UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA

In re: Bankruptcy Case No. 15-30125

The Archdiocese of Saint Paul and Minneapolis, Chapter 11 Case

Debtor.

DISCLOSURE STATEMENT FOR CHAPTER 11 PLAN OF REORGANIZATION OF THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS OF THE ARCHDIOCESE OF SAINT PAUL AND MINNEAPOLIS

THE VOTING DEADLINE TO ACCEPT OR REJECT THE PLAN IS 5:00 P.M. CENTRAL TIME ON _____, 2016, UNLESS EXTENDED BY ORDER OF THE BANKRUPTCY COURT.

STINSON LEONARD STREET LLP
Robert T. Kugler (#194116)
Edwin Caldie (#388930)
Brittany Mitchell (#397592)
150 South Fifth Street, Suite 2300
Minneapolis, MN 55402
robert.kugler@stinson.com
ed.caldie@stinson.com
brittany.mitchell@stinson.com
Telephone: 612-335-1500
Facsimile: 612-335-1657

Attorneys for the Official Committee of Unsecured Creditors of the Archdiocese of Saint Paul and Minneapolis

Dated: August 22, 2016

DISCLOSURE STATEMENT

In an attempt to protect itself from an ongoing deluge of claims based on sexual abuse committed by members of its clergy, the Archdiocese of Saint Paul and Minneapolis (the "Debtor" or the "Archdiocese") filed for bankruptcy protection under Title 11 of the Bankruptcy Code with the "Bankruptcy Court on January 16, 2015 (the "Petition Date"). The Debtor has remained in possession of its assets and has continued to manage its affairs. On February 19, 2015, the Office of the United States Trustee appointed an Official Committee of Unsecured Creditors (the "UCC") comprised of five survivors of clergy sexual abuse to represent other similarly-situated survivors of clergy sexual abuse. More than four hundred such survivors have filed claims in the Debtor's bankruptcy case.

The Debtor filed a proposed plan of reorganization on May 26, 2016. The UCC reviewed the Debtor's proposed plan carefully and found many provisions to be problematic and/or incomplete. The UCC thus now seeks confirmation of its own Chapter 11 plan of reorganization (as it may be amended or modified, the "Plan").

The UCC submits this Disclosure Statement to provide an explanation of its Plan as required under Section 1125 of the Bankruptcy Code. Section 1125 requires a disclosure statement to provide information sufficient to enable a hypothetical and reasonable stake holder, typical of the Debtor's creditors, to make an informed judgment whether to accept or reject the UCC's Plan. This Disclosure Statement may not be relied upon for any purpose, and use of this Disclosure Statement for any other purpose, other than as described above, is not authorized.

THIS DISCLOSURE STATEMENT AND THE PLAN MUST BE CONSIDERED TOGETHER FOR THE READER TO BE ADEQUATELY INFORMED.

ANY REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE YOUR ACCEPTANCE THAT ARE NOT CONTAINED IN THIS DISCLOSURE STATEMENT SHOULD NOT BE RELIED UPON BY YOU IN CASTING YOUR VOTE WITH RESPECT TO THE PLAN.

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

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT, INCLUDING EXHIBITS CONCERNING THE FINANCIAL CONDITION OF THE DEBTOR AND OTHER INFORMATION CONTAINED HEREIN, HAS NOT BEEN SUBJECT TO AUDIT OR INDEPENDENT REVIEW EXCEPT AS SPECIFICALLY SET FORTH HEREIN. THE UCC TWICE SOUGHT COURT AUTHORITY TO RETAIN A FINANCIAL ADVISOR TO EVALUATE THE DEBTOR'S FINANCIAL DISCLOSURES AND THE VALUE OF THE DEBTOR'S ASSETS, BUT THE COURT

DENIED THE UCC'S REQUEST TO RETAIN A FINANCIAL ADVISOR ON BOTH OCCASIONS. ACCORDINGLY, ALTHOUGH EVERY EFFORT HAS BEEN MADE TO BE ACCURATE, THE UCC IS UNABLE TO WARRANT OR REPRESENT THAT THE INFORMATION CONCERNING THE DEBTOR OR ITS FINANCIAL CONDITION IS ACCURATE OR COMPLETE. BECAUSE OF THE UNCERTAINTY AND RISK FACTORS INVOLVED, THE DEBTOR'S ACTUAL RESULTS MAY NOT BE AS PROJECTED HEREIN.

THE STATEMENTS MADE IN THIS DISCLOSURE STATEMENT ARE MADE AS OF THE DATE HEREOF, BASED ON HISTORICAL FINANCIAL INFORMATION AS REPORTED BY THE DEBTOR, OR AS DEEMED ACCURATE AFTER DUE INQUIRY AND REVIEW BY THE UCC'S PROFESSIONALS. THE DELIVERY OF THIS DISCLOSURE STATEMENT SHALL NOT UNDER ANY CIRCUMSTANCES CREATE AN IMPLICATION THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AT ANY TIME SUBSEQUENT TO THE DATE HEREOF, AND THE UCC UNDERTAKES NO DUTY TO UPDATE THE INFORMATION.

THE FACTUAL AND FINANCIAL INFORMATION PROVIDED IN THIS DISCLOSURE STATEMENT WAS EITHER OBTAINED FROM THE DEBTOR OR WAS OBTAINED FROM OTHER SOURCES BELIEVED TO BE ACCURATE TO THE BEST OF THE UCC'S KNOWLEDGE, INFORMATION, AND BELIEF, INCLUDING FROM THE DEBTOR'S 2014 AUDIT AND 2015 UNAUDITED REPORT ATTACHED TO THIS DISCLOSURE STATEMENT. HOWEVER, THE UCC AND ITS PROFESSIONALS CANNOT REPRESENT OR WARRANT THAT THIS DISCLOSURE STATEMENT IS COMPLETE OR FREE FROM ANY INACCURACY OR OMISSION. THERE HAS BEEN NO INDEPENDENT AUDIT OF THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT OR IN ANY EXHIBIT EXCEPT AS EXPRESSLY INDICATED IN THIS DISCLOSURE STATEMENT OR IN ANY EXHIBIT.

ALTHOUGH THE UCC'S PROFESSIONALS HAVE ASSISTED IN THE PREPARATION OF THIS DISCLOSURE STATEMENT BASED ON THE FACTUAL INFORMATION AND ASSUMPTIONS RESPECTING THE FINANCIAL, BUSINESS, AND ACCOUNTING DATA PROVIDED BY THE DEBTOR, OR DATA OBTAINED FROM OTHER SOURCES CONSIDERED RELIABLE BY THE UCC, THE UCC'S PROFESSIONALS HAVE NOT INDEPENDENTLY VERIFIED THE INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT AND MAKE NO REPRESENTATIONS OR WARRANTIES AS TO SUCH INFORMATION. THE UCC AND ITS PROFESSIONALS THUS CANNOT REPRESENT OR WARRANT THAT THIS DISCLOSURE STATEMENT IS COMPLETE OR IS FREE FROM INACCURACY OR OMISSION.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE AND RULE 3016(b) OF THE BANKRUPTCY RULES AND NOT NECESSARILY IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAW OR OTHER NON-BANKRUPTCY LAW.

THIS DISCLOSURE STATEMENT MAY NOT BE RELIED ON FOR ANY PURPOSES OTHER THAN TO DETERMINE WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN. NOTHING IN THIS DISCLOSURE STATEMENT IS, OR SHALL BE DEEMED TO BE AN ADMISSION OR A DECLARATION AGAINST INTEREST BY THE UCC (OR BY THE DEBTOR'S ESTATE TO THE EXTENT THAT THE UCC HAS, OR LATER COMES TO HAVE DERIVATIVE STANDING, TO PURSUE ESTATE CLAIMS) FOR PURPOSES OF ANY EXISTING OR FUTURE LITIGATION AS TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS AND OTHER ACTIONS OR THREATENED ACTIONS. THIS DISCLOSURE STATEMENT SHALL NOT CONSTITUTE OR BE CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY, STIPULATION, OR WAIVER, BUT RATHER AS A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS. THE DISCLOSURE STATEMENT SHALL NOT BE ADMISSIBLE IN ANY NON-BANKRUPTCY PROCEEDING NOR SHALL IT BE CONSTRUED TO BE CONCLUSIVE ADVICE ON THE TAX OR OTHER LEGAL EFFECTS OF THE PLAN AS TO HOLDERS OF CLAIMS IN THIS CASE.

LIKE MOST DISCLOSURE STATEMENTS, THIS DISCLOSURE STATEMENT CONTAINS STATEMENTS THAT ARE FORWARD-LOOKING. FORWARD-LOOKING STATEMENTS ARE STATEMENTS OF EXPECTATIONS, BELIEFS, PLANS, OBJECTIVES, ASSUMPTIONS, PROJECTIONS, AND FUTURE EVENTS OF PERFORMANCE. AMONG OTHER THINGS, THIS DISCLOSURE STATEMENT CONTAINS FORWARD-LOOKING STATEMENTS WITH RESPECT TO ANTICIPATED FUTURE PERFORMANCE OF A TRUST TO BE CREATED FOR THE BENEFIT OF HOLDERS OF ALLOWED CLAIMS, AS WELL AS ANTICIPATED FUTURE DETERMINATION OF CLAIMS, DISTRIBUTIONS ON CLAIMS, AND RECOVERIES UNDER INSURANCE POLICIES. THESE STATEMENTS, ESTIMATES, AND PROJECTIONS MAY OR MAY NOT PROVE TO BE CORRECT. ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE REFLECTED IN THESE FORWARD-LOOKING STATEMENTS. FORWARD-LOOKING STATEMENTS ARE SUBJECT TO INHERENT UNCERTAINTIES AND TO A WIDE VARIETY OF SIGNIFICANT BUSINESS, ECONOMIC, AND COMPETITIVE RISKS, INCLUDING, AMONG OTHERS, THOSE DESCRIBED IN THIS DISCLOSURE STATEMENT. THE UCC UNDERTAKES NO OBLIGATION TO UPDATE ANY FORWARD-LOOKING STATEMENT. NEW FACTORS EMERGE FROM TIME TO TIME AND IT IS NOT POSSIBLE TO PREDICT ALL SUCH FACTORS, NOR CAN THE IMPACT OF ANY SUCH FACTORS BE ASSESSED.

HOLDERS OF CLAIMS AND INTERESTS SHOULD NOT CONSTRUE THE CONTENTS OF THIS DISCLOSURE STATEMENT AS PROVIDING ANY LEGAL, BUSINESS, FINANCIAL, OR TAX ADVICE. EACH HOLDER SHOULD CONSULT WITH ITS OWN LEGAL, BUSINESS, FINANCIAL, AND TAX ADVISORS WITH RESPECT TO ANY SUCH MATTERS CONCERNING THIS DISCLOSURE STATEMENT, THE SOLICITATION OF VOTES TO ACCEPT THE PLAN, THE PLAN, AND THE TRANSACTIONS DESCRIBED.

Each holder of a claim entitled to vote to accept or reject the Plan should read this Disclosure Statement and the Plan (including all Exhibits and Schedules to the Plan and

Disclosure Statement) in their entirety before voting. To obtain, at your cost, additional copies of this Disclosure Statement please contact:

Brittany S. Mitchell
Stinson Leonard Street LLP
150 S. Fifth Street, Suite 2300
Minneapolis, Minnesota 55422
Phone: 612.335.1792
E-Mail: brittany.mitchell@stinson.com

TABLE OF CONTENTS

Page

I. INTRODUCTION 1
II. PLAN OVERVIEW AND SUMMARY OF TREATMENT OF CLAIMS 1
III. BACKGROUND OF THE CHAPTER 11 CASE AND THE DEBTOR 3
A. Brief Overview of Chapter 11 Bankruptcy 3
B. Events Leading to the Debtor's Chapter 11 Filing 4
C. The Archdiocese's Sexual Abuse Crisis 6
D. History and Structure of the Archdiocese 6
E. Non-Debtor Catholic Entities 7
F. Purpose and Goals of this Chapter 11 Case 7
IV. DEBTOR'S OPERATIONS 8
A. Sources of Revenue 8
B. Ongoing Operations and Expenditures 9
V. THE DEBTOR'S ASSETS 14
A. Real Property 14
B. Personal Property 15
C. Other Interests and Assets 17
D. Avoidable Transfers 18
VI. THE CHAPTER 11 CASE 18
A. Commencement of the Chapter 11 Case 18
B. Criminal Charges Against the Debtor 18
C. Professionals Paid By the Debtor's Estate 19
D. Other Events in the Debtor's Bankruptcy 21
E. Insurance Settlement Issues 25
VII. NON-MONETARY UNDERTAKINGS FOR THE PROTECTION OF CHILDREN 26
VIII. SUMMARY OF THE PLAN 26
A. Classification of Claims 26
B. Definition of Claims and Claim Treatment 27
C. Treatment of Administrative Claims, Priority Tax Claims, and Professional Fee Claims 32
D. The Trust 33
E. Administration of Class 7 Claims 35
F. General Trust Provisions 39
G. Continuation of Insurance Policies 42
H. Administration of Non-Tort Claims 42

I. Distributions under the Plan 43
J. Plan Effectiveness 45
K. Effects of Confirmation 46
L. The Reorganized Debtor 48
M. Miscellaneous Plan Provisions 49
IX. MEANS OF IMPLEMENTATION OF THE PLAN 56
A. Implementation 56
B. Plan Funding 56
X. ACCEPTANCE AND CONFIRMATION OF THE PLAN; VOTING REQUIREMENTS 59
A. Best Interests Test 60
B. Financial Feasibility 60
C. Acceptance by Impaired Class; 1129(b) Confirmation 61
D. Certain Risk Factors 62
E. Certain Federal Income Tax Considerations 63
F. Solicitation of Votes 65
G. Voting Procedures 65
XI. RECOMMENDATION AND CONCLUSION 66

I. INTRODUCTION

The UCC provides this Disclosure Statement to each of the Debtor's known creditors and other parties-in-interest in order to provide adequate information to such parties and to enable each to make an informed decision regarding whether to vote in favor or, or vote against the Plan. All holders of claims are strongly encouraged to read this Disclosure Statement and the Plan carefully and in their entirety before voting on the Plan.

THE PLAN SUMMARY AND STATEMENTS MADE IN THIS DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN. IN THE EVENT OF ANY CONFLICT BETWEEN THE DESCRIPTIONS SET FORTH IN THIS DISCLOSURE STATEMENT AND THE TERMS OF THE PLAN OR ANY OTHER APPLICABLE DOCUMENT, THE TERMS OF THE PLAN OR SUCH OTHER APPLICABLE DOCUMENT SHALL GOVERN.

A copy of the Plan is attached to this Disclosure Statement as **Exhibit A**.[1]

This Disclosure Statement was filed on August 22, 2016. The Bankruptcy Court held a hearing on the adequacy of the information set forth in this Disclosure Statement on _____, 2016. By order dated, _____, 2016, the Bankruptcy Court approved this Disclosure Statement. A copy of the order approving this Disclosure Statement is attached as **Exhibit B**. The Bankruptcy Court will hold a hearing on confirmation of the Plan on _____, 2016 at _____ in Courtroom 8 West, United States Courthouse, 300 South Fourth Street, Minneapolis, Minnesota 55415. At that time the Bankruptcy Court will review a ballot report concerning votes cast for accepting or rejecting the Plan, any objections to the confirmation of the Plan, and other evidence and arguments from parties-in-interest.

THE UCC RECOMMENDS THAT HOLDERS OF ALLOWED CLAIMS VOTE IN FAVOR OF THE PLAN. The UCC believes that confirmation of the Plan is in the best interests of the holders of all claims against the Debtor. All holders of claims entitled to vote to accept or reject the Plan are urged to vote in favor of the Plan.

Voting instructions are contained in the attached order approving this Disclosure Statement. In addition, the solicitation package accompanying each ballot contains applicable voting instructions. **To be counted, your ballot must be properly completed, executed and actually received by the Clerk of the Bankruptcy Court by 5:00 p.m. (prevailing Central time), on _____, 2016 (the "Voting Deadline")**.

II. PLAN OVERVIEW AND SUMMARY OF TREATMENT OF CLAIMS

This Chapter 11 case was filed against the backdrop of a terrible crisis and breach of trust. For the preservation of the Catholic Church and the well-being of all affected

[1] Capitalized terms not otherwise defined in this Disclosure Statement shall carry the meanings assigned to them in the Plan.

constituencies, particularly the sexual abuse claimants who hold the overwhelming majority of claims (in both number and amount), the Debtor must fully commit available resources to ensure that it is not treated differently from other bankruptcy debtors. This approach will ensure that, in turn, the abuse claimants will be treated in a manner consistent with their rights and the Debtor's obligations under the Bankruptcy Code.

The Plan seeks to satisfy the rights of abuse claimants in two ways. First, as explicitly required by the Bankruptcy Code, the Plan ensures that the Debtor will pay creditors, at the very least, the liquidation of value of all of the Debtor's assets. Second, the Plan sets forth non-monetary provisions designed to assist survivors of sexual abuse and ensure – to the maximum extent possible – that abuse does not continue in the future.

As detailed elsewhere in this Disclosure Statement, the Plan divides the various creditors into classes. Individual claimants are classified based on the nature of their claims. The Plan creates a Trust for the benefit of abuse claimants, which will be funded (i) by cash contributions from the Debtor in an amount equal to the liquidation value of all of its assets; (ii) by cash contributed pursuant to settlement agreements with the Debtor's Settling Insurers; and (iii) by the transfer of certain rights and interests of the Debtor that the Trust will then liquidate. The Plan proposes that the Debtor will also assign and/or transfer into the Trust all claims, rights of any kind and recoveries against Non-Settling Insurers arising out of or related to Sexual Abuse Claims.

The following chart summarizes the classification and proposed treatment of all Claims and classes under the Plan. Please refer to the Plan for a more complete description of the treatment of creditors.

CLASS	**DESCRIPTION**	**IMPAIRMENT**	**VOTING**
1	Priority Claim	Unimpaired	No
2	Governmental Unit Claims	Unimpaired	No
3	General Insurance Fund	Unimpaired	No
4	Archdiocese Medical and Dental Plan	Unimpaired	No
5	Archdiocese of Saint Paul and Minneapolis Priests' Pension Plan Claims	Unimpaired	No
6	Archdiocese of Saint Paul and Minneapolis Lay Employees' Pension Plan Claims	Unimpaired	No
7	Pending Tort Claims	Impaired	Yes
8	Future Tort Claims	Impaired	Yes
9	Inter-Parish Loan Fund and Assessment Overpayment Claims	Unimpaired	No

10	Trade Vendors and General Unsecured Creditors	Unimpaired	No
11	Secured Claim of Premier Bank	Unimpaired	No
12	Guaranty Claims	Unimpaired	No
13	Other Tort Claims and Unsecured Claims	Impaired	Yes
14	Abuse Related Contingent Claims	Unimpaired	No
15	Non-Credibly Accused Priest Support Payments	Unimpaired	No
16	Credibly Accused Priest Support Payments	Impaired	Yes

As discussed in the Liquidation Analysis attached as **Exhibit C**, the UCC estimates that recoveries under the Plan for holders of allowed claims in impaired classes will be greater than in a hypothetical liquidation under Chapter 7 of the Bankruptcy Code and certainly far greater than that offered in the plan proposed by the Archdiocese. Holders of allowed claims entitled to vote should review the Liquidation Analysis in assessing whether to vote to accept or reject the Plan.

III. BACKGROUND OF THE CHAPTER 11 CASE AND THE DEBTOR

A. Brief Overview of Chapter 11 Bankruptcy

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. Upon filing a petition for reorganization under Chapter 11, Section 362 of the Bankruptcy Code generally stays all attempts to collect claims or enforce liens that arose prior to the commencement of the bankruptcy case or that otherwise interfere with a debtor's property or business. The primary objective of a Chapter 11 reorganization is confirmation of a plan of reorganization or liquidation. A bankruptcy "plan" sets forth the means for satisfying the claims of creditors of the debtor. The plan and a "disclosure statement" – which contains information necessary to allow creditors, shareholders, and other parties-in-interest to evaluate the plan – are sent to creditors, shareholders, and members whose claims or interests are impaired.

A class of claims is entitled to vote to accept or reject a plan if that class is "impaired" by the plan. Generally speaking, a class of claims is impaired if the plan fails to cure all defaults that may exist with respect to the claims or alters the legal, equitable, and contractual rights associated with the claim.

A plan may be confirmed under Section 1129(a) of the Bankruptcy Code if each class of claims or interests is not impaired by the plan or if each impaired class has voted to accept the plan. Votes will be counted only with respect to claims: (1) that are listed on the Debtor's Schedules other than as disputed, contingent, or unliquidated; or (2) for which a proof of claim was filed on or before the deadline set by the court for the filing of proofs of claim. A vote by a holder of a claim will not be counted if such claim has been disallowed or is the subject of an unresolved objection, absent an order from the Court allowing such a claim for voting purposes.

A class of claims has accepted a plan if creditors that hold at least two-thirds in amount and more than one-half in number of the allowed voting claims in the class have voted to accept the plan. If an impaired class votes to reject the plan, the plan proponent may seek to confirm the plan under Section 1129(b) of the Bankruptcy Code. A plan proponent may confirm a plan over the vote of a rejecting class only if another impaired class has voted to accept the plan, and the plan does not discriminate unfairly and is fair and equitable with respect to each impaired class that has not voted to accept the plan.

Voting on the plan by each holder of a claim in an impaired class is important. After carefully reviewing the Plan and Disclosure Statement, each holder of such a claim should vote on the enclosed ballot either to accept or reject the Plan. Any ballot that does not appropriately indicate acceptance or rejection of the Plan will not be counted. A ballot that is not received by the deadline will not be counted. If a ballot is lost, damaged, or missing, a replacement ballot may be obtained by sending a written request to the Clerk of Bankruptcy Court, at the address below.

Office of the Clerk of Court
Attention: B. Montez
U.S. Bankruptcy Court District of Minnesota
200 Warren E. Burger Federal Building and United States Courthouse
316 North Robert Street
Saint Paul, Minnesota 55101

Section 1129(a) of the Bankruptcy Code establishes the conditions for confirming a plan. These conditions are too numerous to be fully explained here. Parties are encouraged to seek independent legal counsel to answer any questions concerning the Chapter 11 process. If the Plan is confirmed by the court, its terms are binding on the Debtor, all creditors, equity holders, and other parties-in-interest, regardless of whether they have voted to accept the Plan.

B. Events Leading to the Debtor's Chapter 11 Filing

In May 2013, Minnesota enacted the Minnesota Child Victims' Act, Minn. Stat. § 541.073 (the "CVA"). Prior to its passage, the House Judiciary Finance and Policy Committee, the House Committee on Civil Law, and the Senate Committee on Judiciary heard emotional testimony from sexual abuse survivors in support of the bill, from abuse survivors' advocates in support of the bill, and from organizations opposed to the bill. The legislation, which was designed to allow abuse survivors' access to justice and the right to confront their abusers, went through a number of versions and amendments before it was passed by an overwhelming majority (House vote 123-3; Senate vote 57-0) and signed by Governor Dayton.

The CVA provided individuals with otherwise time-barred claims the opportunity to bring a civil lawsuit for damages arising from the abuse, regardless of how long ago the abuse occurred. More specifically, the CVA established a three-year window, which expired on May 25, 2016, during which any survivor of childhood sexual abuse with a claim beyond the statute

of limitations under the old law could bring a civil action against alleged abusers, including the Archdiocese.

Subsequent discussions, debates, and comments by members of the legislature reveal that the window period was intended to strike a balance between the need to allow all abuse survivors access to justice in light of the unique nature of their claims and to provide the organizations with finality and the ability to plan ahead with a known universe of claims.

The CVA opened the door to a significant number of additional civil claims against the Archdiocese and its parishes relating to clergy misconduct spanning a time period of more than half a century.

As of the Petition Date, the Archdiocese remained subject to 21 pending sexual abuse civil actions, had received dozens of notices of additional claims relating to sexual abuse, and was subject to an investigation being conducted by the Ramsey County Attorney's Office. More than 400 sexual abuse claims have been asserted against the Archdiocese in this bankruptcy.

Sexual abuse claimants from across the country have obtained verdicts into the millions of dollars. Insurance coverage available to the Archdiocese does not cover the full amounts for the value of damages claimed by sexual abuse survivors in the cases pending against it. Some insurers have also raised certain coverage disputes

The pending sexual abuse litigation and Ramsey County investigation placed significant strain on the Archdiocese. The Archdiocese anticipated that this strain would only increase following the additional claims asserted against it as a consequence of the extended statute of limitations authorized by the CVA. In addition, the Archdiocese contends that it was concerned that too large a settlement with a select group of pending cases would set a precedent leading to even larger future claims that might have left the Archdiocese with insufficient remaining assets.

Although the Archdiocese was current with all of its vendor obligations, it also complained that it faced other financial issues, including an underfunding obligation under its pension plans, the potential claims of parishes related to contribution and indemnity for sexual abuse, claims related to the insurance programs described herein, and claims from Catholic entities related to various insurance programs.

Moreover, the Archdiocese was concerned that ongoing and future sex abuse litigation, and impending investigations by government officials (a criminal investigation conducted by the Ramsey County Attorney's Office was recently settled, culminating in the Archdiocese's admission of wrongdoing), would further underscore its mishandling of allegations of sexual abuse, its role in failing to protect children, and its contribution to the unspeakable harm suffered by sexual abuse survivors.

C. The Archdiocese's Sexual Abuse Crisis

For several decades, some clergy members and leaders within the Archdiocese violated the sacred trust placed in them by children, their families, and the public at large by committing heinous acts of sexual abuse, engaging in inappropriate relationships, and betraying those they pledged to serve. What was known by top Church officials, and when, has been the subject of much discourse and debate. It is undisputed, however, that the threat to the public wellbeing perpetrated by sexually abusive priests was in many cases mishandled, excused, or ignored.

The details of the Archdiocese's reaction and response to the sexual abuse crisis within its ranks are too voluminous and polarizing to address adequately in this Disclosure Statement. However, in 2013 a team of Minnesota Public Radio News journalists launched an investigation into the Debtor and other Minnesota dioceses. The investigation, which remains ongoing, resulted in a series of stories first published in the summer of 2014 that, according to other news sources that have written about the events, examine the sexual abuse crisis and "how leaders within the [A]rchdiocese shielded priests who sexually abused children despite decades of public assurances that the Catholic Church was safe."[2] Minnesota Public Radio established a comprehensive website to collect and publish the results of its ongoing investigation, which it titled "Betrayed by Silence."[3]

D. History and Structure of the Archdiocese

The Archdiocese was originally established by the Vatican in 1850 as the diocese of Minnesota and the Dakotas. It was elevated to an archdiocese in 1888. The Archdiocese is organized as a religious Diocesan Corporation under Minnesota Statutes Section 315.16.

The Archdiocese serves a geographical area consisting of 12 counties in the Twin Cities metro area, including Ramsey, Hennepin, Anoka, Carver, Chisago, Dakota, Goodhue, Le Sueur, Rice, Scott, Washington, and Wright counties (the "Region"). Approximately 428 priests and 182 deacons serve 187 parishes and approximately 825,000 individuals in the Region. The Archdiocese also employs approximately 140 fulltime equivalent employees, 25 of whom are priests.

The Archdiocese supports 22 Catholic health care centers for the elderly or disabled, three Catholic hospitals and two Catholic hospices. The Region is also home to two Catholic universities, two seminaries, and numerous ministry groups.

Along with the 187 parishes, there are 90 Catholic schools in the Region, including 13 Catholic high schools (collectively, the "Schools"), with a total enrollment of over 30,000 students.

---

[2] Jon Collins, *MPR News wins Peabody Award for 'Betrayed by Silence'*, MPR News (Apr. 20, 2015), http://www.mprnews.org/story/2015/04/20/peabody-award.

[3] MINN. PUBLIC RADIO NEWS, http://minnesota.publicradio.org/collections/catholic-church/ (last visited Aug. 22, 2016).

The Archdiocese maintains a number of departments, including Administration and Finance (responsibilities include financial and related functions, including budgeting, accounting, investments, risk management, real estate and facilities, and employee and other benefits), Catholic Education (responsibilities include leadership development and ensuring Catholic identity in schools), Development and Stewardship (responsibilities include parish development efforts and programs to support a culture of stewardship), Marriage, Family and Life (responsibilities include marriage preparation, family programs, outreach to people with disabilities, youth and young adults, and efforts to promote the dignity of life from conception to death), Moderator of the Curia (responsibilities include administration of the ministries and services of the central corporation of the Archdiocese), Office of Parish and Clergy Services (responsibilities include clergy formation, vocations, chaplaincies, parish consultation, planning and leadership development support and Latino ministry), Office of Communications (responsibilities include the Catholic Spirit, archdiocesan websites, social media and other communications which support local ministries), and the Office of Evangelization and Catechesis.

The Archdiocese's general purpose is to manage the non-religious affairs of the Church in the Region, and to promote spiritual, educational and other interests of the Church in the Region. The current Archbishop of the Archdiocese is Bernard A. Hebda.

E. Non-Debtor Catholic Entities

Parishes are organized under Minnesota Statutes Section 315.15 and are not debtors in this Chapter 11 case. Other non-debtor entities include Catholic Finance Corporation, Catholic Services Appeal Foundation, and the Catholic Community Foundation. Each of these entities is incorporated as a non-profit corporation under Chapter 317(A) of Minnesota Statutes. The UCC has sought to consolidate the assets of more than 200 non-debtor Catholic entities (including all of the parishes and parish schools within the Archdiocese) with the assets of the Archdiocese on grounds that, among other things, the Archdiocese and such entities are so interrelated that they effectively operate as one organization. The UCC's motion was dismissed by order of the Bankruptcy Court. The Bankruptcy Court's order is currently being appealed.

F. Purpose and Goals of this Chapter 11 Case

The combined circumstances of existing and anticipated civil claims against the Archdiocese and investigations by government agencies necessitated the Archdiocese to reorganize.

Sexual abuse survivors are entitled to fair compensation for the pain and suffering they have endured. In addition, the community at large requires assurances that the Archdiocese is doing all that it can to prevent further sexual abuse now and in the future. The Archdiocese also desires resolution to the sexual abuse claims.

This Plan of Reorganization is filed in furtherance of these interests and in an attempt to pursue the common good.

IV. DEBTOR'S OPERATIONS

A. Sources of Revenue

Filings by the Debtor indicate that its annual revenues average $20,606,00 in the coming years.

1. *Parish Assessments*

According to the Debtor, roughly 75% of its revenue comes from assessments that it collects from its parishes. Assessments are reportedly calculated and billed on a two-year lag (parish financial results for two-years prior to the collection year form the basis for parish assessment revenue). To estimate revenues derived from parish assessments going forward, the UCC has used the Debtor's own projections as a starting point to test the reasonableness to the actual results of the Debtor over the past twelve months. Such projections indicate that collections and assessments will remain stable and the Debtor has stated in filings with the Bankruptcy Court that it does not expect to make significant changes to assessment practices.

2. *Catholic Services Appeal Foundation Program Revenue*

According to the Debtor, approximately 9% of Debtor revenue is generated annually in the form of donations from the annual Catholic Services Appeal. These donations are collected, held and distributed by the Catholic Services Appeal Foundation (CSAF). Based on representations made by the Debtor to the Bankruptcy Court and to creditors, the Debtor expects CSAF contributions to increase after a plan is confirmed in this case.

3. *Program Revenues*

According to the Debtor, several of its departments receive revenue in exchange for services provided to individuals, parishes, priests, and other entities. These services include publication of the Catholic Spirit, which receives revenue through subscriptions and advertising, rent received from the residents at the Byrne residence, services performed by various Debtor program offices, and accounting services provided to parishes, and make up approximately 14% of the Debtor's annual revenue.

4. *Contributions*

The Debtor also represents that it receives contributions from individuals as gifts or as part of their wills or estates. Such contributions make up on average less than 1% of Debtor annual revenue. The Debtor has projected that such contributions will increase after confirmation.

5. *Administrative Revenue*

The Debtor performs accounting and other services for certain affiliated entities including the AMBP, the Debtor's General Insurance Program, and participants in the Debtor's pension plans. The Debtor bills entities receiving such services and related revenue totals, according to the Debtor, approximately $300,000 per year.

B. Ongoing Operations and Expenditures

For fiscal year 2016, the Debtor incurred ordinary operating expenditures of $16.9 million associated with various operational programs it operates in furtherance of its mission. The Debtor has also incurred increased expenses as a result of its bankruptcy filing, predominately payments to third-party professionals, including payments to legal counsel, real property advisors, and two financial advisors for the Debtor, legal counsel and a real estate advisor for the UCC, and two sets of legal counsel for the Parish Committee. As part of its operations, the Debtor also maintains various insurance and benefit programs described in more detail below.

1. *General Insurance Fund*

The Debtor administers an insurance program for the benefit of participants at the Debtor and participating Catholic entities. The insurance program has operated continuously since 1980, providing various insurance coverages for the participating entities including liability insurance, property insurance, and workers' compensation insurance. Monies collected from participating entities for the insurance program are deposited into a General Insurance Fund Account (the "GIF Account"). The GIF is not subject to a formal trust agreement, and the UCC contends that the funds in the GIF Account are not held in trust.

Contributions by participating entities are generally set annually based on historical claims and claims liability estimates and assumptions with consultation of a general insurance committee. The GIF has in the past been used to resolve sexual abuse claims and is generally available to meet retentions that need to be paid as part of the various insurance programs for the Debtor and its parishes from September 1, 1980 forward.

The property and liability portion of the insurance program also extends to general liability, employment practices, building and contents, burglary, personal property, student accident, auto, public library, and boilers. According to the Debtor, with respect to general liability coverage and first-party property loss coverage, the retention is presently $100,000 per loss up to an aggregate annual limit for all losses suffered by all participating entities of $1.8 million. The GIF Account also pays certain workers' compensation claims. SFM Risk Solutions ("SFM") administers the claims subject to the Debtor's workers' compensation program. The workers' compensation program has a retention of $500,000. Premiums for insurance covering claims above this amount are paid from the GIF Account.

In addition to the GIF Account, according to the Debtor, in order to comply with Minnesota law, the insurance program's obligations with respect to the workers' compensation retention are backed by a deposit established by the Debtor with Bremer Bank as custodian for the benefit of the State of Minnesota Department of Commerce. The deposit was reportedly made by the Debtor under the terms of a Custodial Agreement entered into between Bremer Bank, the Debtor, and the Commissioner of Commerce for the State of Minnesota on or about August 20, 2014. The December 31, 2014, balance of the deposit was approximately $3,854,395 and has reportedly remained roughly equal to that amount during the Debtor's bankruptcy case. The Custodial Agreement reportedly states that the Debtor shall have no right, title, or interest in the deposit, but the amount of the deposit is likely subject to negotiation and possibly reduction, so that significant, additional funds might be available to pay creditors in this case.

The UCC's Plan contemplates that monies from the GIF will be transferred to the Trust to satisfy creditor claims. The chart below estimates the amount that may be contributed to the Plan Implementation Fund and Trust while maintaining an adequate reserve balance of $1 million without increases in premiums.

GIF	
Cash Balances at 3-31-16	$3,876,961
4th QTR FY 2016 Forecasted	757,622
FY 2017 Budget	2,104,400
Projected Cash at 6-30-17	6,738,984
Reserve Estimate	(1,000,000)
Cash Available at 6-30-17	5,738,984

2. *Debtor Medical and Dental Benefit Plan*

The Debtor is the sponsoring employer and a participating employer in the Archdiocese of St. Paul and Minneapolis Comprehensive Major Medical Health Care Plan and the Archdiocese of St. Paul and Minneapolis Dental Benefit Plan (collectively, the "Health and Dental Plans"). Other Catholic entities also participate in the Health and Dental Plans – in fact, Catholic entities represent more than 90% of participation in the Health and Dental Plans. The Debtor has established a fund (the "AMBP") to receive premium payments from the participating employers and participants in the Health and Dental Plans, and to pay claims, stop-loss insurance premiums, and other reasonable expenses associated with the administration of the Health and Dental Plans. The stop-loss coverage protects the Debtor and the participating Catholic entities from claims above a certain threshold. The premium for the stop-loss coverage is paid from the AMBP.

The AMBP governing document states that assets of the AMBP can be used to pay the claims of the Debtor's general creditors in the event of the Debtor's bankruptcy or insolvency.

Approximately one year before the Debtor filed for bankruptcy, the board of trustees for the AMBP provided participating employers with a 20% billing credit due to a large reserve fund

that had accumulated over time. This resulted in a return to participating employers of approximately $7,800,000. Upon expiration of the credit in June 2015 (approximately six months after the Debtor filed for bankruptcy), the board of trustees for the AMBP authorized a permanent reduction in premiums of 15%. This action was taken without notice to creditors or Bankruptcy Court approval. The AMBP notified participants in the Health and Dental Plans that there would be no premium increase throughout calendar year 2016.

After the Debtor filed for bankruptcy, the United States Trustee required the Debtor to transfer the AMBP Reserve Fund from the Catholic Community Foundation (a separately-incorporated entity that was holding the reserve fund for an as-yet unidentified reason) to an account maintained by the Debtor. The funds in the AMBP Reserve Account totaled $8,464,365 as of the transfer date. According to the Debtor, discrepancies between the transfer amount and previous – higher – account balances reflect "market activities" and "administrative fees" charged by the prior account holder – the affiliated, but separately-incorporated Catholic Community Foundation.

The Health and Dental Plans suffered dramatic losses following the Petition Date, likely linked to the 20% billing credit and 15% permanent reduction in premiums. For the period from June 2015 to the end of March 2016, the Health and Dental Plans has a loss of approximately $1,323,114. As a result, the balance of the AMBP Disbursing Account was significantly diminished as of the end of March 2016. The balance of the AMBP Reserve Account remains at $8,464,365.

The Debtor has stated that the AMBP's board of trustees will likely be required to seek Court authorization to use a portion of the AMBP Reserve Account to pay losses and expenses under the Health and Dental Plans. The Debtor has not, however, stated whether the AMBP's board is considering increasing premiums to levels in place prior to January 2014 to address its significant losses.

The $8,464,365 held in the AMBP Reserve Account and $4,600,000 representing the balance in the AMBP Disbursing Account on the Petition Date will be transferred to the Trust.

3. *Priest Health and Dental Plan*

Active and retired priests and seminarians obtain medical and dental benefits under a plan separate from the plan for the Debtor's lay Employees (the "Priest Health and Dental Plan"). The Priest Health and Dental Plan covers priests assigned to the Debtor, to the Archdiocesan Parishes, and to other Catholic entities. Parishes and other Catholic entities are supposed to pay applicable premiums. The benefits provided under the Priest Health and Dental Plan generally mirror the benefits provided under the Health and Dental Plans. The priest's benefits are provided directly from the Debtor, rather than the AMBP used for the medical and dental benefits for lay employees. The Plan does not contemplate any changes in the funding levels or contributions for the Priest Health and Dental Plan.

4. *Retirement and Pension Plans*

The Debtor maintains three retirement plans.

- Lay employees of the Debtor and of many other Catholic entities are eligible to contribute to a tax-deferred annuity plan, which is also known as a 403(b) plan. The Plan does not contemplate any changes in the funding levels or contributions for the 403(b) plan.

- The Debtor also sponsors a pension plan for lay employees (the "Lay Employees' Pension Plan"). The Lay Employees' Pension Plan is funded entirely by the Debtor and participating Catholic entities. The Lay Employee's Pension Plan has been frozen since 2011 but, according to the Debtor, the Debtor and other participating employers continue to make contributions to the Lay Employees' Pension Plan for the benefit of those legacy obligations. Monthly contributions of approximately $23,000 are required by the Debtor. Other participating entities contribute approximately $530,000 per month combined. According to the Debtor, the Lay Employees' Pension Plan is currently subject to an underfunded liability. The Plan does not contemplate any changes to the Lay Employees' Pension Plan.

- Finally, the Debtor sponsors a pension plan for priests (the "Priests' Pension Plan"). The obligations of the Priest's Pension Plan are funded by the Debtor and participating parishes. The Debtor makes contributions to the Priests' Pension Plan of approximately $51,000 per month. Other participating entities contribute approximately $261,000 per month. According to the Debtor, the Priests' Pension Plan is currently subject to an underfunded liability. The Plan does not contemplate any changes to the Priests' Pension Plan.

In the past, bishops were not included in the Priests' Pension Plan, so the Debtor established a reserve for former-Archbishop Flynn for this purpose. The amount of this reserve is currently unknown, but the entirety of any positive balance will be contributed to the Trust under the Plan. Going forward, however, the Debtor will assume all liabilities and obligations for former-Archbishop Flynn's pension to the extent not already covered by the Priests' Pension Plan.

5. *Other Benefit Programs*

According to the Debtor, eligible employees of the Debtor and Catholic entities also utilize benefit programs described as follows. Eligible employees receive long-term disability ("LTD") and accidental death and dismemberment ("AD&D") insurance. According to the Debtor, LTD premiums are paid entirely by participating employees and Catholic entity employee AD&D premiums are paid by the respective Catholic entities, not the Debtor. To the extent the Debtor has paid any premiums for employees of an entity other than the Debtor, and

such entity has not been substantively consolidated with the Debtor at the time the Plan is confirmed, the Trust will have the right and the authority to seek repayment of all such amounts back to the Debtor under any applicable legal or equitable theory or theories or cause(s) of action for the exclusive benefit of the Trust. The Plan also requires the Debtor to provide necessary information and other reasonable support to aid the Trust in its pursuit of the return of such funds.

According to the Debtor, the Debtor and other participating Catholic entities also offer eligible employees life insurance, at a total monthly charge to the Debtor of approximately $610, and the option to purchase supplemental life insurance coverage, currently provided by Unum. Employees participating in such optional insurance plans bear the premium costs associated with such coverage. According to the Debtor, the optional coverage costs the Debtor little to nothing to provide to eligible employees. To the extent the Debtor has paid any premiums for employees of an entity other than the Debtor, and such entity has not been substantively consolidated with the Debtor at the time the Plan is confirmed, the Trust will have the right and the authority to seek repayment of all such amounts back to the Debtor under any applicable legal or equitable theory or theories or cause(s) of action for the exclusive benefit of the Trust. The Plan also requires the Debtor to provide necessary information and other reasonable support to aid the Trust in its pursuit of the return of such funds.

The Debtor also provides tuition assistance to eligible employees in an amount equal to 50% of tuition for any child enrolled in a Catholic school (grades kindergarten through 12) subject to an aggregate annual limit for all employees of $75,000. To the extent the Debtor has provided such assistance for employees of an entity other than the Debtor, and such entity has not been substantively consolidated with the Debtor at the time the Plan is confirmed, the Trust will have the right and the authority to seek repayment of all such amounts back to the Debtor under any applicable legal or equitable theory or theories or cause(s) of action for the exclusive benefit of the Trust. The Plan also requires the Debtor to provide necessary information and other reasonable support to aid the Trust in its pursuit of the return of such funds.

Finally, according to the Debtor, the Debtor provides payments to 18 priests for a variety of reasons (the "Priest Support Payments"). According to the Debtor, those who receive some form of Priest Support Payment include priests who are not assigned to a parish or whose parish or institution is not able to provide full financial support, those who are out of ministry while their suitability is under review, or those who are on a general leave of absence. This support may include housing, salaries, pension contributions, and other support benefits and payments, including medical, dental, and life insurance. According to the Debtor, Priest Support Payments average approximately $4,800 per month per priest. Under the Plan, any and all payments that have been made to Credibly Accused Priests will be paid to the Trust by the Reorganized Debtor for a period of five years after the Effective Date. Further, to the extent the Debtor has provided Priest Support Payments for priests employed (or formerly employed) by an entity other than the Debtor, and such other entity has not been substantively consolidated with the Debtor at the time the Plan is confirmed, the Trust will have the right and the authority to seek repayment of all such amounts back to the Debtor under any applicable legal or equitable theory or theories or

cause(s) of action for the exclusive benefit of the Trust. The Plan also requires the Debtor to provide necessary information and other reasonable support to aid the Trust in its pursuit of the return of such funds.

The Plan contemplates that the Reorganized Debtor shall be exclusively responsible for all liabilities associated with continuing these other benefit programs and obligations.

6. *Interparish Loan Fund*

The Interparish Loan Fund was originally funded by parishes that had excess cash and were willing to deposit that cash for use by other parishes. According to the Debtor, as of the Petition Date, five parishes had made deposits to the Interparish Loan Fund which had not been reimbursed. The Plan contemplates addressing the claims of the five un-reimbursed parishes by providing them with a credit against future assessments owed to the Reorganized Debtor.

V. THE DEBTOR'S ASSETS

According to the Debtor's disclosures, the Debtor's property is comprised of: (i) real property, (ii) personal property (including insurance policies), (iii) beneficial interests, and (iv) other miscellaneous assets. The UCC has valued the Debtor's assets based on public records, third-party appraisals, admissions by the Debtor, and actual sales of Debtor real property.

A. Real Property

Several parcels of real property owned by the Debtor have already been during the course of this bankruptcy case. The proceeds from those sales are being held in a separate account to ensure that they are used to pay creditor claims. Other real property interests will not be sold by the Debtor in its bankruptcy, but the liquidation value of such real property will be contributed to the Trust by the Debtor as required by the Bankruptcy Code.

1. *Property Sold During this Chapter 11 Case*

A sizable portion of the Debtor's real property – the Hayden Center, the Chancery, Hazelwood, and the Dayton Property – has been sold during the pendency of the Debtor's bankruptcy case. The entirety of funds realized from such sales will be contributed to the Trust under the Plan. Total expected cash proceeds to be contributed to the Trust from such real property sales are expected to be approximately $8,700.000.

2. *Real Property Interests of the Debtor*

The Debtor owns real property located at 3045 Park Avenue in Minneapolis, Minnesota that houses the Church of Gitchitwaa Kateri. In its bankruptcy schedules, the Debtor stated the value of this property in accordance with the Hennepin county tax records estimate of $442,500. Based on an independent appraisal of the real property performed by CB Richard Ellis ("CBRE")

on behalf of the UCC, the UCC believes the liquidation value of the property to be approximately $460,000.

The Debtor also owns four parcels of real property that are currently leased to others. The leases on the four parcels are respectively with the Cathedral of Saint Paul, Benilde-St. Margaret High School, Grace High School d/b/a Totino-Grace High School, and DeLaSalle High School. Based on an independent appraisal of the real property performed by CBRE on behalf of the UCC, the economic value of the Debtor's interest in these properties is significant:

Property Owned by the Debtor	Appraised Liquidation Value of the Debtor's Interest
Cathedral of Saint Paul	$9,880,000 (market value - $19,750,000)
Benilde-St. Margaret High School	$6,600,000 (market value - $11,000,000)
Grace High School d/b/a Totino-Grace High School	$6,570,000 (market value - $10,950,000)
DeLaSalle High School	$10,000,000 (market value - $15,380,000)
Total	$33,050,000 (market value - $57,080,000)

Summaries of CBRE's appraisals and valuation conclusions are attached to this Disclosure Statement as **Exhibit D**. Full appraisal reports relating to each of the properties can be provided upon request. The Plan states that the Debtor's interest in the above four properties, and the Debtor's interest in Gitchitwaa Kateri will secure a mortgage loan in the amount of $38,005,869.00 to facilitate the Debtor's contribution of at least the liquidation value of its aggregate property as required by Section 1129(a)(7) of the Bankruptcy Code.

B. Personal Property

The Debtor has miscellaneous personal property. Besides cash proceeds from real estate sales, the primary personal property available to pay Chapter 11 expenses and make distributions to creditors are the Debtor's insurance settlements, insurance policies, other unrestricted cash assets, and cash in excess of reserves in the GIF.

1. *Insurance Claims and Settlements*

Settling Insurers have agreed to settlement of claims against the Settling Insurers' policies. The settlements currently total $33.2 million in cash and in claims in connection with the Home Insurance Company's liquidation. All of this cash and all of these claim rights will be contributed to the Trust under the Plan.

2. *Non-Settling Insurers – All Rights and Obligations Remain the Same*

The Plan is neutral as to Insurance Policies. If a Class 7 Claim is litigated or the Trust objects to a Class 7 Claim (or otherwise seeks a determination of liability as to a Class 7 Claim), the Archdiocese, the Reorganized Debtor, the Trust, and each Non-Settling Insurer will be able to assert all legal and factual defenses, including all coverage defenses. The duties and obligations of each Non-Settling Insurer and the Archdiocese and Reorganized Debtor are not altered by the Plan, any assessment of a Tort Claim by the Trust or otherwise. Upon consent of the Trustee, a Person may become a Settling Insurer if the Bankruptcy Court, after notice and hearing, approves a settlement agreement between the Person and the Trustee. Once the Effective Date takes place, the Trustee shall have the exclusive authority to seek approval of such agreement.

3. *Cash*

The UCC expects the Debtor to have in excess of $3 million in operating cash assets as of the Effective Date. The Debtor will contribute the majority of such cash immediately to the Trust. More detail regarding the Debtor's contribution to the Trust is set forth below and in **Exhibit C** to this Disclosure Statement.

a. International Priest Fund and Board Designated Funds

The Debtor has reviewed documentation involving the International Priest Fund ($1,504,971 as of March 31, 2016) and other board-designated funds ($1,584,168 as of March 31, 2016) and determined that such funds should be available to general creditors as assets of the estate. The Plan thus provides for distribution of these funds to the Trust.

b. Donor Restricted Cash and Investments

The Debtor contends that certain funds it holds are donor-restricted. To date, however, the UCC has not been provided sufficient information to confirm this assertion, or a sufficient opportunity to review related data. The Plan contemplates that all available funds will be contributed by the Debtor to the Trust.

c. Perpetual Trusts

The Debtor is the beneficiary of certain perpetual trusts and bequests from individual wills. To the maximum extent provided by applicable law, such funds will be contributed by the Debtor to the Trust.

d. Riley Fund

The Debtor holds a trust fund (the "Riley Fund") under a will executed by William C. Riley on September 16, 1929. The balance of the Riley Fund equaled $2,581,329.24 as of the date that the Debtor filed for bankruptcy. There is some dispute between proper ownership rights

of these funds between the Debtor and one of its affiliates, the Cathedral Corporation. Under the Plan, the Trust will inherit all of the Debtor's right, title, and interest in the Riley Fund and related proceeds.

4. *Accounts Receivable*

As of March 31, 2016, the Debtor had accounts receivable based on unpaid assessments from its parishes in the amount of approximately $8.4 million. The Debtor also has accounts receivable based on subscriptions and advertisements in the Catholic Sprit, accounting services, priest benefit fund for medical and dental coverage, and CSAF funds. The UCC has requested, but has been denied access to, detailed information regarding the specific obligors and individual amounts that comprise the Debtor's accounts receivable. Generally, the UCC believes that a large percentage of the Debtor's accounts receivable are collectable. The UCC has estimated a collection rate of 50% for all accounts receivable for purposes of its liquidation analysis. Under the Plan, the Trust will inherit all of the Debtor's right, title, and interest in all such accounts receivable on the Effective Date.

5. *Miscellaneous Personal Property*

The Debtor also has substantial personal property consisting primarily of miscellaneous religious vestments, jewelry, home furnishings, garage and print shop equipment, lawn care equipment, office equipment, and vehicles, as described in the Debtor's Schedules and Statement of Financial Affairs, as amended. The Debtor will pay the entire liquidation value of such assets over to the Trust on the Effective Date.

C. Other Interests and Assets

1. *Residual Ward Estate*

The Debtor is one of several beneficiaries of the estate of Austin T. Ward. The Debtor estimates the value of its interest at less than $25,000. The UCC has not had an opportunity to independently verify the Debtor's estimate. Under the Plan, the Debtor will pay the entire liquidation value of its interest in the Ward estate over to the Trust on the Effective Date.

2. *Clarey Oil Rights*

The Debtor is the beneficiary of a will that provides the Debtor with mineral rights in Colorado. The Debtor contends that its interest in such mineral rights is worth only $340. The UCC has not had an opportunity to independently verify the Debtor's contention. Under the Plan, the Debtor will pay the entire liquidation value of its interest in such mineral rights over to the Trust on the Effective Date.

3. *Ausmar Development Co., LLC*

The Debtor is the beneficiary of a will that provides the Debtor with a 25% interest in Ausmar Development Co, LLC, which owns certain real property in Chanhassen, Minnesota. The Debtor estimates that its interest in such properties is worth only $365,775. The UCC has not had an opportunity to independently verify the Debtor's estimate. Under the Plan, the Debtor will pay the entire liquidation value of its interest in Ausmar Development Co, LLC over to the Trust on the Effective Date.

D. Avoidable Transfers

All of the Debtor's right, title, and interest in avoidance and preference actions arising under Chapter 5 of the Bankruptcy Code will be transferred to the Trust under the Plan and the Debtor and/or the Reorganized Debtor will be subject to an ongoing obligation to provide information and reasonable, other support to assist the Trust in pursuing such actions. Based on the limited information currently available by the Debtor, the UCC believes that the value of avoidance and preference actions in this case could materially exceed $10 million. For purposes of its liquidation analysis, **Exhibit C**, the UCC has estimated that avoidable transfers in the amount of $9 million were made, and that the Trust will be able to liquidate related claims in the range of 20% of this total amount.

VI. THE CHAPTER 11 CASE

A. Commencement of the Chapter 11 Case

The Debtor commenced its case on January 16, 2015 (the "Petition Date"). The Debtor's case was assigned to the Honorable Robert J. Kressel, United States Bankruptcy Judge. After the Petition Date, the Debtor remained in possession of its assets and property and continued to operate its businesses as the debtor-in-possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code.

B. Criminal Charges Against the Debtor

On Friday, June 5, 2015, the Ramsey County Attorney's Office filed criminal charges against the Debtor for "failing to protect children" from an abusive priest, marking the first time that an archdiocese in the United States had been criminally charged for such offenses. The charges related to the Debtor's failure to provide oversight of a former priest, Curtis Wehmeyer. Curtis Wehmeyer sexually abused two boys in 2010 while he was the pastor of a local parish. In connection with the charges against the Debtor, Ramsey County Attorney John Choi stated "Today we are alleging a disturbing institutional and systemic pattern of behavior committed by the highest levels of leadership of the Archdiocese of St. Paul and Minneapolis over the course of decades."

On July 20, 2016, criminal charges against the Debtor were dropped after the Debtor agreed to admit wrongdoing and agreed to several additional accountability measures required by

Ramsey County prosecutors. The Ramsey County Attorney's Office publicly released many documents relating to the criminal charges on July 20, 2016. The information released by the Ramsey County Attorney's Office was troubling and indicated a systematic mismanagement of the Debtor's affairs by several high-level individuals. Although former-Archbishop Neinstedt resigned in the wake of the criminal charges approximately six months after the Debtor filed for bankruptcy, many members of the Debtor's management have remained in influential management roles throughout the Debtor's bankruptcy case.

The UCC strongly encourages parties-in-interest to review the information release by the Ramsey County Attorney's Office and to make their own, independent determinations with respect to its impact on their interests and their decisions with respect to the UCC's Plan and the competing plan of reorganization filed by the Debtor. The Ramsey County Attorney's Office has indicated that "other information that is a part of the criminal investigative file will be released upon request to the public pursuant to the Minnesota Government Data Practices Act." The UCC is in the process of obtaining such information.

C. Professionals Paid By the Debtor's Estate

1. *The Debtor's Professionals*

The Bankruptcy Court approved all applications and/or motions by the Debtor allowing the Debtor to retain seven sets of professionals during its bankruptcy. They are listed below. Funds used to pay these seven sets of professionals have been made from funds that otherwise would have been available to pay creditor claims, including more than 400 claims based on clergy sexual abuse. Through the end of July 2016, these seven sets of professionals had collectively accrued fees and costs in the amount of $6,265,627.95 to be paid by the Debtor's estate.

1) The law firm of Briggs and Morgan, P.A. was authorized to act as bankruptcy counsel to the Debtor;

2) The law firm of Meier Kennedy and Quinn, Chartered was retained as the Debtor's ongoing ordinary course counsel;

3) The law firm of Fredrikson and Byron, P.A. was authorized to act as special criminal defense counsel related to charges asserted against the Debtor by the Ramsey County Attorney;

4) BGA Management LLC d/b/a Alliance Management was authorized to act as the Debtor's financial advisor;

5) NorthMarq Real Estate Services, LLC d/b/a Cushman & Wakefield NorthMarq was authorized to act as the Debtor's real estate broker and real estate leasing representative;

6) CliftonLarsonAllen LLP was authorized to evaluate the status of financial and corporate records and to monitor internal controls of the Debtor; and

7) Regnier Consulting Group, Inc. was authorized to complete a loss reserve analysis of the workers' compensation program maintained by the Debtor through its General Insurance Fund.

2. The Parish Committee's Professionals

Over the UCC's objection, the Archdiocesan Parishes were allowed to form a separate creditors' committee (the "Parish Committee") in the Debtor's bankruptcy case to represent their interests. The UCC's objection to the appointment of the Parish Committee was based on, among other things, concerns that (i) the majority of parishes would themselves be co-defendants in clergy sexual abuse lawsuits, and (ii) the parishes' interests were already represented by the Debtor's professionals, so appointing a Parish Committee would simply give the Debtor's organization a second "seat at the table" with respect to all major case issues and unduly marginalize the interests of sexual abuse claimants. The UCC also argued that the appointment of a Parish Committee would unfairly deplete assets available to pay sexual abuse claims. This is because the appointment of a Parish Committee allowed the Debtor's parishes to have the vast majority of their professional fees and costs paid by the Debtor's estate from funds that otherwise would have been available to pay allowed creditor claims, including more than 400 claims based on clergy sexual abuse.

The Bankruptcy Court overruled the UCC's objection and authorized the Parish Committee to retain two law firms, Manty & Associates and Maslon LLP, to represent its interests throughout the Debtor's bankruptcy case. The Bankruptcy Court also approved the Debtor's payment of approximately $600,000 in fees and costs accrued by the Maslon firm before the Parish Committee was ever formed. Since its appointment, the Parish Committee has taken a very active role in the Debtor's case and has taken the same position as the Debtor – very often against the UCC – on major issues in the Debtor's bankruptcy. Through the end of July 2016, the Parish Committee's professionals had collectively accrued fees and costs in the amount of $2,162,008.1 to be paid by the Debtor's estate.

3. *The UCC's Professionals*

The Bankruptcy Court authorized the UCC's retention of Stinson Leonard Street LLP as legal counsel to represent the UCC throughout the Debtor's bankruptcy case. The UCC was also authorized to retain CB Richard Ellis as its real estate advisor to analyze real estate issues in connection with the Debtor's the real property sales and lease transactions. Through the end of July 2016, the UCC's professionals had collectively accrued fees and costs in the amount of $2,600,194.37. The UCC has twice sought to retain a financial advisor to assist the UCC in reviewing financial information prepared by the Debtor's financial advisor, and other financial aspects of the Debtor's bankruptcy, but the Bankruptcy Court denied the UCC's requests in both instances.

D. Other Events in the Debtor's Bankruptcy

1. *The UCC's Motion Seeking Substantive Consolidation*

On May 23, 2016, the UCC moved to substantively consolidate the Debtor and over 200 non-debtor Catholic entities, including all of the Debtor's parishes, consolidated schools, the Catholic Community Foundation of Minnesota, the Francophone African Chaplaincy, Segrado Corizon de Jesus, the Chaplaincy of Gichitwaa Kateri, Newman Center and Chapel, the Catholic Finance Corporation, The Catholic Cemeteries, Totino Grace High School, DeLaSalle High School, and Benilde-St. Margaret High School.

The following, non-comprehensive summary of the UCC's arguments was included in that filing:

> In the decades preceding its bankruptcy filing, the Debtor alienated more than a billion dollars in assets as a matter of civil law by incorporating hundreds of parishes and transferring assets into newly formed entities. The Debtor then continued to maintain exclusive control over such assets by exercising direct authority and control over the entities holding them. In fact, as a matter of their own regulations and under decrees issued by the Vatican, the Debtor was required to continue exercising control over the transferred assets and related entities. The Debtor has even attested to its ongoing supervision and control of its affiliates in certifications to the Internal Revenue Service as a means of securing tax exempt status for their affiliates.
>
> Within the next few days, the Debtor will file a plan of reorganization that (i) seeks to prohibit more than four hundred survivors of clergy sexual abuse from reaching any of the assets that the Debtor alienated as a matter of civil law, but (ii) simultaneously provides more than 200 entities holding such assets with a complete and final release of liability for sexual abuse claims. The Debtor's parishes comprise approximately 190 of the entities seeking a release and, to date, the parishes have flatly refused to disclose any information about their operations or holdings. Confirming a plan that extends the full benefits of bankruptcy to hundreds of entities without requiring them to disclose their assets or contribute appropriately to the payment of creditor claims would constitute nothing short of a miscarriage of justice and a grave misuse of the bankruptcy process.
>
> Based on the limited information available to it, the Committee estimates that the Archdiocese and its parishes hold approximately

> $1.4 billion in assets, and that the other Consolidation Parties hold at least an additional $300 million in assets. The Committee further expects that the Archdiocese will seek to contribute approximately 1% of that amount to pay creditor claims in connection with its plan of reorganization. The Committee also anticipates that the Debtor will vastly undervalue its Cathedral property and its interests in the Benilde-St. Margaret, DeLaSalle, and Totino Grace High Schools (the "High Schools"). In reality, the Debtor's interest in the Cathedral is worth approximately $20 million and the Debtor's aggregate interests in the High Schools are worth nearly $30 million.
>
> The Committee expects that the Debtor's parishes will fund an even smaller percentage of the plan than the Archdiocese in exchange for their broad and permanent releases from liability for sexual abuse claims despite the fact that, upon information and belief, the Debtor's parishes held net assets valued at approximately $1.4 billion in 2010. The Committee also understands that the Catholic Community Foundation of Minnesota and the Catholic Finance Corporation (both of which are controlled by the Archbishop) are holding more than $300 million in the aggregate. All of these assets are being intentionally sheltered from the scrutiny of the Debtor's bankruptcy process while the Debtor simultaneously plans to seek broad and unqualified releases for the entities holding such assets.

The UCC's motion for substantive consolidation was supported by many additional arguments and by more than 100 pages of affidavit testimony and documents. A complete copy of the UCC's motion seeking substantive consolidation is available at Docket No. 631, filed in the Debtor's bankruptcy case, and the UCC will provide a complete copy of such filing to any party-in-interest who requests it.

On July 28, 2016, the Bankruptcy Court issued an order dismissing the UCC's motion seeking substantive consolidation. Although the Bankruptcy Court held that the UCC had standing to bring the motion, and that a motion was an appropriate vehicle through which to seek substantive consolidation, the Bankruptcy Court ruled that, due to the restrictions of Section 303(a) of the Bankruptcy Code, the UCC could not substantively consolidate non-consenting, non-profit organizations who were not already debtors. The Bankruptcy Court also ruled that the UCC failed to plead sufficient facts to establish (i) that the interrelationship between the Debtor and the entities sought to be consolidation warranted consolidation, (ii) that the benefits of consolidation would outweigh the harm to creditors, or (iii) that the denial of substantive consolidation would result in prejudice.

The UCC disagrees with the Bankruptcy Court's ruling and is appealing the Bankruptcy Court's dismissal of its substantive consolidation motion to the United States District Court for the District of Minnesota. If the UCC's motion for substantive consolidation is ultimately granted, the assets of all of the entities sought to be consolidated will be made available for the payment of creditor claims in the Debtor's bankruptcy case. Based on its initial investigation, the UCC believes that the granting of its motion for substantive consolidation would significantly increase the assets available for creditors.

2. *The Debtor's Schedules and Statements and Monthly Operating Reports*

The Debtor filed its schedules and statement of financial affairs on January 30, 2015. This filing took place approximately six months before the filing of civil and criminal charges against the Debtor by the Ramsey County Attorney's Office, and approximately six months before the resignation of former-Archbishop Neinstedt. The Debtor's schedules were only amended once, on March 12, 2015, prior to former-Archbishop Neinstedt's resignation. The Debtor has filed monthly operating reports and other reports. Each report filed by the Debtor is available on the docket for this Chapter 11 case.

3. *Deadline for Timely-Filed Claims*

The Bankruptcy Code provides a procedure for each creditor who believes it has a claim against the Debtor to assert such a claim so that the creditor can receive distributions from the Debtor's estate. One of the key parts of the process is the establishment of a Claim Filing Deadline – a date by which creditors must have filed their claims or else such claims will not participate in the Bankruptcy Case or receive any distribution from the estate. In this case, the last date to timely file claims was established as August 3, 2015.

The UCC moved to extend the period to timely file proofs of claim through May 25, 2016, to be co-extensive with the deadline for asserting claims under Minnesota's Child Victim's Act. The Bankruptcy Court denied the UCC's motion and the claims filing due date was not extended.

More than 400 claims based on clergy sexual abuse were filed in the Debtor's bankruptcy case on or before August 3, 2015, and approximately forty additional claims based on clergy sexual abuse have been filed in the case since that date. The majority of claims based on clergy sexual abuse have been amended to provide a liquidated value. Although the aggregate value of all sexual abuse claims filed against the Debtor is not known because not all such claims identify a specific claim amount, based on claims that do allege a specific dollar amount, the total value of claims based on clergy sexual abuse exceeds $1.6 billion.

An Administrative Claims bar date has not yet been established. The Debtor reports that it has generally been paying undisputed Administrative Claims in the ordinary course of business post-petition. However, upon establishment of an Administrative Claims due date, it is possible that additional Administrative Claims may be filed.

4. *Real Property Sales*

The Debtor has sold several interests in real property during the course of its bankruptcy. The proceeds from the closed sales of the Hayden Center, the Chancery, Hazelwood, and the Dayton property are being held in a segregated interest-bearing account. Under the Plan, all of the proceeds of such sales of real property would be contributed to the Trust for the payment of creditor claims. Details relating to the Debtor's sale of real property interests are included in the chart below.

Property Name	**Gross Proceeds of Sale**
Hayden Center	$4,500,000.00
The Chancery	$3,275,000.00
Hazelwood	$365,000
The Dayton Property	$900,000

5. *New Lease for Debtor Offices*

The Debtor also made arrangements to lease new space to house its operations during the pendency of its bankruptcy. The new building is located at 777 Forest Street, Saint Paul, Minnesota. The Debtor entered into a lease agreement as tenant with IAF Beacon I, LLC as landlord on February 29, 2016 with an initial term of 127 months commencing upon the Debtor moving into the premises following initial construction and fit out work performed on the building. The Debtor anticipates moving into the new premises in mid-October 2016. The Bankruptcy Court authorized the Debtor to enter into the lease agreement on April 7, 2016. The Debtor agreed that, as the Reorganized Debtor, it will fully indemnify the estate, and any successor to the estate, including but not limited to any trust formed for the benefit of creditors, from and for any claims arising out of the Debtor's breach of the lease, regardless of when the breach claim arose.

6. *Debtor's First Day Motions*

The Debtor filed several motions on the Petition Date in an effort to administer the bankruptcy estate and to prevent a significant interruption in the Debtor's business operations. These "first day" motions were aimed at allowing the Archdiocese to continue operating with minimal business interruption and to address certain confidentiality issues. The first day motions were granted by the Bankruptcy Court.

E. Insurance Settlement Issues

1. *The Insurance Declaratory Judgment Action*

On November 24, 2014, prior to the Debtor's bankruptcy filing, the Debtor initiated a civil lawsuit (the "Insurance Declaratory Judgment Action") in the Minnesota District Court against several insurance carriers. In the lawsuit, the Debtor sought, among other things, a declaration that clergy abuse claims trigger insurance coverage and a duty on the part of insurers to indemnify the Debtor. The Debtor also asserted specific allegations as to several insurers and sought additional declaratory relief, as well as injunctive and other ancillary relief. The complaint was amended on January 16, 2015 to add The Catholic Mutual Relief Society of America ("Catholic Mutual") as a defendant.

On January 16, 2015, the Insurance Declaratory Judgment Action was referred by United States District Court Judge Richard H. Kyle to the Bankruptcy Court for the District of Minnesota under 28 U.S.C. §§ 157 and 1334 for appropriate disposition as an adversary proceeding. The adversary proceeding was opened in the Bankruptcy Court for the District of Minnesota as case number 15-03013.

On January 21, 2015, the Bankruptcy Court ordered the Debtor's insurers and the Tort Claimants to participate in confidential mediation conducted by former Magistrate Judge Arthur J. Boylan. The Bankruptcy Court further ordered that all deadlines and proceedings in the adversary would be suspended indefinitely in the meantime. On January 23, 2015, the Bankruptcy Court further ordered that starting April 1, 2015, the mediator may submit a bill for his services at two-month intervals and that the Debtor shall pay the mediator's bill. At the conclusion of mediation, the total cost of the mediation shall be assessed against the parties in a method that they agree to or is determined by the court. Under the Plan, fees and costs incurred in the court of the mediation will not be attributable to the Trust, but all proceeds obtained through settlements with the Debtor's insurers will be transferred to the Trust. The various parties-in-interest have not yet agreed on universal settlement terms, and it is unclear if or when such a settlement will occur or what conditions will prompt resolution. The Plan requires the Debtor to continue to cooperate with claimants and insurers to ensure a fair and joint resolution of Tort Claims.

2. *Insurance Settlements*

To date, three insurance companies, Home, State Farm, and Catholic Mutual, have entered into settlements. The Home settlement provides the Debtor with an approved claim in the Home state court liquidation proceeding in the amount of $14.2 million in exchange for a policy buy-back and a release of coverage for all claims under the Home policies. In addition to obtaining Bankruptcy Court approval of the settlement and the Plan, the settlement is not effective until approved by the court in Home's New Hampshire state liquidation proceeding. Under the Plan, the Trust will then be entitled to receive distributions in the course of the Home liquidation proceeding. Further, after all contingencies are met and if the Trust so decides, the

approved claim against the Home's liquidation estate may be sold to entities who buy such claims.

State Farm has agreed to a $5 million settlement. Under the settlement State Farm will buy back its policies and receive a full and complete release of any obligation to pay any and all claims under its policies during the period 1975 to 1977 or 1978. The settlement is contingent on Court approval of the settlement and the Plan.

Catholic Mutual has agreed to a $14 million settlement in exchange for releases and injunctive relief (including the Channeling Injunction and Settling Insurer Supplemental Injunction) of Tort Claims against the Debtor and certain Catholic Entities, certain non-Tort Claims against the Debtor as well as claims against two parishes covered under policies Catholic Mutual issued to those parishes (Guardian Angels and Assumption) (the "CM Parish Policies"). Catholic Mutual will be buying-back the CM Parish Policies under the settlement (that includes the Debtor, Guardian Angels and Assumption), but it will not be buying back the Debtor policies, with coverage under those policies continuing as applicable. The Catholic Mutual settlement is contingent on Bankruptcy Court approval of the settlement and a plan of reorganization acceptable to Catholic Mutual.

VII. NON-MONETARY UNDERTAKINGS FOR THE PROTECTION OF CHILDREN

The Plan will include, by means of a supplement to be filed no later than thirty (30) days prior to the hearing on this Disclosure Statement, significant additional provisions and protocols designed to protect children in the future. The terms of the Debtor's settlement with the Ramsey County Attorney's Office will be incorporated into such provisions and protocols.

VIII. SUMMARY OF THE PLAN

THIS SECTION PROVIDES A SUMMARY OF THE STRUCTURE, CLASSIFICATION, TREATMENT AND IMPLEMENTATION OF THE PLAN. THE SUMMARY BELOW IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PROVISIONS SET FORTH IN THE PLAN ITSELF, THE TERMS OF WHICH CONTROL. THE SUMMARY OF THE PLAN IN THIS DISCLOSURE STATEMENT DOES NOT PURPORT TO BE COMPLETE. CONSIDERATION OF THIS SUMMARY IS NOT A SUBSTITUTE FOR A FULL AND COMPLETE READING OF THE PLAN. ALL HOLDERS OF CLAIMS AND INTERESTS ARE URGED TO REVIEW THE PLAN CAREFULLY, INCLUDING ALL EXHIBITS.

A. Classification of Claims

Bankruptcy Code Section 101(5) defines a claim as (a) a "right to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured"; or (b) a "right to an equitable remedy for breach of performance if such breach gives rise to a right to payment,

whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured."

Bankruptcy Code Section 1123 requires a plan of reorganization to designate classes of claims against a debtor. Bankruptcy Code Section 1122 requires that each class of claims contain only claims that are "substantially similar" to each other. The Plan divides the different claims against the Debtor into separate classes based upon the legal nature and the Debtor believes that all claims have been classified in accordance with the requirements of Sections 1122 and 1123.

The claims categories listed below classify claims (except Administrative Expense Claims and Priority Tax Claims) for all purposes, including voting, confirmation, and distribution pursuant to the Plan. A chapter 11 plan must designate each separate class of claims either as "impaired" (affected by the plan) or "unimpaired" (unaffected by the plan). If a class of claims is "impaired" under the Bankruptcy Code, the holders of claims in that class are entitled to vote on the plan (unless the plan provides for no distribution to the class, in which case the class is not entitled to vote to accept or reject the plan and is deemed to reject the plan). If a class of claims is unimpaired, the holders of claims in that class are not entitled to vote to accept or reject the plan and are deemed to accept the plan.

As provided by Section 1123(a)(1) of the Bankruptcy Code, Administrative Expense Claims and Tax Priority Claims are not classified for the purposes of voting or receiving distributions under the Plan. Instead, all such claims are treated separately as unclassified claims on the terms set forth in Article II of the Plan. Consistent with Section 1122 of the Bankruptcy Code, a claim is classified by the Plan in a particular class only to the extent the claim is within the description of the class, and a claim is classified in a different class to the extent it is within the description of that different class.

B. Definition of Claims and Claim Treatment

The treatment of claims in the Plan is in full and complete satisfaction of the legal, contractual, and equitable rights that each holder of an Allowed Claim may have in or against the Debtor or its property. This treatment supersedes and replaces any agreements or rights those persons have in or against the Debtor or its property. All distributions under the Plan will be tendered to the person holding the Allowed Claim in accordance with the terms of the Plan.

The treatment of each class of Allowed Claims, and the reasons for that treatment, is set forth below:

1. *Priority Claims (Class 1) – Unimpaired*

a. *Definition*. A "Class 1 Claim" means an allowed claim described in, and entitled to priority under Sections 507(a) of the Bankruptcy Code other than an Administrative Claim or a Priority Tax Claim.

b. *Treatment*. Unless the holder of an allowed Class 1 Claim and the Archdiocese or the Reorganized Debtor (as applicable) agree to a different treatment, the Reorganized Debtor shall pay each such allowed Class 1 Claim in full, in cash, without interest from ongoing operations on the later of the Effective Date (or as soon thereafter as is practicable).

2. *Governmental Unit Claims (Class 2) – Unimpaired*

a. *Definition*. A "Class 2 Claim" means an allowed claim of a Governmental Unit not otherwise included elsewhere in the Plan.

b. *Treatment*. Unless the holder of an allowed Class 2 Claim and the Archdiocese or the Reorganized Debtor (as applicable) agree to a different treatment, the Reorganized Debtor shall pay each such allowed Class 2 Claim in full, in cash, without interest from ongoing operations on the later of the Effective Date (or as soon thereafter as is practicable).

3. *General Insurance Fund (Class 3) – Unimpaired*

a. *Definition*. A "Class 3 Claim" means an allowed claim against the Archdiocese held by a Catholic Entities arising from or related in any way to the collection and use of payments made by such claimant to the Archdiocese under the GIF, including any claims arising from the administration by the Archdiocese of the GIF.

b. *Treatment*. The Reorganized Debtor will assume the Archdiocese's participation in the GIF and all liabilities to Class 3 claimants on the effective date. The Reorganized Debtor will continue to sponsor the GIF and will cause to be paid claims and administrative expenses under the GIF in accordance with the Archdiocese's prior practices.

4. *Archdiocese Medical and Dental Plan (Class 4) – Unimpaired*

a. *Definition*. A "Class 4 Claim" means a claim against the Archdiocese held by a Catholic Entity arising from or related in any way to the collection and use of payments made by such claimant to the Archdiocese under the AMBP, including any claim arising from the administration by the Archdiocese of the AMBP.

b. *Treatment*.

(1) The Reorganized Debtor will assume the Archdiocese's participation in the AMBP and all liabilities to Class 4 claimants on the Effective Date. The Reorganized Debtor will continue to sponsor the AMBP and will cause to be paid claims and administrative expenses under the AMBP in accordance with the Archdiocese's prior practices.

(2) On the Effective Date, funds held in the AMBP Reserve Account, in an amount of not less than $8,464,365, will be transferred into the Plan Implementation Account.

(3) Funds equal to the balance of the AMBP Disbursing Account on the Petition Date, in an amount not less than $5,937,250, shall be paid into the Trust.

5. *Archdiocese Priests' Pension Plan Claims (Class 5) – Unimpaired*

a. *Definition*. A "Class 5 Claim" means a claim against the Archdiocese for liability arising under the Priests' Pension Plan.

b. *Treatment*. The Reorganized Debtor will assume the Archdiocese's participation in the Priests' Pension Plan and all liabilities associated therewith (including, but not limited to, any underfunding liabilities) and will continue to meet its obligations under the Priest Plan as they become due.

6. *Archdiocese Lay Employees' Pension Plan Claims (Class 6) – Unimpaired*

a. *Definition*. A "Class 6 Claim" means a claim against the Archdiocese for liability arising under the Lay Employees' Pension Plan.

b. *Treatment*. The Reorganized Debtor will assume the Archdiocese's participation in the Lay Employees' Pension Plan and all liabilities associated therewith (including, but not limited to, any underfunding liabilities) and will meet its obligations under the Lay Employees' Pension Plan as they become due.

7. *Pending Tort Claims (Class 7) – Impaired*

a. *Definition*. A "Class 7 Claim" means a Pending Tort Claim.

b. *Treatment*. Liability for Class 7 Claims shall be assigned to, assumed and treated by the Trust as further provided in Article IV of the Plan, the Trust Agreement, and the Trust Distribution Plan. Class 7 Claims shall be paid in accordance with the provisions of the Trust and Trust Distribution Plan.

8. *Future Tort Claims (Class 8) – Impaired*

a. *Definition*. A "Class 8 Claim" means a Future Tort Claim.

b. *Treatment*. Liability for Class 8 Claims shall be assumed by the Reorganized Debtor. To preserve coverage under Insurance Policies issued by Non-Settling Insurers, Class 8 claimants specifically reserve any and all claims that Class 8 claimants may have against the Archdiocese or Reorganized Debtor. Class 8 Claims will not be released against the Archdiocese or Reorganized Debtor until such Class 8 Tort Claims are settled with the Archdiocese or Reorganized Debtor and its Insurers, or until such Class 8 Tort Claims are fully adjudicated and determined and subject to Final Order. The Non-Settling Insurers remain fully liable for their obligations related in any way to the Class 8 Claims.

9. *Inter-Parish Loan Fund and Assessment Overpayment Claims (Class 9) – Unimpaired*

a. *Definition*. A "Class 9 Claim" means a claim against the Archdiocese for (i) outstanding deposits made to the Inter-Parish Loan Fund or (ii) for assessment overpayments made by any Archdiocesan Parish prior to the Petition Date.

b. *Treatment*. Unless otherwise agreed by an individual claimant and the Archdiocese:

(1) An Archdiocesan Parish that owed assessments to the Archdiocese as of the Petition Date shall pay such unpaid assessments to the Trust within thirty (30) days of the Effective Date. Any post-Petition Date payment of such unpaid assessments shall be transferred by the Reorganized Debtor to the Trust within thirty (30) days of the Effective Date. In the event that any Parish fails to make such payment, the Trust shall have a claim for breach of contract against such Parish. Parishes subject to this paragraph (1) will receive no distribution in connection with such Class 9 Claim.

(2) Archdiocesan Parishes who hold Class 9 Claims will be satisfied by a credit against the future assessments that would otherwise be due by such Archdiocesan Parish after the Effective Date. The credit contemplated in this paragraph will be applied as determined by the Reorganized Debtor in accordance with its general practice in calculating assessments, until such time as the Class 9 Claim of such Archdiocesan Parish has been satisfied in full, without interest.

10. *Trade Vendor Claims (Class 10) – Unimpaired*

a. *Definition*. A "Class 10 Claim" means an allowed claim against the Archdiocese for goods and services supplied to the Archdiocese prior to the Petition Date.

b. *Treatment*. Class 10 claimants shall receive, directly from the Reorganized Debtor, payment in full of such allowed Class 10 Claims, within thirty (30) days of the Effective Date.

11. *Secured Claim of Premier Bank (Class 11) – Unimpaired*

a. *Definition*. "Class 11 Claim" means the claim of Premier Bank under the mortgage executed by the Archdiocese in favor of Premier Bank, as renewed on May 16, 2011, describing and encumbering the Cathedral of Saint Paul ("Premier Mortgage") which secures the indebtedness arising under promissory note dated May 16, 2001 by and between the Cathedral of St. Paul and Premier Bank, as amended, (the "Premier Note").

b. *Treatment*. The Premier Mortgage shall remain undisturbed and the mortgagee may exercise any and all rights and remedies against the collateral referenced in such mortgage.

12. *Guaranty Claims (Class 12) – Unimpaired*

a. *Definition*. A "Class 12 Claim" means a guaranty claim arising out of the prepetition guaranties executed by the Archdiocese.

b. *Treatment*. The Class 12 Claims shall remain undisturbed and the holders of such guaranties shall be entitled to exercise all available legal rights and remedies against the Reorganized Debtor.

13. *Other Tort Claims and Unsecured Claims (Class 13) – Impaired*

a. *Definition*. A "Class 13 Claim" means (1) to the extent allowed, claims of Michael Schaefer (Claim No. 502) and MP Schaefer, LLC (Claim No. 503), and Jennifer Haselberger (Claim No. 668), (2) any claim arising out of the rejection of an executory contract, or (3) any unsecured claim that is not included in another class under the Plan. No claims held by Archdiocesan Parishes will be treated under Class 13.

b. *Treatment*. Liability for preserving and managing Trust Assets and distributing Trust Assets to Class 13 claimants under Subsection 13(a)(1) and 13(a)(2) shall be assigned to, assumed, and treated by the Trust as further provided in Article VI of the Plan, the Trust Agreement, and the Trust Distribution Plan. Liability for Class 13 Claims under Subsection 13(a)(3) shall be assumed and paid in full by the Reorganized Debtor.

14. *Guaranty Claims (Class 14) – Unimpaired*

a. *Definition*. A "Class 14 Claim" means a claim for contribution, indemnity or reimbursement arising out of the Archdiocese's liability to pay or defend against any Class 7 or Class 8 Claim and any entity subrogated to such claims.

b. *Treatment*. Class 14 Claims shall not receive or retain any property under the Plan in accordance with 11 U.S.C. §502(e).

15. *Non-Credibly Accused Priest Support Payment Claims (Class 15) – Unimpaired*

a. *Definition*. A "Class 15 Claim" means a claim of any inactive Archdiocesan Priest for support or maintenance who is not a Credibly Accused Priest.

b. *Treatment*. The Archdiocese has disclaimed any liability under civil law for Class 15 Claims and Class 15 claimants shall receive no distribution under the Plan on account of such claims. Notwithstanding the fact that Class 15 Claims receive no distribution, the Reorganized Debtor may honor its post-Effective Date obligations with respect to non-credibly accused inactive priests in accordance with the Archdiocese's prior practices.

16. *Credibly Accused Priest Support Payment Claims (Class 16) – Impaired*

a. *Definition*. A "Class 16 Claim" means a claim of an inactive or active Archdiocesan Priest for support or maintenance who is a Credibly Accused Priest.

b. *Treatment*. All payments due or to become due to the holder of a Class 16 claim shall be forfeited to the Trust and the Reorganized Debtor shall make all such payments directly to the Trust.

C. Treatment of Administrative Claims, Priority Tax Claims, and Professional Fee Claims

As provided in Section 1123(a)(1) of the Bankruptcy Code, Administrative Claims and Priority Tax Claims shall not be classified for the purposes of voting or receiving distributions under the Plan. Rather, all such claims shall be treated separately as unclassified claims on the terms set forth below.

1. *Claims*

a. *Treatment*. Each holder of an allowed Administrative Claim against the Archdiocese shall receive, in full satisfaction, settlement, release, and extinguishment of such claim, an amount from the Plan Implementation Account equal to the allowed amount of such Administrative Claim, unless the holder agrees in writing to other treatment of such claim.

b. *Administrative Filing Deadline*. Except as otherwise set forth in this Section, requests for payment of Administrative Claims must be filed and served no later than thirty (30) days after a notice of the Effective Date is filed with the Bankruptcy Court (the "Administrative Claims Filing Deadline"). Administrative Claims holders, excluding Professional Claims, who do not file a request for payment by the Administrative Claims Filing Deadline shall be forever barred from asserting such claims against the Archdiocese, the Reorganized Debtor, the Trust, or any of their property.

c. *Objections to Administrative Claims other than Professionals Claims*. All objections to the allowance of Administrative Claims (excluding Professional Claims) must be served and filed by any parties-in-interest no later than sixty (60) days after the Administrative Claim Filing Deadline (the "Administrative Claim Objection Deadline"). The Administrative Claim Objection Deadline may be initially extended for an additional sixty (60) days at the reasonable discretion of the Reorganized Debtor after consultation with the Trustee upon the filing of a notice extending the Administrative Claim Objection Deadline. Thereafter, the Administrative Claim Objection Deadline may only be further extended by an order of the Bankruptcy Court. If no objection to the applicable Administrative Claim is filed on or before the Administrative Claim Objection Deadline, as may be extended, such Administrative Claim will be deemed allowed. For the avoidance of doubt, the Administrative Claim Objection Deadline established by this subparagraph, as may be extended, shall control over any contrary deadline set forth in any requests for payment of Administrative Claims.

d. *Professional Claim Filing Deadline*. All Professionals or other Persons holding a Professional Claim for services rendered on or before the Effective Date (including, among other things, any compensation requested by any Professional or any other Person for making a substantial contribution in the Chapter 11 case) must file and serve an application for final allowance of compensation and reimbursement of expenses accruing from the Petition Date to the Effective Date, no later than sixty (60) days after a notice of the Effective Date is filed (the "Professional Claim Filing Deadline").

e. *Objections to Professional Claims*. Objections to Professional Claims must be filed and served no later than thirty (30) days after the Professional Claim Filing Deadline (the "Professional Claim Objection Deadline"). Thereafter, the Professional Claim Objection Deadline may only be extended by an order of the Bankruptcy Court.

2. *Statutory Fee Claims*

All fees due and payable pursuant to 28 U.S.C. § 1930 and not paid prior to the Effective Date shall be paid by the Reorganized Debtor from ongoing operations as soon as practicable after the Effective Date. After the Effective Date, the Reorganized Debtor shall pay quarterly fees to the U.S. Trustee from its ongoing operations until the Chapter 11 case is closed and a Final Decree is entered. In addition, the Reorganized Debtor shall file post-Confirmation Date quarterly reports in conformance with the U.S. Trustee guidelines. The U.S. Trustee shall not be required to file a request for payment of its quarterly fees, which will be deemed Administrative Claims against the Debtor and its Estate.

3. *Priority Tax Claims*

With respect to each allowed Priority Tax Claim not paid prior to the Effective Date, the Reorganized Debtor shall (i) pay such claim in cash as soon as practicable after the Effective Date from its ongoing operations, or (ii) provide such other treatment agreed to by the holder of such allowed Priority Tax Claim and the Archdiocese or Reorganized Debtor.

D. The Trust

After the Effective Date, the Debtor's ordinary course operations will continue to be funded from ordinary operating income of the Debtor. The Plan creates a Trust to fund payments to Class 7 claimants entitled to such payments under the Plan, the Trust Agreement, and the Trust Distribution Plan. The proposed Trust Agreement is attached to the Plan as Exhibit D. The only amount Class 7 claimants will be entitled to receive from the Debtor and Settling Insurers is the amount provided by the Plan, the Trust Agreement, and the Trust Distribution Plan. Distribution from the Trust will not prevent Class 7 claimants from pursuing claims or recoveries against the Archdiocese, the Reorganized Debtor, or Persons who are not Settling Insurers. **Class 7 Claims will not be released against the Archdiocese or Reorganized Debtor until such Class 7 Claims are settled with the Archdiocese or Reorganized Debtor and its Insurers, or until such Class 7 Claims are fully adjudicated and determined and subject to Final Order**.

NON-SETTLING INSURERS WILL REMAIN LIABLE FOR THEIR OBLIGATIONS RELATING IN ANY WAY TO THE Class 7 Claims, and their obligations are not reduced by the fact that the DEBTOR OR REORGANIZED DEBTOR is in bankruptcy or by the amount of distributions Class 7 claimants RECEIVE, OR are entitled to receive, BASED ON THE TRUST DISTRIBUTION PLAN.

FOR THE AVOIDANCE OF DOUBT, DETERMINATIONS BY THE TORT CLAIMS REVIEWER AND/OR ANY DISTRIBUTIONS ENTITLED TO BE RECEIVED from the Trust shall not be a determination of the DEBTOR OR REORGANIZED DEBTOR'S liability or damages THE DEBTOR OR REORGANIZED DEBTOR is obligated to pay for Class 7 Claims within the meaning of any Insurance Policy. The Trust may continue efforts to obtain recoveries from Non-Settling Insurers related to the Class 7 Claims. Any such recoveries by the Trust from Non-Settling Insurers will likewise become Trust Assets to be distributed pursuant to the Trust Distribution Plan. To bar any argument by the Non-Settling Insurers that any provision of the Plan, including the transfer of the ARCHDIOCESE'S rights to the Trust, results in a forfeit of coverage, the plan preserves the Non-Settling Insurers' rights to the extent required under their respective Insurance Policies and applicable law.

1. *Purpose and Formation of the Trust*

The Trust will be assigned the Transferred Insurance Interests and is established for the sole purposes of (i) assuming the Transferred Insurance Interests; (ii) prosecuting, settling and managing insurance coverage actions against Non-Settling Insurers with respect to coverage for Class 7 Claims; (iii) pursuing, receiving, liquidating and distributing the Trust Assets to Class 7 claimants in accordance with the Trust Distribution Plan; (iv) preserving, managing and maximizing Trust Assets to pay Class 7 claimants in accordance with the Trust Distribution Plan; and (v) funding the Trust's costs and expenses. The Trust will have no objective to continue or engage in the conduct of a trade or business.

2. *Trust Assets*

The Trust will be funded from amounts transferred from the Plan Implementation Account, Settling Insurer Contributions, certain unliquidated interests and claims transferred by the Debtor on the Effective Date, and the Transferred Insurance Interests.

a. Upon establishment of the Plan Implementation Account, the Debtor will deposit $99,208,993, plus any cash remaining in the Bishop Reserve, into the Plan Implementation Account via wire transfer. The specific sources of these funds are detailed in the below section of this Disclosure Statement describing the means of implementation of the Plan.

b. *Transferred Insurance Interests.* The following will be assigned and transferred to the Trust under the Plan: all rights and interests of the Archdiocese or Reorganized Debtor in Insurance Policies under which coverage exists or may exist for a Class 7 Claim, including the right to policy proceeds, and all claims and causes of action of the Archdiocese or Reorganized Debtor, which currently exist or may arise in the future, against Non-Settling Insurers arising out

of or related to insurance coverage for, or defense or settlement of, Class 7 Claims, including but not limited to all claims and causes of action for breach of the Insurance Policies, for bad faith, for wrongful failure to settle, and for extra-contractual damages. The Insurance Policies will *not*, however, be assigned to the Trust under the Plan. Any recovery by the Trustee on an action against a Non-Settling Insurer for a determination of coverage for the Archdiocese's liability for Class 7 Claims will become a Trust Asset and shall be distributed as provided in the Plan, the Trust Agreement, and the Trust Distribution Plan.

c. *Vesting.* On the Effective Date, all Trust Assets will vest in the Trust, and the Archdiocese shall be deemed for all purposes to have transferred all Interests in the Trust Assets to the Trust. On the Effective Date, or as soon as practicable thereafter, the Reorganized Debtor will take all actions reasonably necessary to transfer any Trust Assets to the Trust. Upon the transfer of control of Trust Assets, the Reorganized Debtor shall have no further interest in or with respect to the Trust Assets.

E. Administration of Class 7 Claims

On the Effective Date, the Trust assumes all liability for preserving, managing, and distributing Trust Assets to Class 7 claimants under the Trust Distribution Plan.

1. *No Assumption of Liability*

The Trust will not assume any liabilities of the Archdiocese or Reorganized Debtor, or assume any liabilities of the Settling Insurers with respect to any potential claims of Non-Settling Insurers for contribution, subrogation, or indemnity. The Trust's payment of Class 7 Claims will not be a release of the Debtor and it is likewise not an accord or novation of the Debtor's liability on account of the Class 7 Claims.

2. *Timing of the Archdiocese's Discharge*

The Archdiocese will not be entitled to the discharge provided by 11 U.S.C. § 1141(d) with respect to any Class 7 Claim until: (i) all Class 7 Claims are settled with the Archdiocese or Reorganized Debtor and the Non-Settling Insurers, or (ii) such Class 7 Claims have been fully adjudicated and determined subject to a Final Order. With respect to all other claims, except Class 8 Tort Claims and as otherwise provided in the Plan, the Debtor's liability shall be discharged pursuant to Section 1141(d) of the Bankruptcy Code.

3. *Liquidation and Payment of Class 7 Claims*

The Trust will pay Class 7 Claims in accordance with the terms of the Plan, the Confirmation Order, the Trust Agreement, and the Trust Distribution Plan

4. *Three Options for Class 7 Claimants*

Class 7 claimants have three options with respect to how to pursue their claims under the Plan. No later than thirty (30) business days after a Class 7 Claimant is notified of the amount of the award under the Trust Distribution Plan, the Class 7 Claimant must elect in writing one of the following treatment alternatives:

a. Option 1: A Class 7 Claimant can become a "Distribution Plan Claimant" by choosing to have his or her claim reviewed by the Tort Claims Reviewer pursuant to the Trust Distribution Plan. A Tort Claimant who elects this treatment must execute a Claim Resolution Agreement (**Plan Exhibit E**) releasing the Settling Insurer from further liability on the Class 7 Claims and waive his right to pursue a direct action against any Settling Insurer, but will be entitled to future distributions (if additional Trust Proceeds become available) under the terms of the Trust Distribution Plan.

-or-

b. Option 2: A Class 7 Claimant can choose to become a "Litigation Claimant" and retain his or her right to pursue (a) a monetary judgment against the Archdiocese or Reorganized Debtor for his or her Class 7 Claim for its full amount according to proof; and (b) a direct action against any Insurer to the extent allowed by applicable law.

-or-

c. Option 3: Each Class 7 Claimant can also choose, in lieu of assessment by the Tort Claims Reviewer, to have his Tort Claim treated pursuant as a "Convenience Claim," pursuant to the process provided for in the Trust Distribution Plan.

5. *Modification of Treatment Election*

a. If a Class 7 Claimant does not make one of the elections the Class 7 Claimant will be treated as a Distribution Plan Claimant.

b. Upon written notice to the Trustee, subject to the Trustee's sole and absolute discretion, a Class 7 Claimant can attempt to change his or her choice to be treated as a Litigation Claimant in favor of being treated as a Distribution Plan Claimant. The Trustee will allow a Class 7 Claimant to change his or her mind and be treated as a Distribution Plan Claimant instead of a Litigation Claimant if that Class 7 Claimant provides written notice of the decision to change his or her mind to the Trustee before entry of an order of dismissal or a final judgment on the Litigation Claim in favor of the Archdiocese or Reorganized Debtor.

c. No later than ten (10) days after the Effective Date, a Class 7 Claimant may rescind the election to be treated as a Distribution Plan Claimant in favor of being treated as a Litigation Claimant.

6. *Distribution to Distribution Plan Claimants*

If a Class 7 Claimant chooses to be treated as a Distribution Plan Claimant and is determined to be entitled to a distribution under the Trust Distribution Plan (to become a "Qualified Distribution Plan Claimant"), the Class 7 Claim Reviewer will determine the number of points to be assigned to the Distribution Plan Claimant pursuant to the Trust Distribution Plan. On the Effective Date, the Trust will make an immediate partial distribution to all Qualified Distribution Plan Claimants pursuant to the terms of the Trust Distribution Plan. Distribution Plan Claimants are also entitled to future distributions from the Trust if additional Trust Proceeds become available until such time as the Distribution Plan Claimant has received the full amount of damages awardable to the Distribution Plan Claimant under the terms of the Trust Distribution Plan. The determination of points and any distribution based on those points is not an admission of liability or the extent of damages of the Debtor or Reorganized Debtor.

7. *Litigation Claim Reserves*

The Trustee will establish a reserve for payment of a claim held by a Litigation Claimant in the amount that would have been awarded to the Litigation Claimant if such claimant had elected to proceed under the Trust Distribution Plan. The creation and existence of this reserve does not affect, diminish or impair a Litigation Claimant's rights to collect a judgment against the Archdiocese, Reorganized Debtor, any Non-Settling Insurer, or any other Person.

8. *Impact of Various Procedural Scenarios*

a. In the event that a Litigation claimant obtains a judgment against the Archdiocese or Reorganized Debtor and no Non-Settling Insurer is implicated by the Litigation Claim, then the judgment will be satisfied by the Trust in the amount of such judgment against the Archdiocese or Reorganized Debtor, up to the amount of the reserve for that Litigation Claimant's Litigation Claim plus reasonable attorney's fees and $500.

b. In the event that any Non-Settling Insurer is implicated by the Litigation Claim, and either a settlement is achieved with such Non-Settling Insurer(s) as to such Litigation Claim or the Litigation Claimant obtains a judgment against the Archdiocese or Reorganized Debtor and either the Trust or the Litigation Claimant obtains a recovery from any such Non-Settling Insurer(s) as to such judgment, then such recovery shall be turned over to the Trust for handling pursuant to the Plan.

c. If a settlement is obtained with the Archdiocese, Reorganized Debtor, or Non-Settling Insurer(s) on the Litigation Claim before any judgment was obtained in the Litigation Claim, then the Litigation Claimant is entitled to receive a portion of such settlement up to a maximum amount of: the reserve for that Litigation Claimant's Litigation Claim plus 15% of the total settlement, with the remainder to go to the Trust. The 15% will be payable by the Trust only if the settlement or judgment is in an amount sufficient to pay the reserve for that Litigation Claimant's Claim plus the 15%.

d. If a judgment is obtained on the Litigation Claim and the resolution with or judgment against the Archdiocese, the Reorganized Debtor, or a Non-Settling Insurer is obtained thereafter, then the Litigation Claimant is entitled to receive a portion of such judgment or settlement up to a maximum amount of: the reserve for that Litigation Claimant's Litigation Claim plus 30% of the total settlement or judgment, with the remainder to go to the Trust. The 30% will be payable by the Trust only if the settlement or judgment is in an amount sufficient to pay the reserve for that Litigation Claimant's Claim plus the 30%.

e. The Trust's payment to a Litigation Claimant that has recovered a judgment or settlement does not affect, diminish or impair the Trust's right to collect the policy proceeds respecting such Class 7 Claim from any Non-Settling Insurer, nor does it affect, diminish or impair the Trust's right to bring any claims against the Non-Settling Insurer that have been assigned to the Trust or that belong to the Trust by operation of law.

f. If a Non-Settling Insurer has refused to defend the Archdiocese or Reorganized Debtor with respect to any Litigation Claim, the Trust will reimburse the Archdiocese or Reorganized Debtor for any attorney's fees incurred in defending the Litigation Claim, so long as such amounts are reasonable and were agreed to in advance by the Trust. If any Non-Settling Insurer has refused to indemnify the Archdiocese or Reorganized Debtor with respect to any Litigation Claim, the Trust will reimburse the Archdiocese or Reorganized Debtor for any judgment or settlement paid by the Archdiocese or Reorganized Debtor on such Litigation Claim. The Trust's reimbursement of the Archdiocese or Reorganized Debtor for such defense costs and/or judgment or settlement payments, and any distributions made by the Trust to the Litigation Claimant and other Class 7 Claimants, will not affect, diminish or impair the Trust's right to bring any claims against any Non-Settling Insurer for refusing to defend and/or indemnify the Archdiocese or Reorganized Debtor, including but not limited to claims for payment of policy proceeds, bad faith, wrongful failure to settle, and extra-contractual damages authorized by law.

g. On the Effective Date, all Litigation Claimants will be deemed to have the right to join or intervene into the Insurance Coverage Adversary Proceeding.

h. If the Litigation Claimant fails to prosecute his Litigation Claim to final judgment or settlement of the claim, or a final order is entered finding that the Archdiocese or Reorganized Debtor has no liability to such Class 7 Claimant on account of his Class 7 Claim, the amount determined under the Trust Distribution Plan shall revert to the non-reserved assets of the Trust and the Litigation Claimant shall have no recourse against the Trustee, the Trust, the Archdiocese, the Reorganized Debtor, or any Settling Insurer.

9. *Objections and Litigation After the Effective Date*

a. Regardless of whether a Class 7 Claimant elects treatment as a Distribution Plan Claimant, a Litigation Claimant, or a Convenience Claimant, the Trustee may object to such Class 7 Claim or initiate a court proceeding contemplated by 28 U.S.C. § 157, over any objection

of a Non-Settling Insurer, if the purpose is to obtain a judicial determination as to whether the Archdiocese or Reorganized Debtor is liable, and the amount of such liability, for the purpose of insurance coverage under such Non-Settling Insurer's Insurance Policies.

b. The Archdiocese or Reorganized Debtor will continue to comply with all obligations it has to Non-Settling Insurers under the Non-Settling Insurers' Insurance Policies and applicable law, including but not limited to cooperating with the Non-Settling Insurer in the defense of any Class 7 Claim brought by a Class 7 claimant. If the Archdiocese or Reorganized Debtor fails to perform its obligations to the Non-Settling Insurers, the Trust will have an allowed claim for breach of contract against the Reorganized Debtor.

10. *Withdrawal of Class 7 Claims*

A Class 7 Claimant may withdraw his or her Class 7 Claim at any time on written notice to the Trustee. If withdrawn, (a) the Class 7 Claim will be withdrawn with prejudice and may not be reasserted; (b) as a condition to withdrawal of the Class 7 Claim, any funds distributed to the Class 7 Claimant by the Trust (inclusive of attorneys' fees and costs) shall be returned to the Trust; and (c) any reserve maintained by the Trust on account of such Class 7 Claim shall revert to the Trust as a Trust Asset for distribution in accordance with the Plan and Trust Distribution Plan. The Archdiocese, the Reorganized Debtor, any Insurer and the Trust shall retain any and all defenses that may exist in respect to such Class 7 Claim.

F. General Trust Provisions*General Corpus*

The following distributions and payments will be made from the Trust Assets:

a. *Class 7 Claims*. Distributions on Class 7 Claims as determined by the Tort Claims Reviewer in accordance with the Plan, the Trust Agreement, and the Trust Distribution Plan.

b. *Tort Claims Reviewer*. The Trustee shall hire the Tort Claims Reviewer. Fees payable to the Tort Claims Reviewer for review of Class 7 Claims shall be paid from the Trust.

c. *Administrative Fees*. All fees, costs and expenses of administering the Trust as provided in the Plan and the Trust Agreement including: (i) as reasonably necessary to meet current liabilities and to maintain the value of the respective Trust Assets; (ii) to pay reasonable administrative expenses (including any taxes imposed on the Trust and any professional fees); and (iii) to satisfy other liabilities incurred by the Trust in accordance with the Plan or the Trust Agreement.

2. *Tax Matters*

The Trust shall not be deemed to be the same legal entity as the Archdiocese, but only the assignee of certain assets of the Archdiocese and a representative of the Estate for delineated purposes within the meaning of Section 1123(b)(3) of the Bankruptcy Code. The Trust is expected to be tax exempt. The Trustee shall file such income tax and other returns and

documents as are required to comply with the applicable provisions of the Internal Revenue Code of 1986, 26 U.S.C. §§ 1 et seq., as may be amended, and the regulations promulgated thereunder, 31 C.F.R. §§ 900 et seq., and related Minnesota laws and regulations, and shall pay all taxes, assessments, and levies upon the Trust, if any.

3. *Appointment of a Trustee*

The initial Trustee shall be identified in a supplement to the Plan to be filed by the UCC at least thirty (30) days prior to the hearing on the adequacy of this Disclosure Statement. The Trustee shall be appointed by the Bankruptcy Court in the Confirmation Order and shall commence serving as the Trustee on the Effective Date; provided, however, that the Trustee shall be permitted to act in accordance with the terms of the Trust Agreement from such earlier date, as authorized by the Archdiocese and the UCC, through the Effective Date, and shall be entitled to seek compensation in accordance with the terms of the Trust Agreement and the Plan.

4. *Rights and responsibilities of the Trustee*

a. The Trustee will be the Estate's representative and have all the rights, powers, authority, responsibilities, and benefits specified in the Plan and the Trust Agreement, including the powers of a trustee. Among other things, the Trustee's powers will include commencing, prosecuting or settling Causes of Action, enforcing contracts, and asserting claims, defenses, offsets, and privileges. The Trustee also, among other things: (1) will liquidate and convert to cash the Trust Assets, make timely distributions and not unduly prolong the duration of the Trust; (2) may request an expedited determination of taxes of the Trust under Section 505(b) of the Bankruptcy Code for all returns filed for, or on behalf of, the Trust for all taxable periods through the dissolution of the Trust; and (3) may retain professionals, including legal counsel, accountants, financial advisors, auditors, and other agents on behalf of the Trust, at the Trust's sole expense, as necessary or desirable to carry out the obligations of the Trustee hereunder and under the Trust Agreement. If there is any inconsistency or ambiguity between the Confirmation Order and the Trust Agreement with respect to Trustee's authority to act, the provisions of the Trust Agreement will control.

b. Under the Plan, no judicial, administrative, arbitral, or other action or proceeding can be commenced in any forum other than the Bankruptcy Court against the Trustee in their official capacity, with respect to their status, duties, powers, acts, or omissions as Trustee.

5. *Investment Powers of the Trust and Permitted Expenditures*

All funds held by the Trust will be invested in cash or short-term highly liquid investments that are readily convertible to known amounts of cash as more particularly described in the Trust Agreement. The Trustee can expend the cash of the Trust.

6. *Registry of Beneficial Interests*

The Trustee will maintain a registry of Beneficiaries.

7. *Non-Transferability of Interests*

Any transfer of an interest in the Trust will not be effective unless the Trustee receives written notice of that transfer.

8. *Termination*

The Trust will terminate after its liquidation, administration, and distribution of the Trust Assets in accordance with the Plan and its full performance of all other duties and functions set forth herein or in the Trust Agreement. Unless extended by further order of the Bankruptcy Court upon a motion by the Trust, the Trust will terminate no later than the later of: (i) twelve (12) months after the termination of the Insurance Litigation, whether such termination is by a Final Order or a settlement between the parties to the Insurance Litigation, or (ii) the seventh (7th) anniversary of the Effective Date.

9. *Immunity, Liability, and Indemnification*

a. The liabilities of the Reorganized Debtor and the Trustee are limited under the Plan. Specifically, neither the Reorganized Debtor nor its respective members, designees, professionals or employees, nor the Trustee, his employees or any duly designated agent or representative of the Trustee, will be liable for the act or omission of any other member, designee, agent, or representative of such Trustee, other than for specific acts or omissions resulting from such Trustee's willful misconduct, gross negligence, fraud, or breach of the fiduciary duty of loyalty. The Trustee can consult with its attorneys, accountants, financial advisors, and agents, and shall not be liable for any act taken, omitted to be taken, or suffered to be done in accordance with advice or opinions rendered by such Persons. On the other hand, the Trustee shall not be under any *obligation* to consult with its attorneys, accountants, financial advisors, or agents, and its determination not to do so shall not result in the imposition of liability on the Trustee unless such determination is based on the Trustee's recklessness, gross negligence, willful misconduct, or fraud.

b. Because of the limitations of liability under the Plan, claims against the Trust and Trustee will arise only under specific, narrow circumstances. Among other things, no recourse will ever arise, directly or indirectly, against the Trustee personally, or against any employee, contractor, agent, attorney, accountant or other professional retained of a right of payment out of the Trust Assets in the absence of recklessness, gross negligence, willful misconduct, a knowing and material violation of law, or fraud; and if liability on such grounds is established, recourse may only be had against: (a) first the Trustee's bond or applicable insurance coverage, and, (b) to the extent not covered by such bond, directly against the Trustee.

c. The Trust will defend, indemnify, and hold harmless the Trustee, its officers, directors, agents, representatives, and employees to the fullest extent that a corporation or trust organized under the laws of Minnesota entitled to indemnify and defend its directors, trustees, officers and employees against any and all liabilities, expenses, claims, damages or losses incurred by them in the performance of their duties, provided that the Trustee shall not be

indemnified or defended in any way for any liability, expense, claim, damage, or loss for which they are ultimately liable under the immediately preceding paragraph, above.

G. Continuation of Insurance Policies

Subject to Insurance Settlement Agreements, all Archdiocese Entity Insurance Policies will either be deemed assumed by the Reorganized Debtor pursuant to Sections 365, 1123(a)(5)(A), and 1123(b)(2) of the Bankruptcy Code or continued in accordance with its terms pursuant to Section 1123(a)(5)(A) of the Bankruptcy Code (if such Insurance Policy is not an executory contract of the Archdiocese) such that each of the parties' contractual, legal, and equitable rights under each such Archdiocese Entity Insurance Policy shall remain unaltered, excepting the Archdiocese's transfer to the Trust of the Transferred Insurance Interests. To the extent that any or all of the Archdiocese Entity Insurance Policies are considered executory contracts, then the Plan will constitute a motion to assume such policies and such policies will be assumed on the Effective Date. Unless otherwise determined by the Bankruptcy Court pursuant to a Final Order or agreed to by the parties thereto prior to the Effective Date, no payments are required to cure any defaults of the Archdiocese existing as of the Effective Date with respect to any Archdiocese Entity Insurance Policy.

H. Administration of Non-Tort Claims.

1. *Reservation of Rights to Object to Non-Tort Claims*

Unless a non-tort claim is an allowed claim under the Plan, or becomes an allowed claim before the Effective Date, the Reorganized Debtor or the Trustee (as applicable) will have any and all rights, Interests, and objections to any and all claims and motions or requests for the payment of or on account of claims, whether administrative expense, priority, secured or unsecured, including any and all rights, Interests and objections to the validity or amount of any and all alleged claims, Liens, and security interests, whether under the Bankruptcy Code, other applicable law or contract. The failure to object to any claim in this Chapter 11 case shall be without prejudice to the Reorganized Debtor's or the Trustee's, as applicable, right to contest or otherwise defend against such claim in the Bankruptcy Court as set forth in this Section when and if such claim is sought to be enforced by the holder of such claim.

2. *Objections to Non-Tort Claims*

Before the Effective Date, the Archdiocese and the UCC will have the authority to object to the allowance of any non-Tort Claim. On and after the Effective Date, the Reorganized Debtor or the Trustee, as applicable, will retain responsibility for administering, disputing, objecting to, compromising, or otherwise resolving and making distributions, if any, with respect to non-Tort claims (including those claims that are subject to objection by the Archdiocese as of the Effective Date). Unless otherwise provided in the Plan or by an order of the Bankruptcy Court, any objections by the Reorganized Debtor or the Trustee to non-Tort Claims will be filed and served not later than one-hundred and eighty (180) days after the later of: (i) the Effective Date, or (ii) the date such claim is filed. Such deadline or any Bankruptcy Court approved extension

thereof, may be extended upon request by the Reorganized Debtor or the Trustee by filing a motion without any requirement to provide notice to any Person, based upon a reasonable exercise of the Reorganized Debtor's or the Trustee's business judgment. A motion seeking to extend the deadline to object to any claim shall not be deemed an amendment to the Plan.

3. *Determination of Non-Tort Claims*

Timely-filed non-Tort Claims can generally be determined and liquidated based on: (i) an order of the Bankruptcy Court; (ii) applicable bankruptcy law; (iii) agreement of the parties without the need for Bankruptcy Court approval; (iv) applicable non-bankruptcy law; or (v) the lack of (a) an objection to such claim, (b) an application to equitably subordinate such claim, and (c) an application to otherwise limit recovery with respect to such claim, filed by the Archdiocese, the Reorganized Debtor, or any other party-in-interest on or prior to any applicable deadline for filing such objection or application with respect to such claim. Any such claim so determined and liquidated shall be deemed an allowed claim for such liquidated amount and shall be satisfied in accordance with the Plan. Nothing contained in this paragraph, or in the corollary Section of the Plan, will constitute or be deemed a waiver of any claims, rights, interests, or causes of action that the Debtor, the Reorganized Debtor or the Trust may have against any Person in connection with or arising out of any claim or claims, including any rights under 28 U.S.C. § 157.

4. *No Distributions Pending Allowance*

No payments or distributions will be made with respect to any Disputed claim, or any portion thereof, unless and until all objections to such Disputed claim have been settled or withdrawn or have been determined by a Final Order, and the Disputed claim has become an allowed claim.

I. Distributions under the Plan

1. *Timing of Plan Distributions*

As soon as practicable after the Effective Date, the Reorganized Debtor shall make the payments required by the Plan to the holders of the claims to be paid from the Plan Implementation Account. Distributions on Class 7 Claims will be made in accordance with the timing and procedures set forth in the Plan, the Trust Agreement, and the Trust Distribution Plan.

2. *Payment Date*

Whenever any payment or distribution to be made under the Plan is due on a non-business day, such payment or distribution shall instead be made, without interest, on the next business day.

3. *Undeliverable Distributions*

If payment or distribution to an allowed claim holder is returned for lack of a current address, the Reorganized Debtor or the Trustee, as applicable, shall file with the Bankruptcy Court the name, if known, and last known address of the holder and the reason for its inability to make payment. If, after the passage of six (6) months, the payment or distribution still cannot be made, the Reorganized Debtor or the Trustee, as applicable, shall make the payment to the Trust. All allowed claims paid as provided in this Section shall be deemed satisfied and released, with no recourse to the Reorganized Debtor or the Trustee, as applicable, or property of the Reorganized Debtor or the Trustee, as applicable, upon payment to the Trust, to the same extent as if payment or distribution had been made to the holder of the allowed claim.

4. *Setoffs*

The Reorganized Debtor or the Trustee, as applicable, can, to the extent permitted under applicable law, set off against any allowed claim and the distributions to be made pursuant to the Plan on account of such allowed claim, the claims, rights and Causes of Action of any nature that the Reorganized Debtor or the Trustee, as applicable, may hold against the holder of such allowed claim that are not otherwise waived, released or compromised in accordance with the Plan; provided, however, that neither such a setoff nor the allowance of any claim shall constitute a waiver or release by the Reorganized Debtor or the Trustee, as applicable, of any such claims, rights, and Causes of Action that the Reorganized Debtor or the Trustee, as applicable, possesses against such holder. For the avoidance of doubt, the Reorganized Debtor shall have no setoff rights against any Class 7 Claimants.

5. *No Interest on Claims*

Unless otherwise specifically provided for in the Plan, the Confirmation Order, or a post-petition agreement in writing between the Archdiocese or Reorganized Debtor or the Trust and a claimant and approved by an order of the Bankruptcy Court, post-petition interest shall <u>not</u> accrue or be paid on any claim, and the claimant shall not be entitled to interest accruing on or after the Petition Date on any claim. Similarly, interest shall not accrue on or be paid on any Disputed Claim for the period from the Effective Date to the date a final distribution is made.

6. *Withholding Taxes*

The Reorganized Debtor and the Trust shall comply with all withholding and reporting requirements imposed by any federal, state, local, or foreign taxing authority, and all distributions under the Plan shall be subject to any such withholding and reporting requirements. As a condition to making any distribution, the Reorganized Debtor and the Trust may require that the holder of an allowed claim provide such holder's taxpayer identification number and such other information and certification as may be deemed necessary to comply with applicable tax reporting and withholding laws.

J. Plan Effectiveness

1. *Conditions to Occurrence of the Effective Date*

The Plan will not become effective until each of the following conditions has been satisfied or, in the alternative, waived by the Debtor:

(1) Entry of Confirmation Order;

(2) The Archdiocese and the Settling Insurers identified in **Plan Exhibit L** to the Plan have executed their respective Insurance Settlement Agreements and the Bankruptcy Court has approved such Insurance Settlement Agreements;

(3) The Trust has been formed; and

(4) A Trustee has been appointed by order of the Bankruptcy Court.

2. *Notice of the Effective Date*

The Reorganized Debtor will file a notice of Effective Date with the Bankruptcy Court within three (3) days after the occurrence of the Effective Date.

3. *Waiver of Conditions*

The Debtor, with the UCC's consent, may waive any of the conditions to the occurrence of the Effective Date other than the entry of the Confirmation Order.

4. *Effect of Non-occurrence of Conditions*

If Substantial Consummation of the Plan does not occur, the Plan will be null and void in all respects and nothing contained in the Plan or this Disclosure Statement will: (i) constitute a waiver or release of any claims by or against the Archdiocese; (ii) prejudice in any manner the rights of the Archdiocese or the Trust; (iii) constitute an admission, acknowledgement, offer, or undertaking by the Archdiocese in any respect, including but not limited to, in any proceeding or

case against the Debtor; or (iv) be admissible in any action, proceeding or case against the Archdiocese in any court or other forum.

K. Effects of Confirmation

1. *Dissolution of Committees*

On the Effective Date, the committees shall dissolve automatically.

2. *Discharge and Injunction*

a. *Non-Tort Claims*. Except as otherwise provided, on the Effective Date, the Archdiocese shall be discharged from any and all claims arising before the Effective Date (each "Discharged Claim"), other than the claims held by Class 7 and Class 8 Tort Claimants. "Discharged Claims" will include any disallowed claim. As a result of this discharge, all Persons other than Class 7 and Class 8 Tort Claimants who have held or asserted, hold or assert, or may in the future hold or assert a Discharged Claim shall be permanently stayed, enjoined, and restrained from taking any action, directly or indirectly, for the purposes of asserting, enforcing, or attempting to assert or enforce any Discharged Claim. In the event any Person other than a Class 7 and Class 8 Tort Claimant takes any action that is prohibited by, or is otherwise inconsistent with the provisions of this injunction, the Plan or Confirmation Order, then, upon notice to the Bankruptcy Court by an affected party, the action or proceeding in which the claim of such Person is asserted will automatically be transferred to the Bankruptcy Court or the District Court for enforcement of the Plan.

b. *Tort Claims*. The Archdiocese and the Reorganized Debtor shall not receive a discharge on account of a Class 7 Claim until such Class 7 Claim is settled with the Archdiocese, Reorganized Debtor and the Non-Settling Insurers or such Class 7 Claim is fully adjudicated and determined and subject to Final Order. The discharge hereunder shall not limit in any way the obligations of Non-Settling Insurers to defend and pay the Archdiocese's or Reorganized Debtor's liability for Class 7 and Class 8 Tort Claims under the Insurance Policies.

3. *Channeling Injunction*

All Persons who have held or asserted, hold or assert, or may in the future hold or assert any Class 7 Claim or Channeled Claim arising prior to the Effective Date, shall be forever barred and permanently enjoined from taking any action, directly or indirectly, for the purposes of asserting, pursuing, or enforcing, such Class 7 Claim or Channeled Claim against any Settling Insurer. The foregoing Channeling Injunction is an integral part of the Plan and is essential to the Plan's consummation and implementation. It is intended that the channeling of the Tort Claims and Channeled Claims as provided in this Section shall inure to the benefit of the Settling Insurers.

4. *Exculpation and Limitation of Liability*

None of the Exculpated Parties, as defined in the Plan, shall have or incur any liability for, and each Exculpated Party shall be released from, any claim, Cause of Action, or liability to any other Exculpated Party, to any holder of a claim, or to any other party-in-interest, for any act or omission that occurred during and in connection with this Chapter 11 case or in connection with the preparation and filing of this Chapter 11 case, the formulation, negotiation, or pursuit of confirmation of the Plan, the consummation of the Plan, and the administration of the Plan or the property to be distributed under the Plan, except for claims, Causes of Action or liabilities arising from the gross negligence, willful misconduct, fraud, or breach of the fiduciary duty of loyalty of any Exculpated Party, in each case subject to determination of such by Final Order of a court of competent jurisdiction and provided that any Exculpated Party shall be entitled to reasonably rely upon the advice of counsel with respect to its duties and responsibilities (if any) under the Plan. Without limiting the generality of the foregoing, the UCC and its members, employees, attorneys, financial advisors, and other Professionals shall be entitled to and granted the benefits of Section 1125(e) of the Bankruptcy Code.

5. *Supplemental Injunctions for Settling Insurers*

As set forth in the Plan, any Persons other than Non-Settling Insurers with any claims or Interests against the Settling Insurers, or the Settling Insurers' Policies, which, directly or indirectly, relate to, any of the Settling Insurer's Insurance Policies, any Class 7 Claim, Class 13(1) AND Class 13(2), or any Related Insurance Claims, will be permanently stayed, enjoined, barred, and restrained from taking any action to assert, enforce, or attempt to assert or enforce any such claim or Interest against the Settling Insurers and the Insurance Policies. This injunction shall not apply to: (i) any current or future claims of any Non-Settling Insurer for contribution, indemnity or subrogation with respect to the Class 7 Claims or Insurance Policies implicated by such Class 7 Claims; (ii) claims for insurance from the Catholic Mutual Relief Society under policies issued by the Catholic Mutual Relief Society to the Archdiocese AS THE NAMED INSURED ON OR AFTER SEPTEMBER 1, 1986, EXCEPT AS PROVIDED IN THE INSURANCE SETTLEMENT AGREEMENT ATTACHED to the Plan AS PART OF EXHIBIT G; OR (iii) ANY REINSURANCE CLAIM.

6. *Timing*

The injunctions, releases, and discharges to which such Settling Insurer are entitled shall only become effective when the Trust receives payment in full from such Settling Insurer pursuant to the terms of such Settling Insurer's Insurance Settlement Agreement, and the other provisions set forth in Article XIII of the Plan are fully met.

L. The Reorganized Debtor

1. *Continues Corporate Existence*

The Archdiocese will, as the Reorganized Debtor, continue to exist after the Effective Date as a separate entity in accordance with Minn. Stat. § 315.16 having tax-exempt status under 26 U.S.C. § 501(c)(3) under applicable law and without prejudice to any right to alter or terminate such existence under applicable state law, except as such rights may be limited and conditioned by the Plan and the documents and instruments executed and delivered in connection therewith.

2. *Vesting of Assets*

Subject to the Debtor's fulfillment of its obligation under the Plan to pay $99,208,993 into the Plan Implementation Account, and except as otherwise provided in the Plan or the Confirmation Order, the Reorganization Assets shall revest in the Reorganized Debtor (or such other entity or entities specified by the Debtor in a Supplemental Plan Document, and subject to approval by the Bankruptcy Court at the confirmation hearing) on the Effective Date free and clear of all Liens, claims, and Interests of creditors, including successor liability claims. On and after the Effective Date, the Reorganized Debtor will be able to operate and manage its affairs and may use, acquire, and dispose of property without notice to any Person, and without supervision or approval by the Bankruptcy Court and free of any restrictions imposed by the Bankruptcy Code, Bankruptcy Rules, or the Bankruptcy Court, other than those restrictions expressly imposed by the Plan or the Confirmation Order.

3. *Officers of the Reorganized Debtor*

The identities and affiliations of the Persons proposed to serve as the corporate Members of the Reorganized Debtor and the persons proposed to serve as directors and officers of the Reorganized Debtor on the Effective Date are set forth in **Plan Exhibit J**.

4. *Further Authorization*

The Reorganized Debtor shall be entitled to seek such orders, judgments, injunctions, rulings, and other assistance as it deems necessary to carry out the intentions and purposes, and to give full effect to the provisions, of the Plan.

5. *Child Protection*

The civil settlement agreement with the Ramsey County Attorney's Office is **Plan Exhibit K** and is incorporated into the Plan. The Plan will include, by means of a supplement to be filed no later than thirty (30) days prior to the hearing on this Disclosure Statement, significant additional provisions and protocols designed to protect children in the future. The terms of the Debtor's settlement with the Ramsey County Attorney's Office will be incorporated into such provisions and protocols. In addition, at least thirty (30) days prior to the Effective

Date, the Archdiocese shall release and make public the full Nienstadt Investigative Report and any and all documents and communications to, from, and/or shared with the Vatican or its embassy relating to the Nienstadt Investigative Report or the related investigation.

M. Miscellaneous Plan Provisions.

1. *Operating Leases and Real Property Leases*

Confirmation of the Plan will constitute an assumption of the executory contracts and unexpired leases listed on **Plan Exhibit H**.

2. *Assumption of Executory Contracts*

On the Effective Date, Except for any executory contract that was previously rejected or that is subject to a pending motion to assume or reject, each executory contract entered into by the Debtor prior to the Petition Date that has not previously expired or terminated pursuant to its own terms shall be assumed and any cure payment shall be promptly paid by the Reorganized Debtor.

3. *Claims Based on Rejection of Executory Contracts*

Every claim asserted by a creditor arising from the rejection of an executory contract must be filed with the Bankruptcy Court no later than the first business day, which is thirty (30) days after the Confirmation Date or the first business day that is thirty (30) days after entry of the Final Order of the Bankruptcy Court approving rejection, if such Final Order is entered after the Confirmation Date. Every such claim which is timely filed, as and when it becomes an Allowed Claim, will be treated under Class 13(3) of the Plan. Every such claim which is not timely filed by the deadline stated above will be forever barred, unenforceable, and discharged, and the creditor holding the claim will not receive or be entitled to any distribution under the Plan on account of such claim.

4. *Indemnification of Members, Managers, Officers, and Employees*

The obligation of the Archdiocese to indemnify any individual serving at any time on or prior to the Effective Date, as one of its officers, employees, council members or volunteers by reason of such individual's service in such capacity, to the extent provided in any of the Archdiocese's constituent documents or by a written agreement with the Debtor or under the laws of the State of Minnesota pertaining to the Archdiocese, will be deemed and treated as Executory Contracts that are assumed by the Reorganized Debtor, pursuant to the Plan and Bankruptcy Code Section 365 as of the Effective Date. Notwithstanding the foregoing, under no circumstances will the Archdiocese or the Reorganized Debtor assume or be responsible for any alleged indemnification of any Person against whom the Archdiocese has determined or may, in the future, determine, is a Credibly Accused Person or may have engaged in some other conduct that would excuse the Reorganized Debtor from providing any indemnification to such Person.

5. *Lease claim indemnity*

The Reorganized Debtor must fully indemnify the Debtor's estate, and any successor to the Debtor's estate, including but not limited to the Trust, from and for any claim(s) arising out of the breach of the Lease asserted after confirmation, regardless of whether such claim(s) arise(s) before or after the confirmation of a plan by the Debtor.

6. *Final order*

Except as otherwise expressly provided in the Plan, any requirement for a Final Order may be waived by the UCC (if prior to the Effective Date) or by the Trust (on or after the Effective Date) upon written notice to the Bankruptcy Court. Any party-in-interest may, on its own behalf, waive a requirement for a Final Order that results in favor of such party-in-interest without notice to the Bankruptcy Court or other parties-in-interest. No such waiver shall prejudice the right of any party-in-interest to seek a stay pending appeal of any order that is not a Final Order.

7. *Amendments or Modifications to the Plan*

The UCC may modify the Plan at any time prior to the confirmation hearing in accordance with Section 1127(a) of the Bankruptcy Code. After the confirmation date and prior to substantial consummation, the Trustee, may modify the Plan in accordance with Section 1127(b) of the Bankruptcy Code by filing a motion on notice as required under the applicable Bankruptcy Rules, and the solicitation of all creditors and other parties-in-interest shall not be required unless directed by the Bankruptcy Court. The UCC specifically reserves the right to modify the Plan based upon a Final Order resolving its motion seeking substantive consolidation of the Archdiocese and certain related entities (docket entry number 654).

8. *Retention of Jurisdiction*

a. *By the Bankruptcy Court*. On and after the Effective Date, the Bankruptcy Court shall retain: (i) original and exclusive jurisdiction over this Chapter 11 case, (ii) original, but not exclusive, jurisdiction to hear and determine all core proceedings arising under the Bankruptcy Code or arising in this Chapter 11 case, and (iii) original, but not exclusive, jurisdiction to hear and make proposed findings of fact and conclusions of law in any non-core proceedings related to this Chapter 11 case and the Plan. Among other things, the Bankruptcy Court's post-Effective Date jurisdiction will include jurisdiction:

(1) over disputes concerning the ownership of claims;

(2) over disputes concerning the distribution or retention of assets under the Plan;

(3) over objections to claims, motions to allow late-filed claims, and motions to estimate claims;

(4) over proceedings to determine the extent, validity, or priority of any Lien asserted against property of the Archdiocese, the Estate, or Trust, or property abandoned or transferred by the Archdiocese, the Estate, or the Trust;

(5) over motions to approve insurance settlement agreements entered into after the Effective Date by the Trustee;

(6) over matters related to the assets of the Estate or of the Trust, including the terms of the Trust or the recovery, liquidation, or abandonment of Trust Assets;

(7) the removal of the Trustee and the appointment of a successor Trustee;

(8) over matters relating to the subordination of claims;

(9) to enter and implement such orders as may be necessary or appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified or vacated;

(10) to consider and approve modifications of or amendments to the Plan, to cure any defects or omissions or to reconcile any inconsistencies in any order of the Bankruptcy Court, including the Confirmation Order;

(11) to issue orders in aid of execution, implementation, or consummation of the Plan;

(12) over disputes arising from or relating to the Plan, the Confirmation Order, or any agreements, documents, or instruments executed in connection therewith;

(13) over requests for allowance of payment of claims entitled to priority under Sections 507(a)(2) and 503(b)(9) of the Bankruptcy Code and any related objections;

(14) over all Fee Applications;

(15) over matters concerning state, local, or federal taxes in accordance with Sections 346, 505, and 1146 of the Bankruptcy Code;

(16) over conflicts and disputes among the Trust, the Reorganized Debtor, and holders of claims, including holders of Class 7 Claims;

(17) over disputes concerning the existence, nature, or scope of the Archdiocese's discharge or the Channeling Injunction, including any dispute relating to any liability arising out of the termination of employment or the termination of any employee or retiree benefit program, regardless of whether such termination occurred prior to or after the Effective Date;

(18) over disputes regarding the Archdiocese's, the Trustee's, or any Insurer's rights and duties in connection with the defense of Litigation Claims under Section 6.2(f);

(19) to issue injunctions, provide declaratory relief, or grant such other legal or equitable relief as may be necessary or appropriate to restrain interference with the Plan, the Archdiocese or its property, the Reorganized Debtor or its property, the Estate or its property, the Trust or its property, the Trustee, the Professionals, or the Confirmation Order;

(20) to enter a Final Decree closing the Chapter 11 case;

(21) to enforce all orders previously entered by the Bankruptcy Court; and

(22) over any and all other suits, adversary proceedings, motions, applications, and contested matters that may be commenced or maintained pursuant to this Chapter 11 case or the Plan.

b. By the District Court. The District Court shall retain original, but not exclusive, jurisdiction to hear and determine all matters arising under the Bankruptcy Code or arising in or related to this Chapter 11 case.

c. Actions to Collect Amounts Owed Pursuant to the Plan. Notwithstanding anything to the contrary in this Section, the Archdiocese, the Reorganized Debtor and the Trustee may, but are not required to, commence an adversary proceeding to collect amounts owed pursuant to the Plan for any settlements embodied in the Plan or later approved by the Bankruptcy Court, which are not paid in accordance with the Plan. Any such action may be commenced by filing a motion in aid of confirmation with the Bankruptcy Court.

d. Case Closure. The existence and continued operation of the Trust shall not prevent the Bankruptcy Court from closing this Chapter 11 case. In an action involving the Trust, any costs incurred in reopening the Chapter 11 case, including any statutory fees will be paid by the Trustee from the Trust Assets in accordance with an order of the Bankruptcy Court.

9. *Trustee Reports*

From the Effective Date until a Final Decree is entered, the Reorganized Debtor shall, within thirty (30) days of the end of the fiscal quarter, file with the Bankruptcy Court and submit to the U.S. Trustee, quarterly reports setting forth all receipts and disbursements as required by the U.S. Trustee guidelines. The Debtor will not be required to file monthly operating reports or provide copies of bank account statements.

10. *No Waiver*

The failure of the UCC to object to any claim for purposes of voting shall not be deemed a waiver of the Archdiocese's, the Reorganized Debtor's, or the Trustee's right to object to such claim, in whole or in part.

11. *Tax Exemption*

Pursuant to Section 1146 of the Bankruptcy Code, the delivery or recording of an instrument of transfer on or after the confirmation date shall be deemed to be made pursuant to and under the Plan, including any such acts by the Archdiocese (if prior to the Effective Date), and the Reorganized Debtor (if on or after the Effective Date), including any subsequent transfers of property by the Reorganized Debtor, and shall not be taxed under any law imposing a stamp tax, transfer tax, state deed tax, or similar tax or fee. Consistent with the foregoing, each recorder of deeds or similar official for any county, city, or governmental unit in which any instrument hereunder is to be recorded shall, pursuant to the confirmation order and the Plan, be ordered and directed to accept such instrument, without requiring the payment of any documentary stamp, tax, deed stamps, stamp tax, transfer tax, intangible tax, or similar tax.

12. *Non-Severability*

Except as specifically provided herein, the terms of the Plan constitute interrelated compromises and are not severable, and no provision of the Plan may be stricken, altered, or invalidated, except by amendment of the Plan by the UCC.

13. *Revocation*

The UCC reserves the right to revoke and withdraw the Plan prior to the confirmation date, in which case the Plan shall be null and void and, in such event, nothing contained herein shall be deemed to constitute a waiver or release of any claims by or against the Archdiocese, the UCC, or any other Person or to prejudice in any manner the rights of the Archdiocese, the UCC, or any other Person in any further proceedings involving the Archdiocese, or be deemed an admission by any party, including with respect to the amount or allowance of any claim or the value of any property of the Estate.

14. *Controlling Documents*

In the event and to the extent that any provision of the Plan or Trust Agreement is inconsistent with any provision of the disclosure statement, the provisions of the Plan or Trust Agreement, as applicable, shall control and take precedence. In the event and to the extent that any provision of the Trust Agreement is inconsistent with any provision of the Plan, the Plan shall control and take precedence. In the event and to the extent that any provision of the confirmation order is inconsistent with any provision of the Plan or the Trust Agreement, the provisions of the confirmation order shall control and take precedence. To the extent that any

provision of the Plan, the Trust Agreement, or the confirmation order is inconsistent with the Insurance Settlement Agreements, the Insurance Settlement Agreements control.

15. *Governing Law*

Except to the extent a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and the Federal Rules of Bankruptcy Procedure), and unless specifically stated, the rights, duties, and obligations arising under the Plan, any agreements, documents, and instruments executed in connection with the Plan (except as otherwise set forth in those agreements, in which case the governing law of such agreements shall control) shall be governed by, and construed and enforced in accordance with, the laws of the State of Minnesota, without giving effect to conflicts of law principles.

16. *Notices*

Any notices or requests by parties-in-interest under or in connection with the Plan shall be in writing and served either by: (i) certified mail, return receipt requested, postage prepaid, (ii) hand delivery, or (iii) reputable overnight delivery service, all charges prepaid, and shall be deemed to have been given when received by the following parties:

If to the Archdiocese or the Reorganized Debtor:

Chancellor for Civil Affairs
Office of the Chancellor for Civil Affairs
Archdiocese of Saint Paul and Minneapolis
222 Summit Avenue
Saint Paul, MN 55102
Telephone No.: (651) 291-4400
Facsimile No.: (651) 290-1629

with a copy to:

Briggs and Morgan
2200 IDS Center
80 South Eighth Street
Minneapolis, Minnesota 55402-2157
Attn: Richard D. Anderson
Charles B. Rogers
Telephone No.: 612-977-8400
Facsimile No.: 612-977-8650

If to the Trust or the Trustee:

The parties identified in the Trust Agreement to receive notices.

17. *Filing of Additional Documents*

At any time before substantial consummation of the Plan, the Archdiocese, the Trust, or the Reorganized Debtor, as appropriate, may file with the Bankruptcy Court or execute, as appropriate, such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan, or otherwise to comply with applicable law.

18. *Powers of Officers*

The officers of the Archdiocese or the Reorganized Debtor, as the case may be, shall have the power to enter into or execute documents or agreements that effectuate the terms of the Plan.

19. *Direction to a Party*

On and after the Effective Date, the Trust or the Reorganized Debtor, as applicable, may apply to the Bankruptcy Court for entry of an order directing any Person to execute or deliver or to join in the execution or delivery of any instrument or document reasonably necessary or reasonably appropriate to effect a transfer of properties dealt with by the Plan, and to perform any other act (including satisfaction of any lien or security interest) that is reasonably necessary or appropriate for consummation of the Plan.

20. *Successors and Assigns*

The Plan shall be binding upon and inure to the benefit of the Archdiocese and its successors and assigns, including the Reorganized Debtor. The rights, benefits, and obligations of any entity named or referred to in the Plan shall be binding on, and shall inure to the benefit of, any heir, executor, administrator successor, or assign of such entity.

21. *Certain Actions*

By reason of entry of the confirmation order, prior to, on or after the Effective Date (as appropriate), all matters provided for under the Plan that would otherwise require approval of the officers of the Archdiocese under the Plan shall be deemed to have occurred and shall be in effect prior to, on or after the Effective Date (as appropriate), pursuant applicable non-bankruptcy law, without any requirement of further action by the officers of the Archdiocese.

22. *Final Decree*

Once the Estate has been fully administered, as referred to in Bankruptcy Rule 3022, the Reorganized Debtor or such other party as the Bankruptcy Court may designate in the confirmation order, shall file a motion with the Bankruptcy Court to obtain a Final Decree to close the Chapter 11 Case.

23. *Plan as a Settlement Communication*

The Plan furnishes or offers or promises to furnish (or accepts or offers or promises to accept) valuable consideration in compromising or attempting to compromise claims and Causes of Action that are disputed as to validity or amount (including Tort Claims and the Insurance Litigation), except as otherwise provided above. Accordingly, the Plan, this disclosure statement, and any communications regarding the Plan or this disclosure statement are subject in all respects to Federal Rule of Evidence 408 and any comparable provision(s) of applicable state law precluding their use as evidence of liability for, or the validity or invalidity of, any disputed claim or Cause of Action. Nothing herein or in any Confirmed Plan is intended to constitute a compromise of Tort Claims.

24. *Other Rights*

Except as expressly set forth in the Plan, nothing in the Plan shall preclude any Person from asserting in any proceeding, or against any award or judgment entered in such proceeding, any and all rights that may be accorded under Minnesota law, or any other applicable statutory or common law, of contribution, indemnity, reduction, credit, or setoff, arising from the settlement and resolution of the Tort Claims.

IX. MEANS OF IMPLEMENTATION OF THE PLAN

A. Implementation

On and after the Effective Date, the Plan will be implemented and consummated through the means contemplated by Section 1123 of the Bankruptcy Code.

B. Plan Funding

1. *Reorganized Debtor Operations*

Ordinary course post-Effective Date operations of the Archdiocese shall continue to be paid from ordinary operating income of the Reorganized Debtor. On or before the Effective Date, the Archdiocese or Reorganized Debtor will pay all applicable deductibles and/or retentions under Insurance Policies implicated by Tort Claims to the extent required to enable and avoid compromising coverage under such Insurance Policies.

2. *Secured Loan on the Reorganized Archdiocese's Real Property Assets*

The vast majority of the Debtor's assets will not be sold or otherwise liquidated through the Plan. Instead those assets will be revested into the Reorganized Debtor (i.e., title to the assets will be maintained by the reorganized Archdiocese after the Effective Date). Among other things, the Reorganized Debtor will keep the Cathedral and real property interests in Benilde-St. Margaret High School, Grace High School d/b/a Totino-Grace High School, and DeLaSalle High School.

Creditor claims will not be paid in full by the Plan. Thus, to permit the Debtor to contribute the liquidation value of all of its assets, in conformance with Section 1129(a)(7) of the Bankruptcy Code, the Debtor will, on or before the Effective Date, obtain a loan and transfer the proceeds of such loan to the Trust (the "Loan"). The amount of the Loan will be $38,005,869.00, and the Loan will be secured by a lien on all of the Reorganized Debtor's real property assets (i.e., all real estate assets of the Debtor that revest in the Reorganized Debtor after the Effective Date).

Detail regarding the value of the Debtor's assets, including assets that will revest in Reorganized Debtor upon the Effective Date, is included in the UCC's liquidation analysis, which is attached to this Disclosure Statement as **Exhibit C**.

3. *Retentions for Insurance Coverage*

The Reorganized Debtor will fund all retentions for ongoing insurance coverage after the Effective Date.

4. *The Plan Implementation Account*

On or before the Effective Date, the Reorganized Debtor will establish the Plan Implementation Account which account will be held and administered in accordance with the Plan, the Insurance Settlement Agreements, and the Confirmation Order. Upon establishment of the Plan Implementation Account, the Debtor will deposit at least $99,208,993, plus any cash remaining in the Bishop Reserve, into the Plan Implementation Account via wire transfer. These funds transferred by the Debtor shall include:

- The proceeds of a loan in the amount of $38,005,869.00 (less applicable closing costs) secured by real property assets revested in the Reorganized Debtor;
- $19,000,000 in cash proceeds from Insurance Settlements (the Debtor will also transfer to the Trust all rights to recoveries relating to the $14,200,000 Home Insurance Company settlement);
- $8,731,670 in cash proceeds from the Archdiocese real property sales;
- $8,464,365 from the AMBP Reserve Account;
- $8,449,482 in temporarily-restricted cash;
- $5,000,000 from the General Insurance Fund;
- $4,600,000 from the AMBP Disbursing Account;
- $3,871,158 from the workers' compensation deposit;

- $2,500,000 in unrestricted cash;
- $2,060,285 in allegedly-donor-restricted funds;
- $1,566,634 in "board designated" cash; and
- Cash in an unknown amount from the Bishop Reserve.

5. *Reserve for Administrative and Priority Claims*

The Reorganized Debtor or Archdiocese (as applicable) shall deposit sufficient funds, an amount to be determined in consultation with the Trustee, from the Plan Implementation Account to create a reserve to be held in a banking institution designated as an authorized depository under the U.S. Trustee guidelines, in an amount sufficient to pay all Allowed Administrative Claims, Priority Claims, Disputed Administrative Claims and Disputed Priority Claims (the "Administrative Claim Reserve"). Any amounts remaining in the Administrative Claim Reserve after resolution of Administrative and Priority Claims will be transferred to the Trust.

6. *Other Funds*

All funds other than the Administrative Claim Reserve remaining in the Plan Implementation Account following the establishment of the Administrative Claim Reserve shall be promptly paid to the Trust, less a second reserve for Disputed claims (other than Tort Claims) in an amount determined by the Reorganized Debtor in consultation with the Trustee. Any amounts remaining in the Plan Implementation Account after resolution of all Disputed Claims will be immediately transferred to the Trust, and the Plan Implementation Account will be closed as soon as practicable thereafter.

7. *Non-Cash Assets Transferred Directly to the Trust*

Upon establishment of the Trust, the following will be automatically and without further act or deed be assigned and transferred directly to the Trust for administration in accordance with the Trust Agreement and the Trust Distribution Plan:

- The Transferred Insurance Interests in accordance with Section 6.1;

- The Archdiocese's claim in the liquidation proceeding of Home Insurance Company (State of New Hampshire, Merrimack Superior Court, Docket No. 217-2003-EQ-00106) in the amount of $14,200,000;

- Any and all rights and powers and agreements necessary to permit the Trust to collect past-due assessments owed by Archdiocesan Parishes.

- Any and all rights and powers and agreements necessary to permit the Trust to collect upon and/or enforce and/or transfer the Insider Loan Receivables and all related documents and agreements;

- Any and all claims or Causes of Action against any Party: (i) to avoid, set aside, or recover any payment or other transfer made to any party under Section 547, 548, 549, and/or 550 of the Bankruptcy Code, (ii) to avoid, set aside, or recover any payment or other transfer made to any party under any applicable State law(s), and (ii) any proceeding to avoid or set aside any Interest of a party in property under Section 544 of the Bankruptcy Code; and

- Any and all claims between the Archdiocese and the Cathedral of St. Paul regarding competing claims to the proceeds of the Riley Fund.

8. *Feasibility*

The Loan will require an annual payment of approximately two million dollars by the Reorganized Debtor. As reflected in the UCC's liquidation analysis, attached as **Exhibit C**, the Reorganized Debtor will have more than $450,000 in net income each year after funding this annual payment. In addition, if necessary to increase access to operating capital as the Loan is repaid, the Reorganized Debtor would very likely have the ability to increase the amount of the Loan materially given that the estimated loan to value relating to the Loan would be at only approximately sixty-six percent as of the Effective Date. In other words, based on the significant value of the real property at issue, the Reorganized Debtor would have the ability to use the same real property mortgaged as security for the Loan as collateral for additional capital as well. Such additional capital could theoretically supply the Reorganized Debtor with a cushion of operating funds until the Debtor's bankruptcy obligations are satisfied. The Plan also leaves the Reorganized Debtor with more than $850,000 in unrestricted cash for operations as of the Effective Date.

X. ACCEPTANCE AND CONFIRMATION OF THE PLAN; VOTING REQUIREMENTS

In order for the Plan to be confirmed, all of the applicable requirements of Bankruptcy Code Section 1129 must be met. This includes, among other things, that the Plan: (i) is accepted

by all impaired classes, or if rejected by an impaired class, "does not discriminate unfairly" and is "fair and equitable" as to each rejecting class; (ii) is feasible; and (iii) is in the best interests of holders of claims in each impaired class.

A. Best Interests Test

The liquidation analysis attached as **Exhibit C** will show that if this case were converted to a Chapter 7 liquidation, unsecured creditors, including Tort Claimants, would receive payment far less than the payment currently provided for under the Plan. Further, to the extent Insurance Settlements are lost without a Plan or to the extent a Chapter 7 trustee disavows the Insurance Settlements and continues litigation on claims objections the recovery may be even lower.

1. *Legal standard for the Best Interests Test*

Confirmation of a Plan requires that each holder of a claim in an impaired class must either: (i) accept the Plan; or (ii) receive or retain under the Plan property of a value, as of the Effective Date, that is not less than the value such holder would receive or retain if the Debtor was liquidated under Chapter 7 of the Bankruptcy Code.

2. *Hypothetical Chapter 7 Liquidation Scenario*

In a hypothetical Chapter 7 liquidation, creditors would receive less than they will receive under the Plan. The UCC's liquidation analysis, attached as **Exhibit C** to this Disclosure Statement, contains a comparison and a large amount of financial detail that make this conclusion very clear. A Chapter 7 liquidation would also very likely result in a delay in payments being made to creditors. Creditors will clearly benefit from the confirmation of the Plan.

B. Financial Feasibility

In order to confirm a plan, the Bankruptcy Code requires that a Bankruptcy Court find that confirmation of the plan is not likely to be followed by liquidation or the need to further financially reorganize the Debtor (the "Feasibility Test"). For a plan to meet this test, the Bankruptcy Court must determine there is a reasonable likelihood that the reorganized debtor will possess the working capital and other resources necessary to meet its obligations under the Plan. Based upon the Financial Projections attached as **Exhibit C** and the assumptions set forth therein, and the independent cash projections included in the UCC's liquidation analysis also attached as **Exhibit C**, the UCC believes that the Reorganized Debtor will be able to make all distributions required by the Plan and to fund its operations going forward and, therefore, that confirmation of the Plan is not likely to be followed by liquidation or the need for further reorganization.

C. Acceptance by Impaired Class; 1129(b) Confirmation

To confirm the Plan, the Bankruptcy Code requires that the Bankruptcy Court make a number of findings concerning the Plan and the Debtor, including that (a) the Plan classifies claims in a permissible manner; (b) the Plan complies with applicable provisions of the Bankruptcy Code; (c) the Debtor complied with applicable provisions of the Bankruptcy Code; (d) the Debtor proposed the Plan in good faith and not by any means forbidden by law; (e) the disclosure required by Section 1125 of the Bankruptcy Code has been made; (f) the Plan has been accepted by the requisite votes of creditors in each class (except to the extent that confirmation may still be available under Section 1129(b) of the Bankruptcy Code); (g) the Plan is feasible and confirmation is not likely to be followed by further financial restructuring of the Debtor; (h) the Plan is in the "best interests" of all holders of claims in an Impaired Class; and (i) all fees and expenses payable pursuant to 28 U.S.C. § 1930, as determined by the Bankruptcy Court at the hearing on confirmation, have been paid or the Plan provides for the payment of such fees on the Effective Date.

The UCC believes that the Plan satisfies all the requirements of confirmation.

Section 1129(a) of the Bankruptcy Code requires that a class of claims that is impaired under the Plan accept the Plan, subject to the exception contained in Section 1129(b) of the Bankruptcy Code.

A class of claims under a plan "accepts" the plan if the plan is accepted by creditors that hold at least two-thirds in amount and more than one-half in number of the allowed claims in the classes that actually vote on the plan. A claim that is not "impaired" under a plan is conclusively presumed to accept the plan. Solicitation of acceptances from such a class is not required. A class is "impaired" unless (i) the legal, equitable and contractual rights of the holders of claims in that class are not modified or (ii) the effect of any default is cured and the original terms of the obligation are reinstated.

The Bankruptcy Code allows for a plan to be confirmed even if rejected by an impaired class of claims. Under the provisions of Section 1129(b) of the Bankruptcy Code, the proponent of the plan may request that the plan be confirmed despite its rejection by an impaired class. The court will confirm the plan if it (a) does not discriminate unfairly against a dissenting impaired class and (b) is fair and equitable with respect to that class.

The Bankruptcy Code identifies guidelines for determining whether a plan is fair and equitable to a given class of claims. For unsecured claims a plan must provide that the creditors in the dissenting class receive or retain property of a value equal to the allowed amount of their claims or, failing that, no creditor of lesser priority, or shareholder, receives any distribution under the plan. In other words, equity interest holders would not receive or retain any property on account of their interest.

For secured claims (such the Class 10 Claim), a plan must provide that the holders of such secured claim retain the liens securing such claims to the extent of the allowed amount of

such claims and that the holders of such claims receive on account of such claims a value, as of the effective date of the plan, of at least the value of such holder's interest in the estate's interest in the property securing the lien. Under the Plan, the secured creditor in Class 10 will retain its liens to secure the full amount of its allowed secured claim and its interest and rights against its collateral will remain undisturbed.

Under the Plan, only classes 7, 8, 13, and 16 are impaired. The UCC believes that its Plan is fair and equitable to such classes in all respects.

In the event that the Bankruptcy Court refuses to impose a 1129(b) confirmation unless certain modifications are made to the terms and conditions of such non-consenting class's treatment under the Plan, the UCC reserves the right, without re-solicitation, to propose such modifications to such non-consenting class's treatment and to confirm the Plan, provided such modification does not result in complete extinguishment of the non-consenting class's claim.

D. Certain Risk Factors

ALL HOLDERS OF IMPAIRED CLAIMS SHOULD READ AND CAREFULLY CONSIDER THE RISK FACTORS SET FORTH BELOW AS WELL AS THE OTHER INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT (AND EXHIBITS) PRIOR TO DETERMINING WHETHER AND HOW TO VOTE ON THE PLAN.

BEFORE DETERMINING WHETHER AND HOW TO VOTE ON THE PLAN, YOU SHOULD CAREFULLY CONSIDER ALL OF THE INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT AND, IN PARTICULAR, THE RISKS DESCRIBED BELOW. IF ANY OF THE FOLLOWING RISKS ACTUALLY OCCURS, CREDITOR RECOVERIES COULD BE LOWER THAN OTHERWISE DESCRIBED HEREIN. THE RISKS AND UNCERTAINTIES BELOW ARE NOT EXHAUSTIVE, BUT REPRESENT THE RISKS THAT THE UCC BELIEVES ARE MATERIAL. THERE MAY BE ADDITIONAL RISKS THAT THE UCC CURRENTLY CONSIDERS NOT TO BE MATERIAL OR WHICH THE UCC IS CURRENTLY UNAWARE.

1. *Failure to Satisfy Vote Requirement*

In the event that sufficient votes are not received to confirm the Plan, the UCC may be forced to pursue an alternative Plan or seek a dismissal of the case.

2. *Risk of Non-Confirmation*

Even if all impaired classes accept or could be deemed to have accepted the Plan, the Plan might not be confirmed by the Bankruptcy Court. Section 1129 of the Bankruptcy Code lists requirements for confirmation, including (a) that the confirmation of the Plan not be followed by the need for a further liquidation or reorganization; (b) that the value of distributions to dissenting holders not be less than the value of distributions to such holders if the Debtor were liquidated under Chapter 7 of the Bankruptcy Code; and (c) that the Plan and the Debtor

otherwise comply with applicable provisions of the Bankruptcy Code. Although the UCC believes the Plan will meet all applicable tests, there is no assurance that the Bankruptcy Court will reach the same conclusion.

3. *Appeal Risk*

If the Plan is confirmed, it is possible that one or more parties may appeal the order confirming the Plan and object to all or a part of the Plan. This risk is higher in a non-consensual confirmation.

4. *Uncertainty of Value*

The value of Tort Claimants' rights to distributions from the Trust will depend in part on the risks outlined above and to the extent those risks materialize. In addition, the resolution of causes of action held by the Trust and the reconciliation, liquidation and allowance of claims may require a substantial amount of time, during which time interest will not accrue on allowed claims in the subject classes. These delays could affect or reduce the ultimate value of any recovery. The ultimate realized value of insurance assets may be different than the values assigned to such policies.

E. Certain Federal Income Tax Considerations

THE INCOME TAX LAWS APPLICABLE TO RECEIVING A DISTRIBUTION OR DEDUCTING A LOSS FROM A BANKRUPT ESTATE ARE COMPLEX. THE SUMMARY DESCRIPTION OF TAX CONSEQUENCES BELOW IS FOR GENERAL INFORMATIONAL PURPOSES ONLY AND IS SUBJECT TO SIGNIFICANT UNCERTAINTIES.

THE UCC HAS NOT REQUESTED A RULING FROM THE INTERNAL REVENUE SERVICE NOR HAS THE UCC OBTAINED AN OPINION OF COUNSEL WITH RESPECT TO THESE MATTERS. THUS, NO ASSURANCE CAN BE GIVEN AS TO THE TAX CONSEQUENCES OF THE PLAN.

THE DISCUSSION CONTAINED IN THIS DISCLOSURE STATEMENT AS TO FEDERAL TAX CONSIDERATIONS IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, FOR THE PURPOSE OF AVOIDING PENALTIES.

NO REPRESENTATIONS ARE MADE REGARDING THE PARTICULAR TAX CONSEQUENCES OF THE PLAN TO ANY HOLDER OF A CLAIM OR ANY OTHER ENTITY OR PERSON. EACH HOLDER OF A CLAIM SHOULD CONSULT ITS TAX PROFESSIONAL TO UNDERSTAND FULLY THE FEDERAL, STATE AND LOCAL AND FOREIGN TAX CONSEQUENCES OF THE PLAN.

The following summary is a general discussion of certain of the potential Federal income tax consequences of the Plan. The summary is based upon relevant provisions of the Internal

Revenue Code of 1986, as amended (the "Tax Code"), the applicable Treasury Regulations promulgated thereunder (the "Treasury Regulations"), judicial authority, published rulings, and such other authorities considered relevant now in effect, all of which are subject to change.

The Federal income tax consequences to any particular creditor may be affected by matters not discussed below. Furthermore, the summary does not address all categories of creditors, some of which may be subject to special rules not addressed herein. There also may be state, local, or foreign tax considerations applicable to each creditor or the Debtor.

1. *Tax Consequences to Creditors*

A creditor that receives cash in satisfaction of its claim will generally recognize a gain or loss in an amount equal to the difference between (i) the amount of cash received by such creditor in respect of its claim (excluding any cash received in respect of a claim for accrued interest) and (ii) the creditor's tax basis in its claim.

The character of any gain or loss recognized as long-term or short-term capital gain or loss or as ordinary income or loss will be determined by a number of factors, including, among other things, the tax status of the creditor, whether the claim constitutes a capital asset in the hands of the creditor, whether the claim has been held for more than one year, and whether and to what extent the creditor has previously claimed a bad debt deduction (or charged a reserve for bad debts) with respect to the claim.

The UCC anticipates that distributions to Class 7 claimants will, in all instances, constitute damages, other than punitive damages, on account of personal physical injuries and physical sickness, within the meaning of Section 104(a)(2) of the Internal Revenue Code of 1986, as amended. The UCC has not, however, fully analyzed such tax issues and cannot (and does not hereby) make an assurances or representations regarding the anticipated tax treatment of Class 7 Claims.

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

2. *Tax Consequences to the Debtor*

The Debtor is a non-profit, non-stock member corporation having tax-exempt status under 26 U.S.C. § 501(c)(3). Due to the Debtor's status as a non-profit corporation, the UCC does not expect that the Plan will result in any significant federal income tax consequences to the Debtor.

3. *Tax Consequences to the Plan Trust*

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

The UCC expresses no opinion regarding whether the Plan Trust is a designated settlement fund or a qualified settlement fund. The UCC has not requested a ruling from the Internal Revenue Service or an opinion of counsel regarding whether the Trust is a designated settlement fund or a qualified settlement fund. Accordingly, each creditor is urged to consult its own tax advisor regarding the characterization of the Trust and the tax consequences of such characterization.

F. Solicitation of Votes

The UCC is soliciting the acceptance of the Plan from all holders of claims in classes that are impaired under the Plan and receiving distributions. Using this criteria, only holders of claims in Classes 7, 8, 13, and 16 are entitled to vote on the Plan. In addition, a vote may be disregarded if the Bankruptcy Court determines, after notice and a hearing, that such vote was not solicited or procured or made in good faith or in accordance with the applicable provisions of the Bankruptcy Code.

Solicitation Packages will include copies of (i) the Disclosure Statement and exhibits thereto, including the Plan (ii) the Disclosure Statement approval order, (iii) the notice of Disclosure Statement approval and confirmation hearing, and (iv) the form of ballot.

Solicitation Packages will be sent to creditors by the UCC. Procedures and deadlines for submitting the ballot shall be included in the Solicitation Package.

G. Voting Procedures

1. *Ballots*

If voting for or against the Plan, please use only the ballot or ballots sent to you with this Disclosure Statement. Votes cast to accept or reject the Plan will be counted by class.

Please read the voting instructions on the reverse side of the ballot for a thorough explanation of the voting procedures.

IF YOU BELIEVE THAT YOU ARE A HOLDER OF A CLAIM IN A VOTING CLASS FOR WHICH YOU DID NOT RECEIVE A BALLOT, IF YOUR BALLOT IS DAMAGED OR LOST, OR IF YOU HAVE QUESTIONS CONCERNING VOTING PROCEDURES, PLEASE CONTACT THE UCC'S ATTORNEYS AT (612) 335-1792.

PLEASE NOTE, HOWEVER, THAT THE UCC'S COUNSEL CANNOT PROVIDE YOU WITH ANY LEGAL ADVICE.

If you are entitled to vote to accept or reject the Plan, a ballot is enclosed for purposes of voting on the Plan. If you hold claims in more than one class and you are entitled to vote claims in more than one class, you will receive separate ballots that must be used to vote in each separate class.

FACSIMILE, E-MAIL OR ELECTRONICALLY TRANSMITTED BALLOTS WILL NOT BE ACCEPTED.

A ballot that does not indicate an acceptance or rejection of the Plan will not be counted either as a vote to accept or a vote to reject the Plan. If you cast more than one ballot voting the same claim before the Voting Deadline, the last ballot received before the Voting Deadline will supersede all prior ballots. In addition, you may not split your votes for your claims within a particular class under the Plan. Therefore, a ballot within a given class received from a single creditor that partially rejects and partially accepts the Plan will not be counted.

You may not change your vote after the Voting Deadline passes.

2. *Voting Deadline*

Completed ballots must be mailed to the clerk of the Bankruptcy Court.

To be counted, a ballot must be received by 5:00 p.m. (prevailing Central Time) on _____, 2016 at the following address:

Office of the Clerk of Court
Attention: B. Montez
U.S. Bankruptcy Court District of Minnesota
200 Warren E. Burger Federal Building and United States Courthouse
316 North Robert Street
Saint Paul, Minnesota 55101

3. Importance of Your Vote

Your vote is important. Only those creditors who actually vote are counted for purposes of determining whether a class voted to accept the Plan. Your failure to vote will leave to others the decision to accept or reject the Plan.

XI. RECOMMENDATION AND CONCLUSION

THE UCC HAS EXPLORED VARIOUS ALTERNATIVE SCENARIOS AND BELIEVES THAT THE PLAN ENABLES THE HOLDERS OF CLAIMS TO REALIZE THE MAXIMUM RECOVERY UNDER THE CIRCUMSTANCES. THE UCC

BELIEVES THAT CONFIRMATION AND CONSUMMATION OF THE PLAN IS IN THE BEST INTEREST OF CREDITORS AND THAT THE PLAN SHOULD BE CONFIRMED. THE UCC STRONGLY RECOMMENDS THAT ALL CREDITORS RECEIVING A BALLOT VOTE IN FAVOR OF THE PLAN BY SO INDICATING IN THEIR BALLOTS AND RETURNING THEM AS SPECIFIED IN THE INSTRUCTIONS SET FORTH IN THE SOLICITATION PACKAGES.

[Remainder of page intentionally left blank]

Signature page to the Disclosure Statement for the Chapter 11 Plan of Reorganization of the Official Committee of Unsecured Creditors of the Archdiocese of St. Paul and Minneapolis

Respectfully submitted,

The Official Committee of Unsecured Creditors for the Archdiocese of St. Paul and Minneapolis

Dated: August 22, 2016

By: _____
James Keenan, Chair

Stinson Leonard Street LLP

_____
Robert T. Kugler (#194116)
Edwin Caldie (#388930)
150 south Fifth Street, Suite 2300
Minneapolis, MN 55402
Robert.Kugler@stinson.com
Ed.Caldie@stinson.com
Telephone: 612-335-1500
Facsimile: 612-335-1657

Attorneys for the Official Committee of Unsecured Creditors of the Archdiocese of Saint Paul and Minneapolis

EXHIBIT A
TO
DISCLOSURE STATEMENT

Plan of Reorganization

[Filed separately on the docket]

EXHIBIT B
TO
DISCLOSURE STATEMENT

Order Approving Disclosure Statement

[To be filed separately on the docket]

EXHIBIT C
TO
DISCLOSURE STATEMENT

Hypothetical Liquidation Analysis, Funding Summary, and Feasibility Projections

ARCHDIOCESE OF ST. PAUL AND MINNEAPOLIS
LIQUIDATION ANALYSIS
August 31, 2016

	Book Value	Adjustments	Liquidation Value	Notes
Estimated proceeds:				
Cash	$ 51,379,184	$ (5,269,453)	$ 46,109,731	
Accounts receivable	17,054,238	(8,527,119)	8,527,119	
Real estate	442,500	17,500	460,000	
Property leased to others	-	32,870,000	32,870,000	
Other personal property	1,761,898	(810,849)	951,049	
Avoidance actions	9,000,000	(7,200,000)	1,800,000	
Insurance policies	33,200,000	(7,100,000)	26,100,000	
Total estimated liquidation proceeds	112,837,820	3,980,079	116,817,900	
Commissions (on property liquidation)			(2,629,600)	8.00%
Net estimated proceeds			114,188,300	
Chapter 7 fees:				
Unpaid Chapter 11 professional fees			4,200,000	
Shutdown costs and litigation support			250,000	
US Trustee fees			44,000	
Chapter 7 trustee fees			1,000,000	Net of amount reflected in commissions
Chapter 7 professional fees			1,000,000	
Total Chapter 7 fees			6,494,000	
Liquidation proceeds			107,694,300	
Secured claims:				
Premier bank			-	
Total secured claims			-	
Proceeds available after secured claims			107,694,300	
Administrative & priority claims				
Administrative post petition claims			570,515	
Other adminstrative claims			10,000	
Chancery Corporation office landlord administrative claim			800,000	
Governmental unit claims			4,792	
Other priority claims			-	
Total administrative & priority claims			1,385,307	
Proceeds available for unsecured claims after priority claims			106,308,993	
Receivables and other recoveries transferred to the Trust:				
Loans receivable, net			1,743,107	
Accounts and other receivables, net			2,884,012	
Avoidance actions			1,800,000	
Total receivables transferred to the trust			6,427,119	
Proceeds available for unsecured claims			$ 99,881,874	

ARCHDIOCESE OF ST. PAUL AND MINNEAPOLIS
LIQUIDATING BALANCE SHEET
August 31, 2016

	Balance Sheet	Estimated liquidation value %	Estimated liquidation value $	Assumptions
Assets:				
Cash:				
Unrestricted	$ 3,366,138	100%	$ 3,366,138	Per Operating Report dated June 30, 2016
Board designated	1,566,634	100%	1,566,634	Per Operating Report dated June 30, 2016, net of Riley Fund ($2,579,461)
Riley Fund	2,579,461	0%	-	
Temp restricted	8,449,482	100%	8,449,482	Per Operating Report dated June 30, 2016
Donor-restricted funds	2,060,285	100%	2,060,285	Per Debtor's liquidation analysis
Bishop reserve account	Unknown		Unknown	
Beneficial interest in donor-restricted funds	1,352,742	0%	-	Per Debtor's liquidation analysis
Court - restricted	8,731,670	100%	8,731,670	Per Operating Report dated June 30, 2016 plus additional $876,110 for sale of the Dayton property.
Archdiocese Medical Benefit Plan	8,464,365	100%	8,464,365	Per disclosure statement of Archdiocese (page 23)
AMBP Disbursing Account	5,937,250	77%	4,600,000	Per disclosure statement of Archdiocese (page 23)
Workers' compensation deposit	3,871,158	100%	3,871,158	Per Note 7 of audited financial statements of Archdoicese
General Insurance Fund	5,000,000	100%	5,000,000	Per disclosure statement of Archdiocese (page 21)
Total cash	51,379,184		46,109,731	
Accounts / loans receivable:				
Loans receivable, net	3,486,214	50%	1,743,107	Balance as of June 30, 2015 assuming a 50% collectibility
AMBP premium rebates	7,800,000	50%	3,900,000	Recovery of the AMBP billing credit in January 2014
Accounts and other receivables, net	5,768,024	50%	2,884,012	Total per Debtor's liquidation analysis, assuming there will be at least 50% recovery
Total accounts receivable	17,054,238		8,527,119	
Real estate:				
Church of Gichitiwaa Kateri	442,500	104%	460,000	Liquidation Value per Appraisal Report - CBRE - April 11, 2016
Total real estate	442,500		460,000	
Property leased to others:				
Benilde-Saint Margaret High School	-	0%	10,000,000	Liquidation Value per Appraisal Report - CBRE - April 26, 2016
De La Salle High School	-	0%	6,600,000	Liquidation Value per Appraisal Report - CBRE - April 15, 2016
Totino-Grace High School	-	0%	6,390,000	Liquidation Value per Appraisal Report - CBRE - April 15, 2016
Cathedral of St. Paul	-	0%	9,880,000	Liquidation Value per Appraisal Report - CBRE - May 20, 2016
Total property leased to others	-		32,870,000	
Other personal property:				
Office equipment	88,095	26%	23,095	Per Debtor's liquidation analysis
Religious vestments, jewelry & relics	612,306	100%	612,306	Including the following: Ring ($236,000), 1993 appraisal of items ($68,777), missing items ($213,153), and books, maps and other documents ($94,376)
Other personal property	70,735	100%	70,735	Per Debtor's liquidation analysis
Vehicles	54,781	100%	54,781	Per Debtor's liquidation analysis
Ausmar, LLC interest	365,775	25%	91,444	Per Debtor's liquidation analysis
Inventory - print	27,771	10%	2,777	Per Debtor's liquidation analysis
Mineral rights	340	10%	34	Per Debtor's liquidation analysis
Prepaids	191,570	50%	95,877	Per Debtor's liquidation analysis
Domeier Restitution	350,525	0%	-	Per Debtor's liquidation analysis
Total personal property	1,761,898		951,049	
Avoidance actions:				
Avoidance actions	9,000,000	20%	1,800,000	In its Statement of Financial Affairs the Debtor listed $9,000,000 of avoidance actions, analysis assumes a 20% recovery
Total avoidance actions	9,000,000		1,800,000	
Insurance policies:				
Insurance settlements	33,200,000	79%	26,100,000	Assuming recovery of $7,100,000 from Home Insurance Company
Total insurance policies	33,200,000		26,100,000	
Total estimated liquidation proceeds	$ 112,837,820		$ 116,817,900	

Cash - unrestricted:	
US Bank - General Checking	1,360,443
US Bank - Payroll Account	4,412
Premier Bank Unrestricted	1,651,523

US Bank - Current Fund	-
US Bank - Priest Life Fund	348,009
Petty Cash	1,750
Total cash - unrestricted	3,366,138
Cash - Board designated:	
Premier Quinn Estate	75,538
Premier Priest Long Term Care	151,196
Premier Venezuela Missin	191,778
Premier Cathedral Riley	2,582,356
Premier Opus Education Fund	1,139,578
US Bank - Priest Health Plan	8,543
US Bank - Venezuela Mission Fund	-
	4,148,990
Premier Cathedral Riley	(2,582,356)
Total cash - Board designated	1,566,634
Cash - temp restricted:	
US Bank - Evae Grant Venezuela Mission	271,629
Premier Ward Family Seminary Fund	481,871
Premier Boulay/Ward Fund for Priests	49,419
Premier Joyce bequest	260,073
Premier Deacon Council	24,788
Premier Bank - Legacy Grant MM	-
Preimer M T Hill Orphan	47,070
Premier Strengthening Parishes	16
Wells Fargo - International Priests payments	1,560,632
Wells Fargo - 2nd collection	26,525
Bremer checking	2,815,154
Premier Bank - savings	2,910,863
Bremer - W/C imprest account	280
Bremer - care & compassion account	1,162
	8,449,482
Cash - court restricted:	
Premier building proveeds	7,855,560
Total cash - court restricted	7,855,560
	12,788,332
Investments remaining at CCF:	
CCF General Seminary Fund / Msgr Ambrose Hayder	908,513
Total investments remaining at CCF	908,513
Investments remaining at RBC Wealth Management:	
Frank Braun Priest Education Fund	75,271
Total investments remaining at RBC Wealth Mana	75,271
	983,784

ARCHDIOCESE OF ST. PAUL AND MINNEAPOLIS
RESTRUCTURE FUNDING
August 31, 2016

Proceeds available for unsecured creditors			$ 106,308,993
Cash proceeds:			
Unrestricted			(2,500,000) [1]
Board designated			(1,566,634)
Temp restricted			(8,449,482)
Donor-restricted funds			(2,060,285)
Bishop reserve account			
Beneficial interest in donor-restricted funds			
Court - restricted			(8,731,670)
Archdiocese Medical Benefit Plan			(8,464,365)
AMBP Disbursing Account			(4,600,000)
Workers' compensation deposit			(3,871,158)
General Insurance Fund			(5,000,000)
Total cash			(45,243,593)
Net proceeds available for unsecured creditors			61,065,399
Insurance settlements			(26,100,000)
Net proceeds available after insurance settlements			34,965,399
Loan proceeds from property:			
Market value [2]:			
Church of Gichitiwaa Kateri		460,000	
Benilde-Saint Margaret High School		11,000,000	
De La Salle High School		15,380,000	
Totino-Grace High School		10,950,000	
Cathedral of St. Paul		19,750,000	
Total property leased to others		57,540,000	
Estimated loan to value		66.05%	
Estimated loan proceeds from property		38,005,869	
Estimated closing costs	8.00%	(3,040,470)	
Estimated net loan proceeds from property			(34,965,399)
Total			$ -

[1] $866,000 remaining for operations
[2] Based on CBRE valuations

ARCHDIOCESE OF ST. PAUL AND MINNEAPOLIS
LIQUIDATING BALANCE SHEET COMPARISON
August 31, 2016

	Unsecured Creditors	Debtor	Difference
Assets:			
Cash:			
Unrestricted	$ 3,366,138	$ 6,291,394	$ (2,925,256)
Board designated	1,566,634	-	1,566,634
Riley Fund	-	1,289,731	(1,289,731)
Temp restricted	8,449,482	-	8,449,482
Donor-restricted funds	2,060,285	-	2,060,285
Bishop reserve account	Unknown	-	
Beneficial interest in donor-restricted funds	-	-	-
Court - restricted	8,731,670	8,704,720	26,950
Archdiocese Medical Benefit Plan	8,464,365	5,801,899	2,662,466
AMBP Disbursing Account	4,600,000	-	4,600,000
Workers' compensation deposit	3,871,158	-	3,871,158
General Insurance Fund	5,000,000	3,156,173	1,843,827
Total cash	46,109,731	25,243,917	20,865,814
Accounts / loans receivable:			
Loans receivable, net	1,743,107	-	1,743,107
AMBP premium rebates	3,900,000	-	3,900,000
Accounts and other receivables, net	2,884,012	-	2,884,012
Total accounts receivable	8,527,119	-	8,527,119
Real estate:			
Church of Gichitiwaa Kateri	460,000	185,000	275,000
Total real estate	460,000	185,000	275,000
Property leased to others:			
Benilde-Saint Margaret High School	10,000,000	-	10,000,000
De La Salle High School	6,600,000	-	6,600,000
Totino-Grace High School	6,390,000	-	6,390,000
Cathedral of St. Paul	9,880,000	-	9,880,000
Total property leased to others	32,870,000	-	32,870,000
Other personal property:			
Office equipment	23,095	23,095	-
Religious vestments, jewelry & relics	612,306	363,938	248,368
Other personal property	70,735	70,735	-
Vehicles	54,781	54,781	-
Ausmar, LLC interest	91,444	91,444	-
Inventory - print	2,777	2,777	-
Mineral rights	34	34	-
Prepaids	95,877	95,877	-
Domeier Restitution	-	-	-
Total personal property	951,049	702,681	248,368
Avoidance actions:			
Insurance settlements	1,800,000	-	1,800,000
Total insurance policies	1,800,000	-	1,800,000
Insurance policies:			
Insurance settlements	26,100,000	-	26,100,000
Total insurance policies	26,100,000	-	26,100,000
Total projected liquidation value	116,817,900	26,131,598	90,686,301

Fees & claims:			
Commissions	(2,629,600)	-	(2,629,600)
Chapter 7 fees:			
Unpaid Chapter 11 professional fees	(4,200,000)	(4,200,000)	-
Shutdown costs and litigation support	(250,000)	(500,000)	250,000
US Trustee fees	(44,000)	(44,000)	-
Chapter 7 trustee fees	(1,000,000)	(3,500,000)	2,500,000
Chapter 7 professional fees	(1,000,000)	(10,000,000)	9,000,000
Total Chapter 7 fees	(6,494,000)	(18,244,000)	11,750,000
Secured claims:			
Premier bank	-	-	-
Total secured claims	-	-	-
Administrative & priority claims			
Administrative post petition claims	(570,515)	(570,515)	-
Other adminstrative claims	(10,000)	(10,000)	-
Chancery Corporation office landlord administrative claim	(800,000)	(800,000)	-
Governmental unit claims	(4,792)	(4,792)	-
Other priority claims	-	-	-
Total administrative & priority claims	(1,385,307)	(1,385,307)	-
Net Cash Available for Unsecured Claims	$ 106,308,993	$ 6,502,291	$ 99,806,701

ARCHDIOCESE OF ST. PAUL AND MINNEAPOLIS
PROJECTED CASH FROM OPERATIONS
August 31, 2016

	Trailing 12 Months Ended 5/31/16	Per Debtor Plan	Difference
Revenue:			
Revenue:			
Assessment revenue	$ 14,777,261	$ 14,498,612	$ 278,649
Restricted contributions	244,370	-	244,370
Gift income	106,416	50,000	56,416
Investment income	12,425	-	12,425
Other income	314,292	-	314,292
Total revenue	15,454,764	14,548,612	906,152
Administrative revenue:			
Finance	322,814	320,193	2,621
Moderator	13,446	14,801	(1,355)
Total adminstrative revenue:	336,260	334,994	1,266
Program revenue from CSAF:			
Clergy services	555,243	727,142	(171,899)
Parish services & outreach	582,997	589,733	(6,736)
Marriage, family & life	343,973	381,265	(37,292)
Moderator	213,467	204,163	9,304
Evangelation	145,234	150,000	(4,766)
Total program revenue from CSAF	1,840,914	2,052,303	(211,389)
Program revenue from CCF:			
Clergy services	-	-	-
Total program revenue from CCF	-	-	-
Departmental revenue:			
Clergy services	597,372	576,360	21,012
Community services	-	-	-
Education	17,931	10,700	7,231
Parish services & outreach	59,724	57,200	2,524
Central services	44,976	1,000	43,976
Marriage, family & life	310,612	459,845	(149,233)
Development & stewardship	76,606	-	76,606
Moderator of the Curia	333,134	109,621	223,513
Communications	1,040,289	726,800	313,489
Finance	507,715	522,177	(14,462)
Evangelization	50,425	-	50,425
Special issues	6,280	-	6,280
Parish & priest support	2,635	-	2,635
Total departmental revenue	3,047,699	2,463,703	583,996
Total revenue	20,679,637	19,399,612	1,280,025

Program expense:			
Clergy services	2,580,707	2,343,812	236,895
Community services	19,290	-	19,290
Catholic education	682,264	613,463	68,801
Parish services & outreach	1,159,521	1,438,880	(279,359)
Central services	2,715,015	3,267,266	(552,251)
Marriage, family & life	710,484	851,022	(140,538)
Development & stewardship	416,797	440,388	(23,591)
Moderator of the Curia	3,170,298	3,388,425	(218,127)
Communications	2,100,671	2,069,389	31,282
Finance and administration	2,759,261	2,607,669	151,592
Evangelization	329,676	202,151	127,525
Special issues	7,903,724	-	7,903,724
Total program expense	24,547,708	17,222,465	7,325,243
Other expense:			
Depreciation	743,834	471,007	272,827
Parish support	997,510	1,105,087	(107,577)
Priest misconduct (1515)	11,833	-	11,833
Priest misconduct (1516)	104,297	-	104,297
Payroll JE variance	10,848	-	10,848
Total other expense	1,868,322	1,576,094	292,228
Total expense	26,416,030	18,798,559	7,617,471
Operating income	(5,736,393)	601,053	(6,337,446)
Non-operating activities:			
Gain on sale of assets	4,267,286	-	4,267,286
General insurance	2,617,092	-	2,617,092
Priest benefits	(246,803)	-	(246,803)
Total adminstrative revenue:	6,637,575	-	6,637,575
Net income (loss)	$ 901,182	$ 601,053	$ 300,129
Adjusted cash from operations:			
Operating income	$ (5,736,393)	$ 601,053	$ (6,337,446)
Special issues	7,903,724	-	7,903,724
Operating income before special issues	2,167,331	601,053	1,566,278
Depreciation	743,834	471,007	272,827
Adjusted cash from operations	$ 2,911,165	$ 1,072,060	$ 1,839,105

ARCHDIOCESE OF ST. PAUL AND MINNEAPOLIS
FEASIBILITY ANALYIS
August 31, 2016

Feasibility:

Adjusted cash from operations	$	2,911,165
Projected debt payment		(2,448,285)
Excess cash from operations	$	462,880

Principal	$	38,005,869
Term		30
Interest Rate		5.00%
Monthly payment	$	204,024
Annual payments	$	2,448,285

EXHIBIT D
TO
DISCLOSURE STATEMENT

Real Property Values

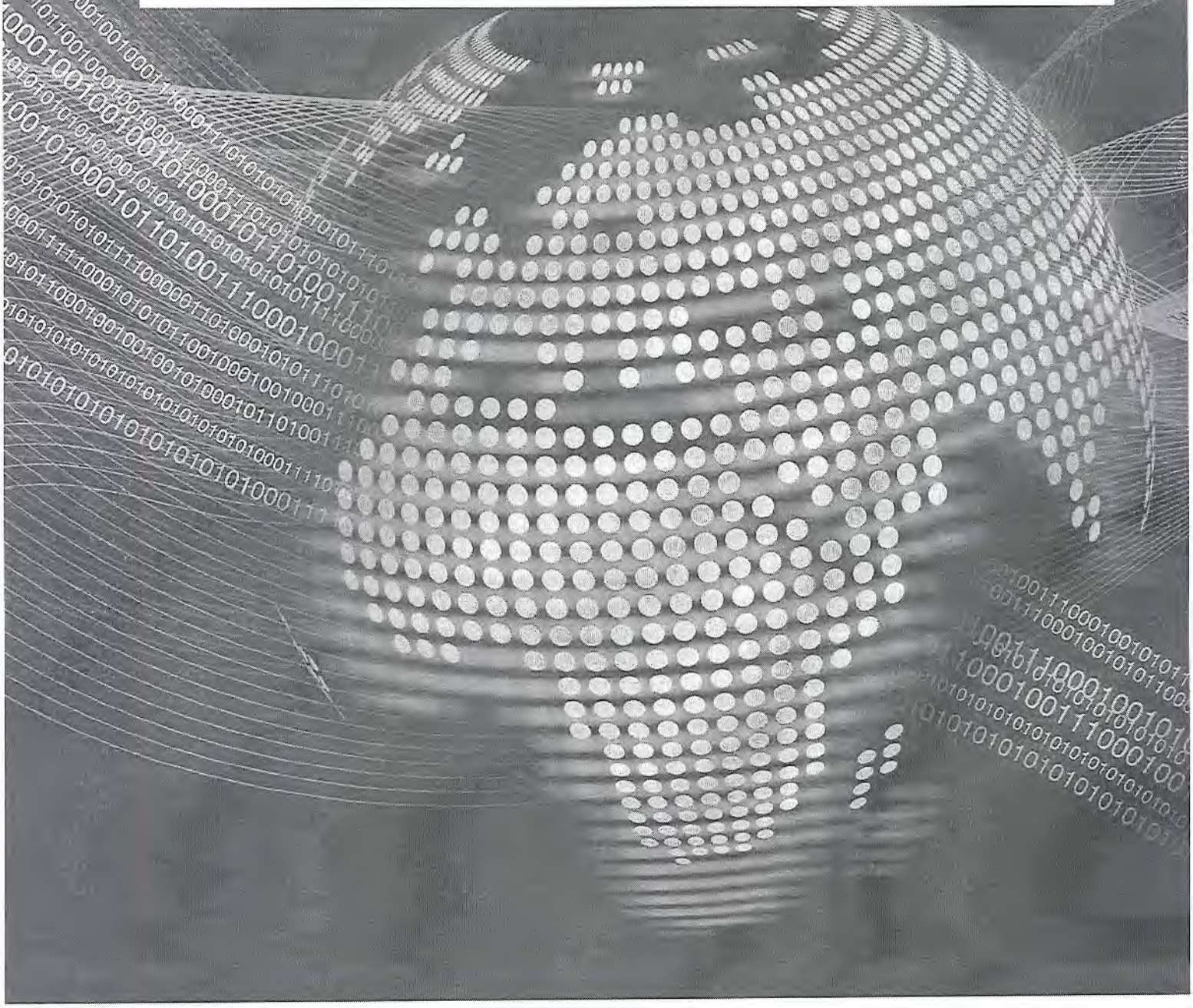
APPRAISAL REPORT

THE CATHEDRAL OF ST. PAUL
225 Summit Avenue
St. Paul, Ramsey County, Minnesota 55102
CBRE, Inc. File No. 15-178MN-1124-3

Ed Caldie
Partner
STINSON LEONARD STREET, LLP
150 South 5th Street, Suite 2300
Minneapolis, Minnesota 55402

www.cbre.com/valuation

CBRE



CBRE

81 South 9th Street, Suite 410
Minneapolis, MN 55402

T (612) 336-4227
F (612) 336-4352

www.cbre.com

May 20, 2016

Ed Caldie
Partner
STINSON LEONARD STREET, LLP
150 South 5th Street, Suite 2300
Minneapolis, Minnesota 55402

RE: Appraisal of The Cathedral of St. Paul
225 Summit Avenue
St. Paul, Ramsey County, Minnesota
CBRE, Inc. File No. 15-178MN-1124-3

Dear Mr. Caldie:

At your request and authorization, CBRE, Inc. has prepared an appraisal of the market value of the referenced property. Our analysis is presented in the following Appraisal Report.

The subject of this appraisal is The Cathedral of St. Paul, in St. Paul, MN. The Cathedral was designed by prominent Beaux-Arts architect Emmanuel Masqueray, whom also designed the subject's "co-Cathedral," The Basilica of St. Mary in Minneapolis. The two buildings serve as "co-Cathedrals" for the Archdiocese of St. Paul and Minneapolis (Catholic faith). A Cathedral is defined as "having a bishop's chair." It represents a symbol of governing authority and the distinction of being the "Mother Church" of the area in which the bishop presides. As per *The Cathedral of St. Paul; An Architectural Biography*, "Apart from being the seat of episcopal authority, it (a Cathedral) is the highest material expression of the faith of its people." The building is generally viewed as being of Classical Revival architecture, with Modified Renaissance and Beaux-Arts elements.

The exterior of The Cathedral is constructed of Rockville granite, which was quarried near St. Cloud. The interior walls consist primarily of American travertine from Mankato. The building has a Greek cross design and is highlighted by its immense "out of scale" copper dome with a 120' outside diameter and 280' height. The cornerstone was laid in 1907, and the main structure of the building was declared complete in 1914. The Cathedral's dome was replaced in 2000-2002, and its exterior was cleaned and re-tuck-pointed at that time. The $35 million dollar project is referenced as a "once-in-100-years" project. The main sanctuary has an estimated capacity of 3,000 people. The Cathedral is said to be the 3rd largest church in the United States and the 4th tallest. The Cathedral is accompanied on site by a 3-story rectory, which was

© 2014 CBRE Inc.

constructed in 1924 (simultaneously with the Cathedral's sacristy). The property is currently in overall good condition given its age.

It sits atop Cathedral Hill in the Historic Hill District in St. Paul, and has sweeping views of downtown St. Paul and the surrounding area.

In addition to a market value opinion, a 180-day Liquidation Value is provided at the request of the client. Based on the analysis contained in the following report, the conclusions of value for the subject are as follows:

VALUE CONCLUSIONS

Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
As Is - Market Value	Fee Simple Estate	March 7, 2016	$19,750,000
As Is - Liquidation Value	Fee Simple Estate	March 7, 2016	$9,880,000

Compiled by CBRE

The report, in its entirety, including all assumptions and limiting conditions, is an integral part of, and inseparable from, this letter.

The following appraisal sets forth the most pertinent data gathered, the techniques employed, and the reasoning leading to the opinion of value. The analyses, opinions and conclusions were developed based on, and this report has been prepared in conformance with, the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP), the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute. It also conforms to Title XI Regulations and the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) updated in 1994 and further updated by the Interagency Appraisal and Evaluation Guidelines promulgated in 2010.

The intended use and user of our report are specifically identified in our report as agreed upon in our contract for services and/or reliance language found in the report. No other use or user of the report is permitted by any other party for any other purpose. Dissemination of this report by any party to any non-intended users does not extend reliance to any such party, and CBRE will not be responsible for any unauthorized use of or reliance upon the report, its conclusions or contents (or any portion thereof).

It has been a pleasure to assist you in this assignment. If you have any questions concerning the analysis, or if CBRE can be of further service, please contact us.

Respectfully submitted,

CBRE - VALUATION & ADVISORY SERVICES

Scott Siemens, MAI
Vice President
Certified General Real Property Appraiser
State of MN No. 40027702
Phone: 612-336-4227
Email: scott.siemens@cbre.com

Mike Moynagh, MAI
Managing Director
Certified General Real Property Appraiser
State of MN No. 4000726
Phone: 612-336-4300
Email: mike.moynagh@cbre.com

Certification

We certify to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in or bias with respect to the property that is the subject of this report and have no personal interest in or bias with respect to the parties involved with this assignment.
4. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
5. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
6. This appraisal assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
7. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, as well as the requirements of the State of Minnesota.
8. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
9. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
10. As of the date of this report, Scott Siemens, MAI and Mike Moynagh, MAI have completed the continuing education program for Designated Members of the Appraisal Institute.
11. Scott Siemens, MAI and Mike Moynagh, MAI have made a personal inspection of the property that is the subject of this report.
12. No one provided significant real property appraisal assistance to the persons signing this report.
13. Valuation & Advisory Services operates as an independent economic entity within CBRE, Inc. Although employees of other CBRE, Inc. divisions may be contacted as a part of our routine market research investigations, absolute client confidentiality and privacy were maintained at all times with regard to this assignment without conflict of interest.
14. Scott Siemens, MAI has not and Mike Moynagh, MAI has not provided any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

Scott Siemens, MAI
Certified General Real Property Appraiser

Mike Moynagh, MAI
Certified General Real Property Appraiser

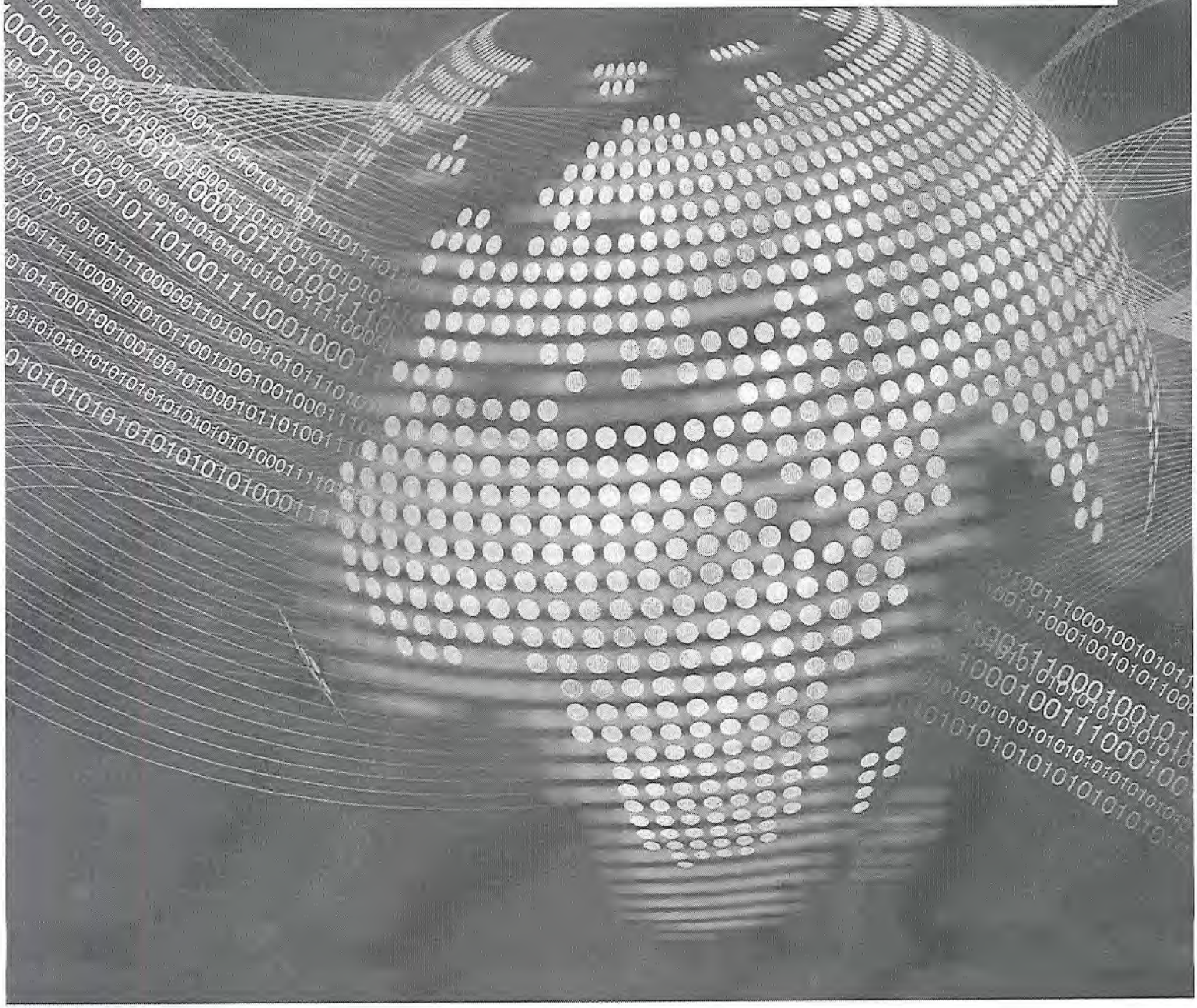
APPRAISAL REPORT

BENILDE-ST. MARGARET'S SCHOOL
2501 State Highway 100 South
St. Louis Park, Hennepin County, MN 55416
CBRE, Inc. File No. 15-178MN-1124-5

Ed Caldie
Partner
STINSON LEONARD STREET, LLP
150 South 5th Street, Suite 2300
Minneapolis, Minnesota 55402

www.cbre.com/valuation

CBRE



VALUATION & ADVISORY SERVICES

CBRE

81 South 9th Street, Suite 410
Minneapolis, MN 55402

T (612) 336-4227
F (612) 336-4352

www.cbre.com

April 15, 2016

Ed Caldie
Partner
STINSON LEONARD STREET, LLP
150 South 5th Street, Suite 2300
Minneapolis, Minnesota 55402

RE: Appraisal of Benilde-St. Margaret's School
2501 State Highway 100 South
St. Louis Park, Hennepin County, MN
CBRE, Inc. File No. 15-178MN-1124-5

Dear Mr. Caldie:

At your request and authorization, CBRE, Inc. has prepared an appraisal of the market value of the referenced property. Our analysis is presented in the following Appraisal Report.

The subject of this appraisal is a 199,428 square foot school facility (special use property), which is located at 2501 State Highway 100 South in St. Louis Park, Minnesota. The improvements were originally constructed in 1960, and were subsequently expanded in 1986 and 2000. They are in overall below-average condition. The improvements are situated on the west side of a 31.97-acre site along the east side of Highway 100. The large site provides the school suitable space for athletic fields, with relatively suitable parking. The subject is currently operated as Benilde-St. Margaret's School, whom has occupied the facility since construction. Benilde-St. Margaret's is a Catholic, college-preparatory school (grades 7-12) with 2015/2016 enrollment of 1,127 students. The school's maximum capacity is reported as being 1,200 students, equating to 166 SF of GBA per potential student.

In addition to a market value opinion, a 180-day Liquidation Value is provided at the request of the client. Based on the analysis contained in the following report, the conclusions of value for the subject are as follows:

VALUE CONCLUSIONS

Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
As Is - Market Value	Fee Simple Estate	March 3, 2016	$11,000,000
As Is - Liquidation Value	Fee Simple Estate	March 3, 2016	$6,600,000

Compiled by CBRE

The report, in its entirety, including all assumptions and limiting conditions, is an integral part of, and inseparable from, this letter.

The following appraisal sets forth the most pertinent data gathered, the techniques employed, and the reasoning leading to the opinion of value. The analyses, opinions and conclusions were developed based on, and this report has been prepared in conformance with, the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP), the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute. It also conforms to Title XI Regulations and the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) updated in 1994 and further updated by the Interagency Appraisal and Evaluation Guidelines promulgated in 2010.

The intended use and user of our report are specifically identified in our report as agreed upon in our contract for services and/or reliance language found in the report. No other use or user of the report is permitted by any other party for any other purpose. Dissemination of this report by any party to any non-intended users does not extend reliance to any such party, and CBRE will not be responsible for any unauthorized use of or reliance upon the report, its conclusions or contents (or any portion thereof).

It has been a pleasure to assist you in this assignment. If you have any questions concerning the analysis, or if CBRE can be of further service, please contact us.

Respectfully submitted,

CBRE - VALUATION & ADVISORY SERVICES

Scott Siemens, MAI
Vice President
Certified General Real Property Appraiser
State of MN No. 40027702
Phone: 612-336-4227
Email: scott.siemens@cbre.com

Mike Moynagh, MAI
Managing Director
Certified General Real Property Appraiser
State of MN No. 4000726
Phone: 612-336-4300
Email: mike.moynagh@cbre.com

Certification

We certify to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in or bias with respect to the property that is the subject of this report and have no personal interest in or bias with respect to the parties involved with this assignment.
4. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
5. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
6. This appraisal assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
7. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, as well as the requirements of the State of Minnesota.
8. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
9. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
10. As of the date of this report, Scott Siemens, MAI and Mike Moynagh, MAI have completed the continuing education program for Designated Members of the Appraisal Institute.
11. Scott Siemens, MAI and Mike Moynagh, MAI have made a personal inspection of the property that is the subject of this report.
12. No one provided significant real property appraisal assistance to the persons signing this report.
13. Valuation & Advisory Services operates as an independent economic entity within CBRE, Inc. Although employees of other CBRE, Inc. divisions may be contacted as a part of our routine market research investigations, absolute client confidentiality and privacy were maintained at all times with regard to this assignment without conflict of interest.
14. Scott Siemens, MAI has not and Mike Moynagh, MAI has not provided any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

Scott Siemens, MAI
Certified General Real Property Appraiser

Mike Moynagh, MAI
Certified General Real Property Appraiser

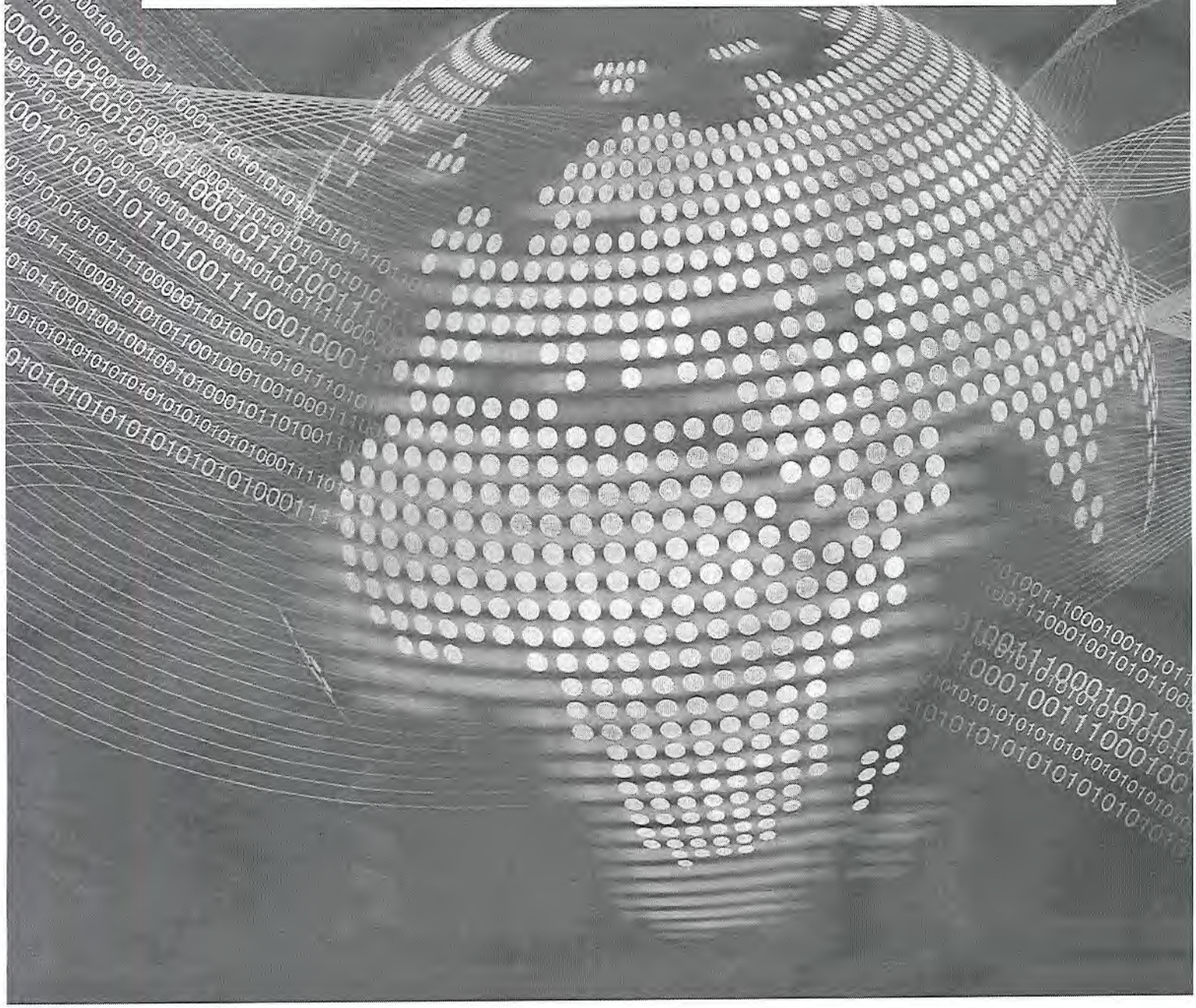
APPRAISAL REPORT

TOTINO-GRACE HIGH SCHOOL
1350 Gardena Avenue NE
Fridley, Anoka County, Minnesota 55432
CBRE, Inc. File No. 15-178MN-1124-6

Ed Caldie
Partner
STINSON LEONARD STREET, LLP
150 South 5th Street, Suite 2300
Minneapolis, Minnesota 55402

www.cbre.com/valuation

CBRE



VALUATION & ADVISORY SERVICES

CBRE

81 South 9th Street, Suite 410
Minneapolis, MN 55402

T (612) 336-4227
F (612) 336-4352

www.cbre.com

April 15, 2016

Ed Caldie
Partner
STINSON LEONARD STREET, LLP
150 South 5th Street, Suite 2300
Minneapolis, Minnesota 55402

RE: Appraisal of Totino-Grace High School
1350 Gardena Avenue NE
Fridley, Anoka County, Minnesota
CBRE, Inc. File No. 15-178MN-1124-6

Dear Mr. Caldie:

At your request and authorization, CBRE, Inc. has prepared an appraisal of the market value of the referenced property. Our analysis is presented in the following Appraisal Report.

The subject of this appraisal is a 187,893 square foot school facility (special use property), which is located at 1350 Gardena Avenue NE in Fridley, Minnesota. The improvements were originally constructed in 1965, and were subsequently expanded in 1977 and 2010. They are in overall average condition and consist of three primary buildings (not including a maintenance garage and shed). Two of the buildings are connected and one is detached. The improvements are situated in the northeast corner of a 30.27-acre site along the south side of Gardena Avenue NE. The large site provides the school suitable space for parking and athletic fields. The subject is currently operated as Totino-Grace High School, whom has occupied the facility since construction. Totino-Grace is a Catholic, college-preparatory school (grades 9-12) with 2015/2016 enrollment of approximately 750 students. The school's maximum capacity is reported as being 1,100 students, equating to 171 SF of GBA per potential student.

In addition to a market value opinion, a 180-day Liquidation Value is provided at the request of the client. Based on the analysis contained in the following report, the conclusions of value for the subject are as follows:

VALUE CONCLUSIONS

Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
As Is - Market Value	Fee Simple Estate	March 10, 2016	$10,950,000
As Is - Liquidation Value	Fee Simple Estate	March 10, 2016	$6,570,000

Compiled by CBRE

The report, in its entirety, including all assumptions and limiting conditions, is an integral part of, and inseparable from, this letter.

The following appraisal sets forth the most pertinent data gathered, the techniques employed, and the reasoning leading to the opinion of value. The analyses, opinions and conclusions were developed based on, and this report has been prepared in conformance with, the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP), the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute. It also conforms to Title XI Regulations and the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) updated in 1994 and further updated by the Interagency Appraisal and Evaluation Guidelines promulgated in 2010.

The intended use and user of our report are specifically identified in our report as agreed upon in our contract for services and/or reliance language found in the report. No other use or user of the report is permitted by any other party for any other purpose. Dissemination of this report by any party to any non-intended users does not extend reliance to any such party, and CBRE will not be responsible for any unauthorized use of or reliance upon the report, its conclusions or contents (or any portion thereof).

It has been a pleasure to assist you in this assignment. If you have any questions concerning the analysis, or if CBRE can be of further service, please contact us.

Respectfully submitted,

CBRE - VALUATION & ADVISORY SERVICES

Scott Siemens, MAI
Vice President
Certified General Real Property Appraiser
State of MN No. 40027702
Phone: 612-336-4227
Email: scott.siemens@cbre.com

Mike Moynagh, MAI
Managing Director
Certified General Real Property Appraiser
State of MN No. 4000726
Phone: 612-336-4300
Email: mike.moynagh@cbre.com

Certification

We certify to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in or bias with respect to the property that is the subject of this report and have no personal interest in or bias with respect to the parties involved with this assignment.
4. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
5. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
6. This appraisal assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
7. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, as well as the requirements of the State of Minnesota.
8. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
9. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
10. As of the date of this report, Scott Siemens, MAI and Mike Moynagh, MAI have completed the continuing education program for Designated Members of the Appraisal Institute.
11. Scott Siemens, MAI and Mike Moynagh, MAI have made a personal inspection of the property that is the subject of this report.
12. No one provided significant real property appraisal assistance to the persons signing this report.
13. Valuation & Advisory Services operates as an independent economic entity within CBRE, Inc. Although employees of other CBRE, Inc. divisions may be contacted as a part of our routine market research investigations, absolute client confidentiality and privacy were maintained at all times with regard to this assignment without conflict of interest.
14. Scott Siemens, MAI has not and Mike Moynagh, MAI has not provided any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

Scott Siemens, MAI
Certified General Real Property Appraiser

Mike Moynagh, MAI
Certified General Real Property Appraiser

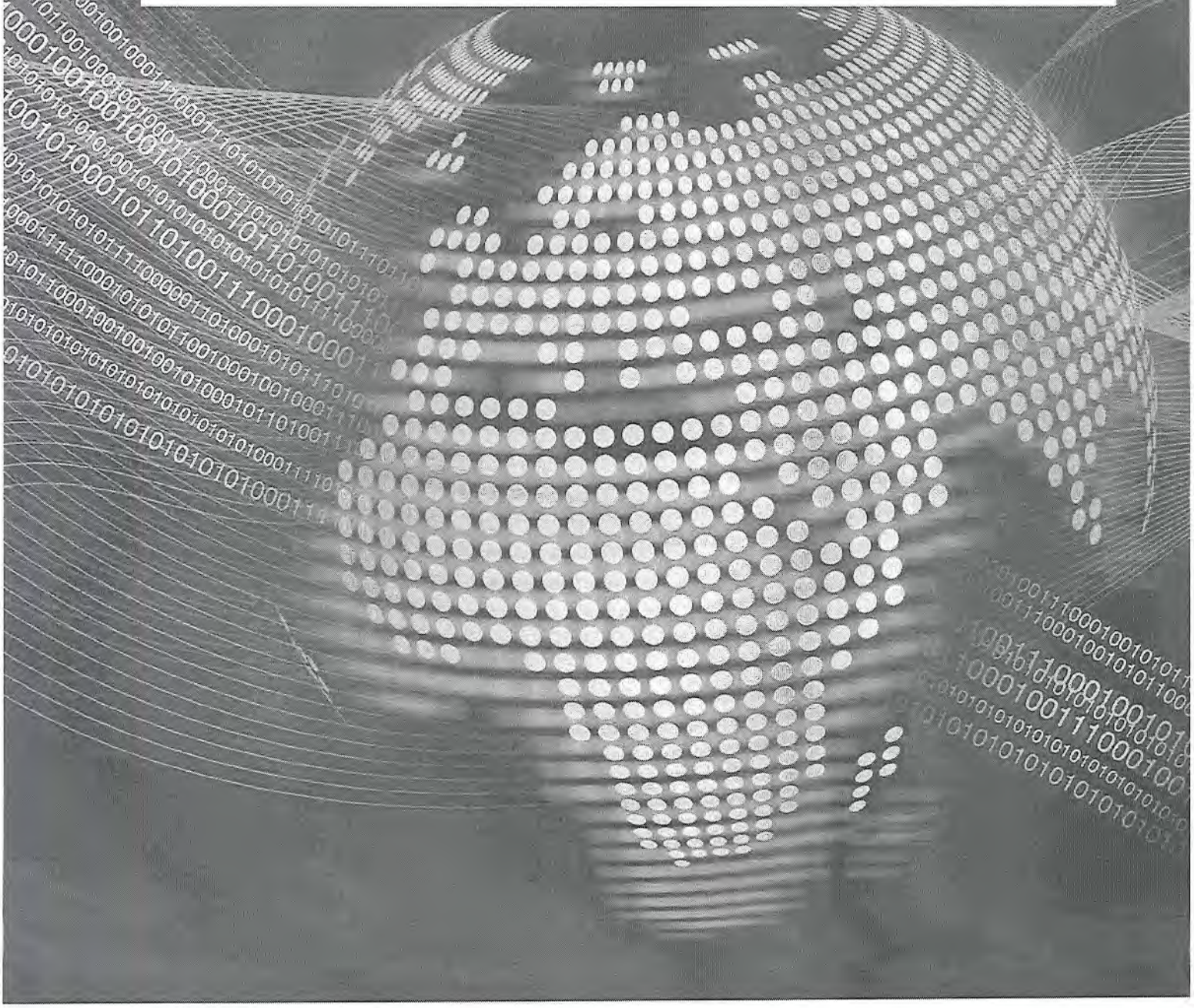
APPRAISAL REPORT

DELASALLE HIGH SCHOOL
One DeLaSalle Drive
Minneapolis, Hennepin County, Minnesota 55401
CBRE, Inc. File No. 15-178MN-1124-4

Ed Caldie
Partner
STINSON LEONARD STREET, LLP
150 South 5th Street, Suite 2300
Minneapolis, Minnesota 55402

www.cbre.com/valuation

CBRE



VALUATION & ADVISORY SERVICES

CBRE

81 South 9th Street, Suite 410
Minneapolis, MN 55402

T (612) 336-4227
F (612) 336-4352

www.cbre.com

April 26, 2016

Ed Caldie
Partner
STINSON LEONARD STREET, LLP
150 South 5th Street, Suite 2300
Minneapolis, Minnesota 55402

RE: Appraisal of DeLaSalle High School
One DeLaSalle Drive
Minneapolis, Hennepin County, Minnesota
CBRE, Inc. File No. 15-178MN-1124-4

Dear Mr. Caldie:

At your request and authorization, CBRE, Inc. has prepared an appraisal of the market value of the referenced property. Our analysis is presented in the following Appraisal Report.

The subject of this appraisal is a 141,648 square foot school facility (special use property), which is located at One DeLaSalle Drive, in Minneapolis, Minnesota. More specifically, the subject is located on Nicollet Island just east of downtown Minneapolis. The improvements were originally constructed in 1922, and were subsequently expanded in 1950, 1959, 1999, and 2002. The subject is currently being expanded by 14,860 SF, which will result in a total school size of 156,508 SF. In addition to being expanded, a portion of the building is also being remodeled/converted to additional cross-curricular learning space. The subject is currently in good condition. We are assuming that it will remain in good condition upon completion of the remodel/expansion. The improvements consist of two school buildings (Building A and Building B) which were connected over the years into one facility; as well as the Christian Brothers' residence, which is partially used for the school's office/administrative purposes.

The improvements are situated in the center of a 6.67-acre site, which sits along the north side of 1st Avenue / Hennepin Avenue. The site provides the school with 175 parking spaces, as well as a single athletic field (football / soccer field). A portion of the field resides on Minneapolis Park and Recreation Board (MPRB) land. A reciprocal use agreement is currently in place, essentially sharing the field's use with MPRB.

The subject is currently operated as DeLaSalle High School, whom has occupied the facility since construction. DeLaSalle is a Catholic, college-preparatory school with 2015/2016 enrollment of approximately 760 students. The school's maximum capacity is reported as being 800 students, equating to a projected 196 SF of GBA per potential student upon completion.

At the request of the client, an "as complete" prospective market value opinion is provided in this appraisal. The subject is currently being expanded/remodeled, and is scheduled to be completed by next school year (Fall 2016). We are assuming a remaining 5-month construction period, resulting in a projected completion date of August 14, 2016. **An "as is" market value is not provided in this appraisal.**

In addition to a prospective market value opinion, a 180-day Liquidation Value is provided at the request of the client. This value is also prospective (August 14, 2016) and based upon our projected completion date. Based on the analysis contained in the following report, the conclusions of value for the subject are as follows:

VALUE CONCLUSIONS

Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
As Complete - Market Value	Fee Simple Estate	August 14, 2016	$15,380,000
As Complete - Liquidation Value	Fee Simple Estate	August 14, 2016	$10,000,000

Compiled by CBRE

It should be noted; the value conclusions are prospective, as of August 14, 2016.

The report, in its entirety, including all assumptions and limiting conditions, is an integral part of, and inseparable from, this letter.

The following appraisal sets forth the most pertinent data gathered, the techniques employed, and the reasoning leading to the opinion of value. The analyses, opinions and conclusions were developed based on, and this report has been prepared in conformance with, the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP), the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

The intended use and user of our report are specifically identified in our report as agreed upon in our contract for services and/or reliance language found in the report. No other use or user of the report is permitted by any other party for any other purpose. Dissemination of this report by any party to any non-intended users does not extend reliance to any such party, and CBRE will not be responsible for any unauthorized use of or reliance upon the report, its conclusions or contents (or any portion thereof).

It has been a pleasure to assist you in this assignment. If you have any questions concerning the analysis, or if CBRE can be of further service, please contact us.

Respectfully submitted,

CBRE - VALUATION & ADVISORY SERVICES

Scott Siemens, MAI
Vice President
Certified General Real Property Appraiser
State of MN No. 40027702
Phone: 612-336-4227
Email: scott.siemens@cbre.com

Mike Moynagh, MAI
Managing Director
Certified General Real Property Appraiser
State of MN No. 4000726
Phone: 612-336-4300
Email: mike.moynagh@cbre.com

Certification

We certify to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in or bias with respect to the property that is the subject of this report and have no personal interest in or bias with respect to the parties involved with this assignment.
4. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
5. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
6. This appraisal assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
7. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, as well as the requirements of the State of Minnesota.
8. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
9. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
10. As of the date of this report, Scott Siemens, MAI and Mike Moynagh, MAI have completed the continuing education program for Designated Members of the Appraisal Institute.
11. Scott Siemens, MAI and Mike Moynagh, MAI have made a personal inspection of the property that is the subject of this report.
12. No one provided significant real property appraisal assistance to the persons signing this report.
13. Valuation & Advisory Services operates as an independent economic entity within CBRE, Inc. Although employees of other CBRE, Inc. divisions may be contacted as a part of our routine market research investigations, absolute client confidentiality and privacy were maintained at all times with regard to this assignment without conflict of interest.
14. Scott Siemens, MAI has not and Mike Moynagh, MAI has not provided any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

Scott Siemens, MAI
Certified General Real Property Appraiser

Mike Moynagh, MAI
Certified General Real Property Appraiser

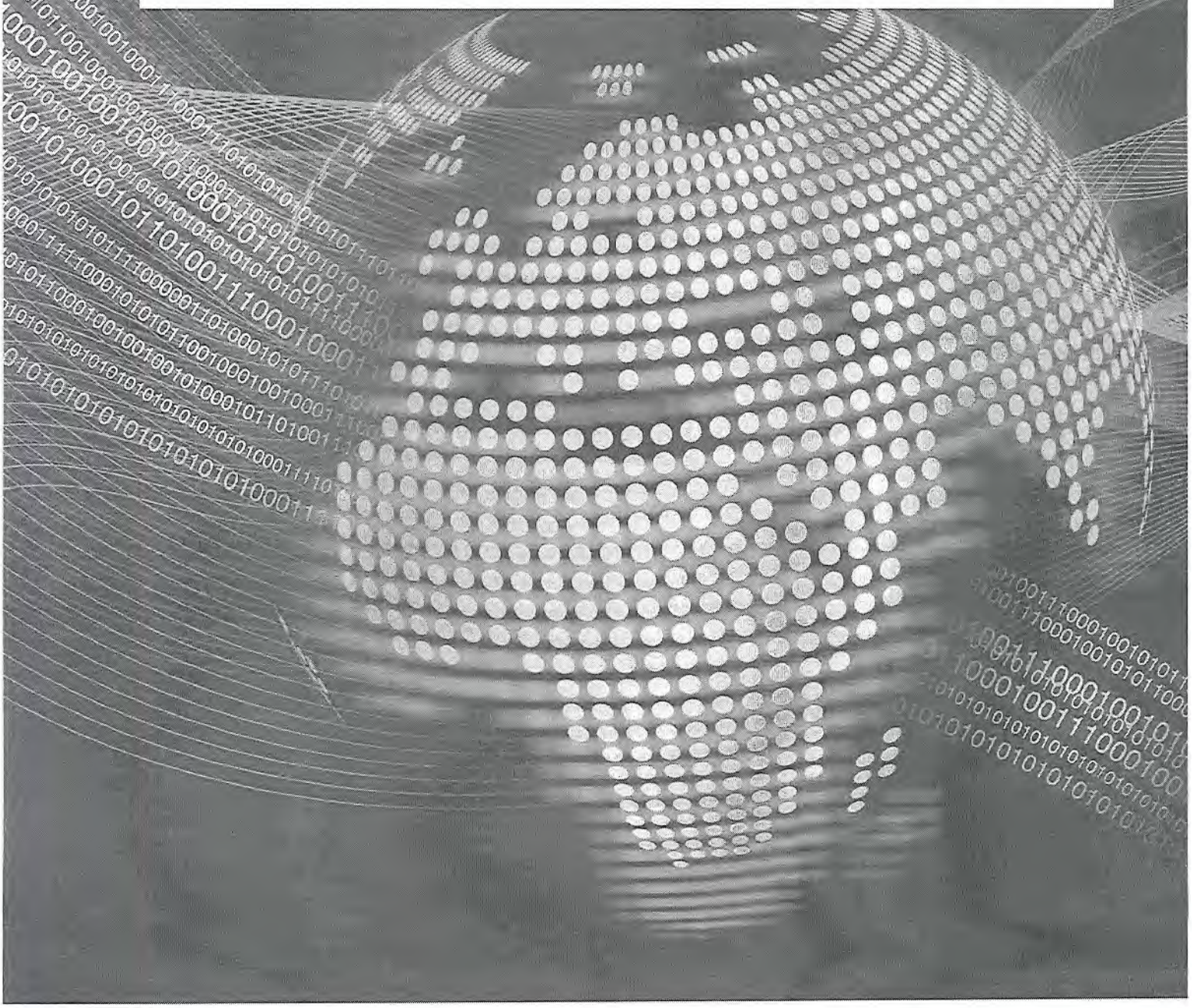
APPRAISAL REPORT

GICHITWAA KATERI CATHOLIC CHURCH
3045 Park Avenue
Minneapolis, Hennepin County, Minnesota 55407
CBRE, Inc. File No. 15-178MN-1124-2

Ed Caldie
Partner
STINSON LEONARD STREET, LLP
150 South 5th Street, Suite 2300
Minneapolis , Minnesota 55402

www.cbre.com/valuation

CBRE



VALUATION & ADVISORY SERVICES

CBRE

81 South 9th Street, Suite 410
Minneapolis, MN 55402

T (612) 336-4227
F (612) 336-4352

www.cbre.com

April 11, 2016

Ed Caldie
Partner
STINSON LEONARD STREET, LLP
150 South 5th Street, Suite 2300
Minneapolis, Minnesota 55402

RE: Appraisal of Gichitwaa Kateri Catholic Church
3045 Park Avenue
Minneapolis, Hennepin County, Minnesota
CBRE, Inc. File No. 15-178MN-1124-2

Dear Mr. Caldie:

At your request and authorization, CBRE, Inc. has prepared an appraisal of the market value of the referenced property. Our analysis is presented in the following Appraisal Report.

The subject is an 8,151 square foot religious facility (church), which is located at 3045 Park Avenue in the Central neighborhood of Minneapolis, MN. The building was constructed in 1960, is in overall average condition, and is currently occupied by the Gichitwaa Kateri Catholic Church. It is comprised of 7,151 SF of finished above-grade area and a partial 1,000 SF storage basement. The building is situated on a 12,555 SF site in the northeast corner of the Park Avenue / 31st Street East intersection. The intersection provides good visibility to the site.

Based on the analysis contained in the following report, the market value of the subject is concluded as follows:

MARKET VALUE CONCLUSION

Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
As Is	Fee Simple Estate	February 20, 2016	$460,000

Compiled by CBRE

The client has also requested a 180-day Liquidation Value; however, the requested liquidation timeframe is synonymous with our projected exposure time (6 months), and a Liquidation Value would therefore be similar to our market value conclusion.

The report, in its entirety, including all assumptions and limiting conditions, is an integral part of, and inseparable from, this letter.

The following appraisal sets forth the most pertinent data gathered, the techniques employed, and the reasoning leading to the opinion of value. The analyses, opinions and conclusions were developed based on, and this report has been prepared in conformance with, the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP), the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

The intended use and user of our report are specifically identified in our report as agreed upon in our contract for services and/or reliance language found in the report. No other use or user of the report is permitted by any other party for any other purpose. Dissemination of this report by any party to any non-intended users does not extend reliance to any such party, and CBRE will not be responsible for any unauthorized use of or reliance upon the report, its conclusions or contents (or any portion thereof).

It has been a pleasure to assist you in this assignment. If you have any questions concerning the analysis, or if CBRE can be of further service, please contact us.

Respectfully submitted,

CBRE - VALUATION & ADVISORY SERVICES

Scott Siemens, MAI
Vice President
Certified General Real Property Appraiser
State of MN No. 40027702
Phone: 612-336-4227
Email: scott.siemens@cbre.com

Mike Moynagh, MAI
Managing Director
Certified General Real Property Appraiser
State of MN No. 4000726
Phone: 612-336-4300
Email: mike.moynagh@cbre.com

Certification

We certify to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in or bias with respect to the property that is the subject of this report and have no personal interest in or bias with respect to the parties involved with this assignment.
4. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
5. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
6. This appraisal assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
7. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, as well as the requirements of the State of Minnesota.
8. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
9. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
10. As of the date of this report, Scott Siemens, MAI and Mike Moynagh, MAI have completed the continuing education program for Designated Members of the Appraisal Institute.
11. Scott Siemens, MAI and Mike Moynagh, MAI have made a personal inspection of the property that is the subject of this report.
12. No one provided significant real property appraisal assistance to the persons signing this report.
13. Valuation & Advisory Services operates as an independent economic entity within CBRE, Inc. Although employees of other CBRE, Inc. divisions may be contacted as a part of our routine market research investigations, absolute client confidentiality and privacy were maintained at all times with regard to this assignment without conflict of interest.
14. Scott Siemens, MAI has not and Mike Moynagh, MAI has not provided any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

Scott Siemens, MAI
Certified General Real Property Appraiser

Mike Moynagh, MAI
Certified General Real Property Appraiser