if such amounts are paid directly to the Litigation Claimant, such Litigation Claimant shall immediately turn them over to the Survivors' Trustee.

6.6 Distributions On Account of Claims Against RCWC:

i. The Abuse Claims Reviewer shall calculate the *pro rata* share of the RCWC Cash Contribution for every Trust Claimant the Abuse Claims Reviewer determines is the Holder of a compensable claim against RCWC. The Abuse Claims Reviewer shall complete these calculations in accordance with all deadlines and requirements in the Plan for reviewing Abuse Claims and shall notify each RCWC Claimant of the Abuse Claims Reviewer's determination as to such claimant.

ii. Within five (5) business days of an RCWC Claimant executing an RCWC Release and returning it to the Survivors' Trustee, the Survivors' Trustee shall deliver a copy of such RCWC Release to the RCWC Escrow Agent and shall request the transfer of funds in the amount of the *pro rata* share of such RCWC Claimant, subject to the terms of the RCWC Escrow Agreement. Thereafter, neither such RCWC Claimant nor the Survivors' Trust shall have a cause of action against RCWC on account of an Abuse Claim.

iii. Amounts transferred from the RCWC Escrow to the Survivors' Trust based on execution of an RCWC Release by an RCWC Claimant shall be available for distribution to all Trust Claimants with Allowed Claims.

6.7 Insurance Settlement Agreements:

To the extent the Survivors' Trust enters into an Insurance Settlement Agreement that covers a Trust Claim of a Litigation Claimant (such claimants being "**Settling Trust Claimants**"), (i) the Abuse Claim Litigation of such Settling Trust Claimant shall be promptly dismissed to the extent the Settling Trust Claimant is seeking a determination of, and the availability of insurance

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UNITED STATES BANKRUPTCY COURT

NORTHERN DISTRICT OF CALIFORNIA

OAKLAND DIVISION

In re: THE ROMAN CATHOLIC BISHOP OF OAKLAND, a California corporation sole, Debtor.	Case No. 23-40523 WJL Chapter 11 **ORDER CONFIRMING DEBTOR'S MODIFIED FOURTH AMENDED PLAN OF REORGANIZATION** Judge: Hon. William J. Lafferty Date: TBD Time: TBD Place: United States Bankruptcy Court 1300 Clay Street Courtroom 220 Oakland, CA 94612

The Court conducted an evidentiary hearing (the "Confirmation Hearing") commencing on June 15, 2026, in connection with the following:

A. *Debtor's Modified Fourth Amended Plan of Reorganization Dated March 27, 2026*, filed on March 29, 2026 [Docket No. 2758] including the *Plan Supplement* [Docket No. •] (as it may be amended, modified, or supplemented, and including all exhibits thereto, the "Plan"),[1] filed by the Roman Catholic Bishop of Oakland, a California corporation sole, and the debtor and debtor in possession (the "Debtor" or "RCBO") in the above-captioned chapter 11 bankruptcy case (the "Chapter 11 Case");

B. *Declaration of Andres A. Estrada With Respect to Solicitation and the Tabulation of Votes on the Debtor's Third Amended Plan of Reorganization* [Docket No. 2040] (the "Initial Voting Report");

C. *Supplemental Declaration of Andres A. Estrada with Respect to Solicitation and the Tabulation of Votes on the Modified Fourth Amended Plan of Reorganization Dated March 27, 2026* [Docket No. •] (the "Supplemental Voting Report" and, together with the Initial Voting Report, the "Voting Reports");

D. *Declaration of [•] in Support of Confirmation of the Modified Fourth Amended Plan of Reorganization Dated March 27, 2026* [Docket No. •];

E. *Debtor's Memorandum of Law in Support of Confirmation of the Modified Fourth Amended Plan of Reorganization Dated March 27, 2026* [Docket No. •] (the "Confirmation Brief"); and

F. The following objections to the Plan (together, the "Objections"):

- _____
- _____

Having considered the pleadings, the matters judicially noticed under Rule 201 of the Federal Rules of Evidence, the testimony presented at the Confirmation Hearing, the exhibits introduced into evidence at the Confirmation Hearing, the record of the Chapter 11 Case the arguments of counsel, the Court finds that: (1) adequate notice of the Confirmation Hearing and the time for filing objections to confirmation of the Plan was provided to all Holders of Claims and other parties-in-interest entitled to receive such notice under the Bankruptcy Code and Bankruptcy Rules and no other or further notice of

[1] Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Plan.

10. The Debtor, RCC, RCWC, Adventus, any Settling Insurers, and each of their respective present and former members, officers, directors, employees, advisors, attorneys, and agents have acted in good faith within the meaning of and with respect to all of the actions described in Section 1125(e) of the Bankruptcy Code and are, therefore, not liable for the violation of any applicable law, rule, or regulation governing such actions. The Debtor and Reorganized Debtor (as applicable) have also satisfied the good faith requirement of § 1129(a)(3) of the Bankruptcy Code. Accordingly, the Exculpated Parties are eligible for exculpatory relief.

11. The Exculpations represent a critical component of the Plan, are narrowly tailored to protect the Exculpated Parties from inappropriate litigation based on the Chapter 11 Case, and do not release any claim based on (i) an express contractual obligation owing by any such Person or Entity; (ii) willful misconduct or gross negligence; (iii) with respect to Professionals, liability arising from claims of professional negligence, which shall be governed by applicable non-bankruptcy law. The Exculpations are consistent with applicable Ninth Circuit case law. Accordingly, the Exculpations are appropriate and are approved.

The Injunctions Are Appropriate and Are Approved.

12. The Plan has been accepted by Classes [___]. In addition, no Creditor objected to the Injunctions in the Plan.

13. The Channeling Injunction is an integral part of the Plan and essential to its consummation and implementation. The Channeling Injunction is narrowly tailored to prevent the assertion of Abuse Claims against any Released Parties or Settling Insurer. The Channeling Injunction does not bar any Claims against Non-Settling Insurers. Consequently, the Channeling Injunction is not a non-consensual release by Abuse Claimants against third parties.

The Settlements and Compromises Embodied in the Plan Are Integral Components of the Plan and Are Approved.

14. The Plan provides that pursuant to § 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the classification, distributions, releases, injunctions, and other benefits provided under the Plan, upon the Effective Date, the provisions of the Plan shall constitute a good faith

compromise and settlement of all Claims, Causes of Action, and controversies resolved pursuant to the Plan, including the CCEB Settlement incorporated therein. The Plan also incorporates the settlements reached with the Settling Insurers pursuant to the Insurance Settlement Agreements, as provided in Section 8.8.1 of the Plan.

15. The settlements and compromises embodied in the Plan satisfy all applicable standards and are approved.

- First, they are in the best interest of the Estate of the Debtor and an appropriate exercise of the Debtor's business judgment.
- Second, the settlements are integral to the Plan and essential for its consummation and implementation as the settlements are part of the consideration for the sizeable Plan funding contributions by the Non-Debtor Catholic Entities.
- Third, the probability of success on the merits is mixed and dependent on the claims at issue. Nevertheless, the history of the Chapter 11 Case demonstrates that further litigation of various Claims and Causes of Action not settled through the Plan would be bitter, protracted (including likely appeals), and expensive and would involve complex issues of forensic accounting, insurance law, and many other areas of law.
- Fourth, the Plan is the product of extensive good-faith negotiations between and among a variety of constituents.

<u>The Plan Releases Are Approved.</u>

16. Similar to the reasons stated above regarding the Plan's settlements, the releases under the Plan are both fair and equitable and in the best interest of the estate. Additionally, the releases comply with the standards for approving settlements under Bankruptcy Rule 9019, taking into consideration the probability of success of litigation (with due consideration for the uncertainty in fact and law); the complexity and likely duration of the litigation and any attendant expense, inconvenience, and delay, including the difficulties, if any, to be encountered in the matter of collection; the paramount interest of the creditors and a proper deference to their respective views; the extent to which the settlement is truly

the product of arm's-length bargaining and not fraud or collusion; and all other factors bearing on the wisdom of the compromise.

17. Moreover, the releases here are not third-party releases but releases by the Debtor of Causes of Action. Additionally, the consensual releases are specific in language, integral to the Plan, a condition of settlement, and given for consideration that does not violate the Bankruptcy Code.

The Indemnification and Judgment Reduction Provisions of the Plan Are Approved.

18. The indemnification and reimbursement provisions in the Plan are hereby approved and are binding in all respects.

19. Section 9.12 of the Plan is specifically approved and authorized by the Court as necessary and appropriate.

D. Section 1129(a)(2): The Debtor Has Complied with the Bankruptcy Code

20. Section 1129(a)(2) of the Bankruptcy Code requires that a plan proponent complies with the applicable provisions of the Bankruptcy Code and focuses on the conduct of the plan proponent in seeking confirmation of that plan, particularly the disclosure and solicitation requirements under §§ 1125 and 1126 of the Bankruptcy Code. The Debtor has complied with §§ 1125 and 1126 of the Bankruptcy Code as well as the Disclosure Statement Order and, therefore, has satisfied the requirement of § 1129(a)(2) of the Bankruptcy Code.

E. Section 1129(a)(3): The Plan Has Been Proposed in Good Faith and Not by Any Means Forbidden by Law

21. Section 1129(a)(3) of the Bankruptcy Code requires that a plan be "proposed in good faith and not by any means forbidden by law." The Plan was proposed with the legitimate and honest purpose to reorganize and has a reasonable hope of success. Considering the totality of the circumstances and the Bankruptcy Code's fresh start principles, the Plan has been proposed in good faith because it bears some relationship to the Bankruptcy Code's objective of reviving a financially troubled entity.

22. Finally, the Plan was not proposed by any means forbidden by law, and indeed, is in full compliance with the Bankruptcy Code and applicable non-bankruptcy law.

23. Accordingly, the Debtor has satisfied § 1129(a)(3) of the Bankruptcy Code.

F. Section 1129(a)(4): The Plan Provides that Professional Fees and Expenses Are Subject to Court Approval

24. Consistent with § 1129(a)(4) of the Bankruptcy Code, the Plan provides that all payments for professional services provided to the Debtor and Reorganized Debtor (as applicable) during this Chapter 11 Case prior to entry of this Confirmation Order must be approved by the Court as reasonable. Moreover, the Plan provides that all fees of retained professionals must be approved by the Court pursuant to final fee applications, to be filed no later than the Professional Fee Claims Bar Date, which is forty-five (45) days after the Effective Date, thereby providing an adequate period of time for interested parties to review such Professional Fees. Accordingly, the Plan complies with the requirements of § 1129(a)(4) of the Bankruptcy Code.

G. Section 1129(a)(5): The Debtor Has Disclosed All Necessary Information Regarding Directors, Officers, and Insiders

25. In accordance with § 1129(a)(5) of the Bankruptcy Code, Sections 5.7(a) and 5.7(b) of the Plan Supplements disclose the identities and affiliations of the persons proposed to serve as directors and officers of the Reorganized Debtor, on and after the Effective Date. The continuance of such officers and directors is in the interests of creditors as such officers and directors will bring to bear institutional knowledge that will benefit the Reorganized Debtor in implementing the Plan and pursuing future operations. As for public policy, retaining the officers and directors is consistent with the free exercise of religion clause of the First Amendment to the United States Constitution.

26. In connection with the Survivors' Trust, as successor to the Debtor and Reorganized Debtor (as applicable) as set forth in the Plan, the Survivors' Trust Agreement has been filed, and the identity and qualifications of the Survivors' Trustee, [_____], and Abuse Claims Reviewer, [____], have been disclosed, have not been objected to by any Holders of Claims or other parties in interest, and are consistent with the best interests of the Abuse Claimants.

27. Accordingly, the Plan satisfies the requirements under § 1129(a)(5) of the Bankruptcy Code.

disparate treatment among classes of equal priority, no class that considers itself discriminated against is receiving less than it would in a hypothetical chapter 7 case. The Plan does not discriminate unfairly.

Fair and Equitable

49. The Plan satisfies the "fair and equitable" requirement of § 1129(b) of the Bankruptcy Code in light of the evidence presented at the Confirmation Hearing and based on the criteria described in this Confirmation Order, including the fact that the Plan is feasible.

S. Section 1129(c): The Plan Is the Only Plan Before the Court

50. Section 1129(c) of the Bankruptcy Code provides that the Court may confirm only one plan. For purposes of § 1129(c), the Plan is the only plan currently before the Court. Accordingly, § 1129(c) of the Bankruptcy Code is satisfied.

T. Section 1129(d): The Principal Purpose of the Plan Is Not Avoidance of Taxes

51. The principal purpose of the Plan is not the avoidance of taxes or the avoidance of § 5 of the Securities Act. Consequently, the Plan satisfies the requirements of § 1129(d) of the Bankruptcy Code.

U. Section 1129(e): Inapplicable Provisions

52. The provisions of § 1129(e) of the Bankruptcy Code apply only to "small business cases" as defined therein. The Chapter 11 Case is not a "small business case." Accordingly, § 1129(e) of the Bankruptcy Code is inapplicable.

V. All Confirmation Requirements are Satisfied

53. Based on the foregoing, the Debtor and the Plan satisfy the requirements for confirmation set forth in § 1129 of the Bankruptcy Code.

W. The Debtor is Likely to Satisfy the Conditions Precedent to the Effective Date

54. The Plan shall not become effective unless and until the conditions set forth in Article X have been satisfied or waived in accordance with the Plan. Each of the conditions precedent to the Effective Date has been or is reasonably likely to be satisfied or, as applicable, waived in accordance with the Plan.

X. The Debtor is Authorized to Take All Actions Necessary to Implement the Plan and Transactions Therein

55. All documents necessary to implement the Plan and the settlements and transactions contemplated therein, including those contained in the Plan Supplement, and all other relevant and necessary or desirable documents have been negotiated in good faith and at arm's length, are in the best interests of the Debtor, and shall, upon completion of documentation and execution, be valid, binding, and enforceable agreements, not avoidable and not in conflict with any federal, state, or foreign Law. The documents and agreements are essential elements of the Plan, and entry into and consummation of the transactions contemplated by each such document or agreement are in the best interests of the Debtor, its Estate, and the Holders of Claims. The Debtor has exercised reasonable business judgment in determining which documents and agreements to enter into and have provided sufficient and adequate notice of such documents and agreements. The Debtor and Reorganized Debtor (as applicable) is authorized to take any action reasonably necessary or appropriate to consummate such agreements and the transactions contemplated thereby.

Y. Cause Exists to Waive Any Stay of this Confirmation Order

56. Under the circumstances, good cause exists for waiving the stays imposed by operation of Bankruptcy Rules 3020(e) and 6004(h) to permit the Debtor to consummate the Plan and commence implementation immediately after entry of this Confirmation Order. Each day that the Debtor and Reorganized Debtor (as applicable) remain in chapter 11 causes them to incur significant administrative and professional costs, and waiting until the expiration of fourteen (14) days after entry of this Confirmation Order would otherwise serve no purpose. Moreover, Holders of Claims and other parties in interest need the necessary comfort that once the Plan has gone effective, there is finality on the issues.

THEREFORE, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED THAT:

A. The Plan is APPROVED and CONFIRMED in its entirety, except as modified herein.

B. The failure to specifically describe or include herein any provision of the Plan shall not diminish or impair the effectiveness of such provision, as the Court intends that the Plan be approved and

v. taking any act, in any manner, in any place whatsoever, that does not conform to, or comply with, the provisions of this Plan or the Survivors' Trust Documents; and

vi. asserting or accomplishing any setoff, right of indemnity, subrogation, contribution or recoupment of any kind against any obligation due to any of the Released Parties or Settling Insurers.

c. The foregoing Channeling Injunction is an integral part of the Plan and is essential to the Plan's consummation and implementation. The channeling of the Channeled Claims as provided in this § 13.11 of the Plan will inure to the benefit of the Released Parties and the Settling Insurers. In any action to enforce the injunctive provisions § 13.11 of the Plan against a Holder of Claim whereby it is held by a Final Order that such Holder willfully violated the terms of § 13.11 of the Plan, the moving party may seek an award of costs (including reasonable attorneys' fees) against such Holder, and such other legal or equitable remedies as are just and proper, after notice and a hearing.

K. All Holders of Claims are precluded and enjoined from taking any actions to interfere with the implementation and consummation of the Plan.

L. Pursuant to § 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the classification, Distributions, Survivors' Trust Distributions, releases, and other benefits provided under the Plan, on the Effective Date, the Plan constitutes a good-faith compromise and settlement of any and all Claims and controversies resolved pursuant to the Plan and are approved.

M. No exculpation (including the Exculpations), injunction (including the Injunctions), or release provision contained in the Plan or this Confirmation Order will provide any protection or benefit to any excluded party.

N. The settlement of certain Claims identified in the Plan is approved in full.

O. The release of certain Avoidance Actions identified in the Plan is approved.

P. The reservation and retention of Causes of Action is approved as provided in Section 12.4 of the Plan.

Q. As provided in the Plan, any and all injunctions or stays arising before the Confirmation Date in accordance with §§ 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, will remain in full force and effect until the Effective Date.

R. The provisions of the Plan related to Non-Settling Insurers' Policies are approved in full.

S. Except as otherwise provided herein, or in the Plan, on the Effective Date, all property of the Estate as defined in Section 541 of the Bankruptcy Code, other than the Survivors' Trust Assets,

including any Causes of Action, will be revested in the Reorganized Debtor, free and clear of all Liens and encumbrances and all Claims, rights, interests, and entitlements. Thereafter, the Reorganized Debtor may use, sell, transfer, or exchange such property in its discretion, subject to any restriction or limitation set forth in the Plan, and will hold, use, dispose of, or otherwise deal with such property, operate its business, and conduct its ministries and mission without notice to any Entity, without supervision or approval by the Court, and free of any restrictions imposed by the Bankruptcy Code or the Court.

T. The Exit Facility is hereby approved. On the Effective Date, the Debtor and Reorganized Debtor (as applicable) are authorized to execute and deliver the Exit Facility Documents without further notice to or order of the Bankruptcy Court or vote, consent, authorization, or approval of any Person. The Exit Facility shall constitute legal, valid, binding, and authorized indebtedness and obligations of the Reorganized Debtor, not subject to discharge, impairment, release, or avoidance under the Plan or this Confirmation Order. All liens and security interests granted under the Exit Facility Documents shall be deemed automatically perfected on the Effective Date without the need for any further filing, recordation, or other action, and shall not be subject to avoidance, recharacterization, or subordination under the Bankruptcy Code or applicable non-bankruptcy law.

U. On the Effective Date, the Restricted Assets Adversary Proceeding and all surviving claims asserted therein shall be assigned to the Survivors' Trust. The Survivors' Trust is hereby authorized to succeed the Committee as plaintiff in the Restricted Assets Adversary Proceeding upon the filing of a Notice of Substitution of Parties no earlier than the Effective Date and no later than fourteen (14) days after the Effective Date, and such substitution is approved.

V. Except as otherwise provided herein or in the Plan, on the Effective Date, the Insurance Assignment is made free and clear of all Claims, Liens, encumbrances, charges and other Interests, except for rights and defenses of the Non-Settling Insurers, including available limits of liability for coverage of certain types of claims under one or more of the Abuse Insurance Policies that may have been reduced by certain prepetition payments made by an Insurer under any of the Abuse Insurance Policies. Further, each Settling Insurer Abuse Insurance Policy shall be sold to the issuing Settling Insurer free and clear of all

Liens and Claims of all Persons, to the extent provided for in each applicable Insurance Settlement Agreement, provided that such sale shall not affect the rights of any remaining Non-Settling Insurers.

W. Under § 1146 of the Bankruptcy Code, any transfers of property pursuant to the Plan are not subject to any document, recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, stamp act, real estate transfer tax, mortgage recording tax or other similar tax or governmental assessment in the United States, and the appropriate state or local governmental officials or agents are directed herein to forgo the collection of any such tax or governmental assessment and to accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

X. The form of the RCWC Release filed with the Plan Supplement is hereby approved. Any Abuse Claimant who returns a signed RCWC Release shall be deemed to have fully and completely released all claims against RCWC to the extent provided in the RCWC Release form. Such release shall become effective in accordance with Section 9.3.2.3 of the Plan upon the RCWC Escrow Agent's release to the Survivors' Trust of such RCWC Claimant's pro rata share of the RCWC Cash Contribution.

Y. Upon entry of this Confirmation Order, the Survivors' Trust shall be established in accordance with Survivors' Trust Documents. On and after the Effective Date, the Survivors' Trust shall be vested with the Survivors' Trust Assets, and the Survivors' Trust shall be administered and implemented by the Survivors' Trustee as provided in the Survivors' Trust Documents and the Plan. The Survivors' Trust shall be funded with the Survivors' Trust Assets subject to and in accordance with the Plan.

Z. On the Effective Date, the Survivors' Trustee shall implement the allocation protocol in accordance with the terms of the Survivors' Trust Documents. The allocation protocol was developed by the Survivors' Trust Advisory Committee and was not developed by, or submitted for the approval of, any of the Released Parties, the Settling Insurers, or the Non-Settling Insurers, nor are the Released Parties, the Settling Insurers, or the Non-Settling Insurers deemed to have accepted or acquiesced in the adoption of the allocation protocol. For the avoidance of doubt, the Insurance Settlement Agreements do not indicate the Settling Insurers' or the Non-Settling Insurers' support for the allocation protocol, and no

bound by any obligations arising under confidentiality agreements, joint defense/common interest agreements (whether formal or informal), mediation and settlement privileges, and protective Orders entered during the Chapter 11 Case, which will remain in full force and effect according to their terms. For the avoidance of doubt, the Committee and Committee's Professionals will continue to have a right to be heard with respect to all fee applications for their professional fees and appeals from the Confirmation Order.

FF. On and after the Effective Date, the Reorganized Debtor may employ and pay any professional without any further notice to or action, Order, or approval of the Court.

GG. The terms and provisions of the Plan are mutually dependent and non-severable. Each term and provision of the Plan is (a) valid and enforceable pursuant to its terms, (b) integral to the Plan and may not be deleted or modified without the written consent of the Debtor or Reorganized Debtor (as applicable), Survivors' Trust Advisory Committee, or Settling Insurers, and (c) non-severable and mutually dependent.

HH. On the Effective Date, the Plan will be deemed to be substantially consummated under §§ 1101 and 1127(b) of the Bankruptcy Code.

II. In compliance with the Plan, the Reorganized Debtor will file in the Chapter 11 Case a notice of occurrence of the Effective Date by no later than three (3) days after the Effective Date. Such notice shall state (a) that all conditions of the Plan's becoming effective have been satisfied and (b) the date of the Effective Date.

JJ. Pursuant to § 1142 of the Bankruptcy Code, the Debtor, the Reorganized Debtor, and the Survivors' Trustee (as applicable) are authorized and directed to take all steps and perform such acts as may be necessary to implement and effectuate the Plan, and are further authorized and directed to execute and deliver any instrument and perform any other act that is necessary for consummation of the Plan.

KK. Notwithstanding Bankruptcy Rule 3020(e), and to the extent applicable, Bankruptcy Rules 6004(h), 7062, and 9014, this Confirmation Order is effective immediately and not subject to any stay.

LL. Notwithstanding Bankruptcy Rules 3020(e), 6004(h), 7062, or otherwise, upon the occurrence of the Effective Date, the terms of the Plan (including the Plan Supplements) will be

immediately effective and enforceable and deemed binding upon and inure to the benefit of the Debtor, the Reorganized Debtor, the Settling Insurers, Holders of Claims, and each of their respective successors and assigns, including the Reorganized Debtor.

MM. The Court may properly, and upon the Effective Date shall, to the full extent set forth in the Plan, retain jurisdiction over all matters arising out of, and related to, this Chapter 11 Case, including the matters set forth in the Plan and § 1142 of the Bankruptcy Code. Notwithstanding anything in the Plan or this Confirmation Order to the contrary, this Court retains jurisdiction to the maximum extent otherwise allowed by law under the applicable circumstance.

*** END OF ORDER ***