

**UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF NEW YORK**

In re:

DIOCESE OF ROCHESTER,

Debtor.

Chapter 11

Case No. 19-20905-PRW

**NOTICE OF APPLICATION FOR ALLOWANCE AND PAYMENT OF
ADMINISTRATIVE EXPENSE PRIORITY CLAIMS FOR
DEBTOR'S BREACH OF CONTINENTAL SETTLEMENT AGREEMENT**

PLEASE TAKE NOTICE THAT, on November 7, 2023, The Continental Insurance Company ("Continental") filed its *Application for Allowance and Payment of Administrative Expense Priority Claims for Debtor's Breach of Continental Settlement Agreement* (the "Application") seeking entry of an order by the United States Bankruptcy Court for the Western District of New York (the "Court") pursuant to 11 U.S.C. §§ 503(b)(1)(A) and 507(a)(2) allowing and directing payment in full of Continental's claims for damages arising out of or attributable to the Debtor's breach of its settlement agreement with Continental.

PLEASE TAKE FURTHER NOTICE, pursuant to the Court's Order adopting the parties' joint litigation plan on October 23, 2023 [Docket No. 2280] (the "Joint Litigation Plan Order"), a hearing to consider the Application will be held on **January 30, 2024, at 11:00 a.m. (prevailing Eastern time)**, or as soon thereafter as counsel may appear and be heard, before the Honorable Paul R. Warren, United States Bankruptcy Judge for the Western District of New York, or such other judge as may be sitting in his stead, in the United States Courthouse at 100 State Street, Rochester, New York 14614.

PLEASE TAKE FURTHER NOTICE, pursuant to the Court's Joint Litigation Plan Order, objections to the Application must be electronically filed with the Court by **December 22, 2023**, and served upon the following parties: (i) The Diocese of Rochester, 1150 Buffalo Road, Rochester, New York 14624 (Attn: Lisa Passero); (ii) counsel for the Diocese, Bond, Schoeneck & King, PLLC, One Lincoln Center, Syracuse, New York 13202 (Attn: Stephen A. Donato, Charles J. Sullivan, and Grayson T. Walter); (iii) the Office of the United States Trustee, Federal Office Building, 100 State Street, Rochester, New York 14614 (Attn: Kathleen D. Schmitt) and the Office of the United States Trustee, 201 Varick Street, Suite 1006, New York, New York 10014 (Attn: Shannon A. Scott, Esq.); (iv) counsel for the Official Committee of Unsecured Creditors, Pachulski Stang Ziehl & Jones, LLP, 780 Third Avenue, 34th Floor, New York, New York 10017 (Attn: Ilan D. Scharf); and (v) counsel for Continental at Barclay Damon LLP (Attn: Jeffrey A. Dove, Esq.), Barclay Damon Tower, 125 East Jefferson Street, Syracuse, New York 13202; Crowell & Moring LLP (Attn: Mark D. Plevin, Esq.), Three Embarcadero Center, 26th Floor, San Francisco, California 94111; David Christian Attorneys LLC (Attn: David C. Christian II, Esq.),

105 West Madison Street, Suite 1400, Chicago, Illinois 60602; and Crowell & Moring LLP (Attn: Miranda H. Turner, Esq.), 1001 Pennsylvania Avenue, N.W., Washington, D.C. 20004.

PLEASE TAKE FURTHER NOTICE that the Application is on file with the Office of the Clerk of the Court for review during normal business hours (where a fee may be charged) or via the Court's electronic case management system at <https://ecf.nywb.uscourts.gov>. The Application is also available free-of-charge on the website maintained for this bankruptcy case by Stretto, the claims agent appointed by this Court, at <https://case.stretto.com/rochesterdiocese/docket>.

Dated: November 7, 2023

Respectfully submitted,

By: /s/Jeffrey A. Dove
Jeffrey A. Dove
BARCLAY DAMON LLP
Barclay Damon Tower
125 East Jefferson Street
Syracuse, New York 13202
Telephone: (315) 413-7112
jdove@barclaydamon.com

Mark D. Plevin
CROWELL & MORING LLP
Three Embarcadero Center, 26th Floor
San Francisco, California 94111
Telephone: (415) 986-2800
mplevin@crowell.com

David Christian
DAVID CHRISTIAN ATTORNEYS LLC
105 West Madison Street, Suite 1400
Chicago, Illinois 60602
Telephone: (312) 282-5282
dchristian@dca.law

Miranda H. Turner
CROWELL & MORING LLP
1001 Pennsylvania Avenue, N.W.
Washington, DC 20004
Telephone: (202) 624-2500
mturner@crowell.com

*Attorneys for The Continental Insurance Company,
successor by merger to Commercial Insurance
Company of Newark, New Jersey and Firemen's
Insurance Company of Newark, New Jersey*

**UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF NEW YORK**

In re:

DIOCESE OF ROCHESTER,

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Case No. 19-20905-PRW

**APPLICATION FOR ALLOWANCE AND PAYMENT OF
ADMINISTRATIVE EXPENSE PRIORITY CLAIMS FOR
DEBTOR'S BREACH OF CONTINENTAL SETTLEMENT AGREEMENT**

The Continental Insurance Company, successor by merger to Commercial Insurance Company of Newark, New Jersey, and Firemen's Insurance Company of Newark, New Jersey ("Continental"), hereby applies for entry of an order pursuant to 11 U.S.C. §§ 503(b)(1)(A) and 507(a)(2) allowing and directing payment in full of Continental's claims for damages arising out of or attributable to the Debtor's breach of its settlement agreement with Continental.

In support thereof, Continental respectfully states as follows:

Jurisdiction and Venue

1. On September 12, 2019, the Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code commencing the above-captioned bankruptcy case (the "Bankruptcy Case") in the United States Bankruptcy Court for the Western District of New York (the "Bankruptcy Court" or this "Court").

2. This Court has jurisdiction over this application pursuant to 28 U.S.C. § 1334(b) and 157.

3. Venue is proper in this Court pursuant to 28 U.S.C. §§ 1408 and 1409 because this action is related to the Bankruptcy Case.

4. This matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A) and (B).

Background

5. The Debtor is a New York religious corporation erected to serve Latin Rite Catholics in the geographical area comprised of the counties of Monroe, Wayne, Yates, Ontario, Cayuga, Seneca, Tompkins, Tioga, Chemung, Schuyler, Livingston, and Steuben in the State of New York (the “Diocese”) with its episcopal see and principal place of business in Rochester, New York

6. In the Bankruptcy Case, the Debtor, its parishes, and other Catholic entities within the Diocese face numerous claims pertaining to sex abuse allegedly perpetrated by priests and other persons working or volunteering for the Debtor or within the Diocese (the “Sex Abuse Claims”).

7. The Debtor tendered many of the Sex Abuse Claims to Continental, asserting that Continental issued liability insurance policies to the Debtor from 1943 to 1977 that potentially cover the tendered Sex Abuse Claims. In this application, the term “Continental Policies” will be used to refer to all liability insurance policies, whether known or unknown, issued or allegedly issued by Continental or any of its past or present affiliates and affording coverage to the Debtor, its parishes, or other Catholic entities within the Diocese. The use of the term “Continental Policies” is not an admission by Continental that it issued any policy whose existence or terms and conditions have not been proven.

8. On November 14, 2019, the Debtor also filed an adversary complaint in connection with the Bankruptcy Case against Continental and other insurance companies alleging claims for breach of contract and declaratory judgment (the “Coverage Adversary Proceeding”).

9. Continental disputed and continues to dispute that Continental issued the Continental Policies to the Debtor in many of the years asserted by the Debtor, Continental disputed and continues to dispute the existence and the extent of coverage under the Continental

Policies for at least some of the Sex Abuse Claims, and Continental disputed and continues to dispute the extent of the Debtor's liability for at least some of the Sex Abuse Claims.

10. Nonetheless, under a reservation of rights, and in a good faith effort to resolve its disputes with the Debtor, Continental agreed to negotiate with the Debtor over the purported Continental Policies and the Sex Abuse Claims, including during mediation ordered by this Court.

11. These efforts proved successful and ended in an agreement for Continental to buy back the Continental Policies for a purchase price of \$63.5 million (the "Continental Settlement Amount") under sections 363(b), (f), and (m) of the Bankruptcy Code, with the Continental Settlement Amount to be contributed to a trust for the benefit of holders of Sex Abuse Claims (the "Trust").

12. Continental then spent many hours and many thousands of dollars working with the Debtor to negotiate, draft, and finalize a definitive settlement agreement, a copy of which is attached hereto as "Exhibit A" and incorporated herein by reference (the "Continental Settlement Agreement").

13. In addition to providing Continental with finality through the exchange of the Continental Settlement Amount for a buyback of the Continental Policies and a channeling injunction, the Debtor and the other Diocese Parties (as defined in the Continental Settlement Agreement) represented and warranted to Continental that "they have not in any way assisted, and shall not in any way assist, any Person in the establishment or pursuit of any Claim or Tort Claim against Continental." Continental Settlement Agreement, § 6.4.

14. The Debtor and Continental also negotiated in detail and documented limited provisions for termination of the Continental Settlement Agreement, *see* Continental Settlement Agreement, § 5.2, none of which have occurred.

15. In their negotiations, the Debtor and Continental did not agree to any so-called “fiduciary out” or similar provision that might have allowed the Debtor to withdraw from or terminate the Continental Settlement Agreement based on changed circumstances or a perceived “higher and better offer.”

16. To the contrary, the Debtor and Continental agreed in the Continental Settlement Agreement to mutually “cooperate fully in opposing” any action or proceeding to invalidate or prevent enforcement or carrying out of the Continental Settlement Agreement.

17. “Fiduciary out” provisions are often included in bankruptcy agreements, including settlement agreements with debtors-in-possession like the Continental Settlement Agreement.

18. The fact that the Debtor here did not negotiate for a “fiduciary out” in the Continental Settlement Agreement reflects the Debtor’s agreement that it did not have the right to exit the Continental Settlement Agreement free from consequences.

19. Continental’s entry into the Continental Settlement Agreement was in reliance on the fact that it did not include a “fiduciary out.”

20. The Continental Settlement Agreement also required that the plan of reorganization filed by the Debtor be in form and substance consistent with the Continental Settlement Agreement (a “Conforming Plan”).

21. Continental’s entry into the Continental Settlement Agreement was in reliance on the fact that the Debtor was required to file a Conforming Plan.

22. On May 20, 2022, in the Coverage Adversary Proceeding, the Debtor filed its *Motion to Approve Proposed Insurance Settlements to Fund Survivor Compensation Trust* (the “Insurance Settlement Motion”), and the Debtor filed the Insurance Settlement Motion again in the main Bankruptcy Case on June 23, 2022 [Docket No. 1538]. The Continental Settlement

Agreement was attached to the Insurance Settlement Motion as Exhibit D and incorporated therein by reference.

23. Each time the Debtor filed the Insurance Settlement Motion, it averred to this Court and its creditors that “the proposed settlement proceeds [are] sufficient and appropriate to adequately and fairly compensate the survivors for their injuries, and that the Diocese’s decision in agreeing to settle its coverage claims against the Settling Insurers [including Continental] more than satisfies the reasonableness standard of Bankruptcy Rule 9019 and the business judgment test under section 363 of the Bankruptcy Code.”

24. The Debtor further asserted in the Insurance Settlement Motion that “[e]ntering into the settlement agreements is in the best interests of the Diocese’s estate,” “the potential upside of continued [insurance coverage] litigation at this point is significantly outweighed by the potential downside, especially in light of the substantial settlement offers currently before the Court,” and the proposed settlements, including the Continental Settlement Agreement, would “(i) provide a concrete financial benefit to the estate, specifically earmarked for Survivor Claims; (ii) eliminate the underlying uncertainty of litigation; and (iii) avoid the expenditure of estate resources on expensive and time-consuming coverage litigation.”

25. Continental spent many hours and many thousands of dollars to draft a brief supporting the Insurance Settlement Motion and to exchange documents and prepare for depositions in support of the Insurance Settlement Motion.

26. Without Continental’s knowledge or consent, the Debtor subsequently agreed with the Official Committee of Unsecured Creditors appointed in the above-captioned case (the “Committee”) and others to assign its rights in the Continental Policies to the Trust. Under the Debtor’s new agreement with the Committee, the Trust will be controlled by the holders of Sex

Abuse Claims and entitled to litigate against Continental, rather than receiving a fixed sum from Continental under the Continental Settlement Agreement. The Debtor, the Committee, and certain Committee members formalized their arrangement in a Restructuring Support Agreement dated November 1, 2022 (together with all exhibits and schedules thereto, the “RSA”). *See Motion for Entry of an Order (I) Approving the RSA, (II) Authorizing the Diocese to Enter Into and Perform Under the RSA; (III) Approving the Committee Settlement, and (IV) Granting Related Relief* [Docket No. 1790] (the “RSA Motion”).

27. As part of the RSA, the Debtor agreed to cease all efforts to obtain approval of the Continental Settlement Agreement. In fact, not later than the date that the Debtor agreed to the RSA, the Debtor ceased all efforts to obtain approval of the Continental Settlement Agreement.

28. If approved, the RSA would obligate the Debtor to withdraw the Insurance Settlement Motion with prejudice upon confirmation of the chapter 11 plan required by the RSA.

29. If approved, the RSA would obligate the Debtor to file a plan that includes Stipulated Judgments, Litigation Claims (as defined in the RSA), and other provisions that are mutually incompatible with the Continental Settlement Agreement.

30. On March 24, 2023, the Debtor and the Committee filed the *Joint Chapter 11 Plan of Reorganization for the Diocese of Rochester* [Docket No. 2047] (the “Original Debtor’s Plan”). On September 13, 2023, the Debtor and the Committee filed the *First Amended Joint Chapter 11 Plan of Reorganization for the Diocese of Rochester* [Docket No. 2217] (the “Amended Debtor’s Plan” and, together with the Original Debtor’s Plan, the “Debtor’s Plan”).

31. The Debtor’s Plan is not a Conforming Plan.

32. Among other things, the Debtor's Plan provides that, "[u]pon the occurrence of the Effective Date, the . . . Insurance Settlement Motion shall be deemed withdrawn with prejudice." *See, e.g.,* Amended Debtor's Plan, § 12.6.

33. Under the Debtor's Plan, Continental faces liability for Stipulated Judgments, Litigation Claims, and other obligations arising out of the Debtor's alleged liability for the Sex Abuse Claims, which the Committee has asserted may total hundreds of millions of dollars.

34. It is vital to the proper functioning of the bankruptcy system that debtors abide by their postpetition agreements. Debtors do not have an implied unilateral right to renounce, repudiate, or otherwise escape an agreement prior to bankruptcy court approval. Indeed, if debtors were allowed to escape their postpetition agreements in such fashion, it would place debtors in a "precarious position when negotiating settlements" because the opposing parties "are entitled to reasonable assurance that their settlement agreements are valid and effective." *See PRLP 2011 Holdings, LLC v. Manuel Mediavilla, Inc. (In re Manuel Mediavilla, Inc.)*, 568 B.R. 551, 573 (B.A.P. 1st Cir. 2017) (per curiam).

35. The Debtor was aware of opposition by the Committee and others to the Continental Settlement Agreement when it entered into the Continental Settlement Agreement and filed the Insurance Settlement Motion.

36. The Debtor offers no unforeseen or changed circumstances that would require or permit the Debtor to renounce or repudiate the Continental Settlement Agreement.

37. Accordingly, contemporaneously with the filing of this application, Continental filed its *Adversary Complaint* [Docket No. 2312] against the Debtor, which seeks (a) judgment against the Debtor determining that the Debtor breached or anticipatorily breached its settlement agreement with Continental, (b) an award of damages to Continental from the Debtor, and (c) a

determination that such damages are entitled to administrative expense priority treatment pursuant to sections 503(b)(1)(A) and 507(a)(2) of the Bankruptcy Code (the “Continental Administrative Expense Claim”).

38. By this application, Continental requests entry of an order allowing the Continental Administrative Expense Claim and directing payment of the Continental Administrative Expense Claim in full pursuant to sections 503(b)(1)(A) and 507(a)(2) of the Bankruptcy Code.

Argument

39. The Bankruptcy Code provides priority payment status for administrative claims for services arising out of postpetition transactions. Specifically, section 503(b)(1)(A) of the Bankruptcy Code permits administrative expense claims for “the actual, necessary costs and expenses of preserving the estate.” Pursuant to section 507(a)(2) of the Bankruptcy Code, those administrative expense claims are entitled to priority status.

40. “Administrative expenses are afforded this priority to facilitate reorganization effort by encouraging third parties, who might otherwise be reluctant to deal with a debtor-in-possession, to transact such business.” *In re Old Carco LLC*, 424 B.R. 650, 656 (Bankr. S.D.N.Y. 2010). “The main purpose behind granting administrative expense status to certain expenses of a debtor is to induce creditors and landlords to continue doing business with the debtor or to enter into new loans or contracts.” *In re Southern Soya Co.*, 251 B.R. 302, 308 (Bankr. D. S.C. 2000) (underlining added).

41. “An expense will be accorded administrative priority status under section 503(b) if (1) it arises out of a transaction between the creditor and the trustee or debtor in possession, and (2) the consideration supporting the claimant’s right to payment was both supplied to and

beneficial to the debtor in possession in the operation of the business.” *In re Houbigant, Inc.*, 188 B.R. 347, 355 (Bankr. S.D.N.Y. 1995), *corrected* (Nov. 8, 1995)

42. The transaction between the Debtor and Continental – the negotiation, drafting, final agreement, and submission to the Court for approval of the Continental Settlement Agreement – and Continental’s efforts advocating for the approval of the Continental Settlement Agreement arose entirely postpetition, satisfying the first prong of an administrative expense claim.

43. The transaction not only arose as part of the Debtors’ postpetition operations, but also was designed to benefit the estate by – in the Debtor’s own words – “provid[ing] a concrete financial benefit to the estate,” “elimina[ing] the underlying uncertainty of litigation,” and “avoiding the expenditure of estate resources on expensive and time-consuming coverage litigation,” all aimed at the goal of promptly confirming a Conforming Plan for the Debtor’s exit from bankruptcy. *See* Insurance Settlement Motion.

44. While the Debtor and the Committee will argue that the Continental Settlement Agreement did not benefit the estate because the RSA and the Debtor’s Plan represent a better result (which Continental disputes), Continental is nonetheless entitled to allowance of an administrative expense claim. In *Reading v. Brown*, 291 U.S. 471 (1968), the Supreme Court created an exception to the “benefit of the estate” prong of the analysis. Pursuant to *Reading* and the line of cases that follow it, when a debtor-in-possession breaches a duty to a third party, administrative expense priority status will be granted to the third party’s breach claim even if the activity from which the claim arises did not benefit the estate. *See, e.g., In re Kadjevich*, 220 F.3d 1016, 1019 (9th Cir. 2000) (“In addition to those kinds of ‘standard’ administrative expenses, tort claims based on a trustee’s postpetition negligence are granted administrative-expense priority.”);

Madison Equities, LLC v. Condren (In re Theatre Row Phase II Assocs.), 385 B.R. 511, 521 (Bankr. S.D.N.Y. 2008) (“It has been established since the Supreme Court’s decision in *Reading v. Brown* [291 U.S. 471 (1968) (under the Bankruptcy Act)] that administration expenses can also be allowed for acts done in the administration of the estate that do not benefit the estate but which harm non-debtors.”); *In re Old Carco LLC*, 424 B.R. 650, 660 (Bankr. S.D.N.Y. 2010) (observing that “the reasoning of the *Reading* line of cases has been applied in the context of a debtor’s negligence, a debtor’s intentional misconduct, or injury to an innocent third party with no prior relationship to the debtor.”).

45. *Theatre Row* is particularly instructive. In that case, the debtor extensively negotiated a sale of property to Madison, leading to a written purchase agreement. *See* 385 B.R. at 514. When the property was sold to another party, Madison filed an adversary proceeding and request for an administrative expense priority claim seeking payment of its expenses incurred in negotiating the failed transaction and a “profit claim” for the value that Madison’s interest added to the price the buyer ultimately paid. *See id.* at 515-21.

46. In analyzing the request for an administrative claim, the bankruptcy court discussed the *Reading* exception and how it applied if there was a contractual or tort basis for the claim. *See id.* at 521. The bankruptcy court ultimately held that Madison did not have an administrative claim because the agreement in that case was not binding under New York law, labeling Madison as “nothing more or less than a disappointed prospective buyer.” *Id.* at 521-22.

47. In reaching that conclusion, the bankruptcy court considered that (a) the debtor and Madison had not reached a binding agreement imposing a duty on the debtor to Madison under state law, (b) Madison was aware that the debtor was negotiating with other parties, (c) bankruptcy

court approval of the putative agreement was not sought, and (d) the bankruptcy court had already overruled Madison's objections to the competing transaction. *See id.* at 514-23.

48. In this case, the Continental Settlement Agreement was binding on the Debtor. As illustrated by the lack of any "fiduciary out" provision, combined with detailed and heavily negotiated termination provisions (none of which are applicable), the parties intended the Continental Settlement Agreement to bind them. The Continental Settlement Agreement contained detailed provisions for the parties to obtain this Court's approval, and the parties promised each other to work together toward its approval, as well as promising to work together in opposition to any efforts against the Continental Settlement Agreement.

49. Then the parties acted on their binding agreement: The Debtor twice filed the Insurance Settlement Motion to obtain this Court's approval and set it for hearing; Continental prepared for the approval hearing in cooperation with the Debtor, including by preparing and filing a brief in support of approval. Each time the Debtor filed the Continental Settlement Agreement and the Insurance Settlement Motion, Debtor's counsel signed it in accordance with Rule 9011 of the Federal Rules of Bankruptcy Procedures, averring that the Debtor had entered into the Continental Settlement Agreement in the prudent and reasonable exercise of its business judgment. *See Manuel Mediavilla*, 568 B.R. at 571 (describing the multi-step process governing the enforcement of binding settlement agreements in bankruptcy).

50. Moreover, the Continental Settlement Agreement included the parties' agreement on detailed terms for a Conforming Plan to allow the Debtor to exit bankruptcy protection, the central purpose of these proceedings. *See Manuel Mediavilla*, 568 B.R. at 574 (remanding for the debtor to obtain a hearing on settlement approval and file a conforming plan)

51. Based on the foregoing, the Continental Settlement Agreement bound the Debtor to present it for approval by this Court, the Debtor's failure to do so constitutes a breach of contract, and Continental is entitled to an award of damages payable as an administrative expense priority claim.

WHEREFORE, Continental respectfully requests entry of an order allowing the Continental Administrative Expense Claim and directing payment of the Continental Administrative Expense Claim in full pursuant to sections 503(b)(1)(A) and 507(a)(2) of the Bankruptcy Code; and for such other and further relief as the Court deems just and proper.

Dated: November 7, 2023

Respectfully submitted,

By: /s/Jeffrey A. Dove
Jeffrey A. Dove
BARCLAY DAMON LLP
Barclay Damon Tower
125 East Jefferson Street
Syracuse, New York 13202
Telephone: (315) 413-7112
jdove@barclaydamon.com

Mark D. Plevin
CROWELL & MORING LLP
Three Embarcadero Center, 26th Floor
San Francisco, California 94111
Telephone: (415) 986-2800
mplevin@crowell.com

David Christian
DAVID CHRISTIAN ATTORNEYS LLC
105 West Madison Street, Suite 1400
Chicago, Illinois 60602
Telephone: (312) 282-5282
dchristian@dca.law

Miranda H. Turner
CROWELL & MORING LLP
1001 Pennsylvania Avenue, N.W.
Washington, DC 20004

Telephone: (202) 624-2500
mturner@crowell.com

*Attorneys for The Continental Insurance Company,
successor by merger to Commercial Insurance
Company of Newark, New Jersey and Firemen's
Insurance Company of Newark, New Jersey*

EXHIBIT “A”

Continental Settlement Agreement

SETTLEMENT AGREEMENT, RELEASE, AND POLICY BUYBACK

This Settlement Agreement, Release, and Policy Buyback (“Settlement Agreement”) is hereby made by, and between, and among The Diocese of Rochester, New York (the “Diocese” as further defined in Section 1.1.18 below), the other Diocese Parties (as defined in Section 1.1.19 below), and The Continental Insurance Company, as successor by merger to Commercial Insurance Company of Newark, New Jersey, Commercial Casualty Insurance Company, and Firemen’s Insurance Company of Newark, New Jersey (collectively, “Continental,” as more fully defined in Section 1.1.15 below, and together with the Diocese and the other Diocese Parties, the “Parties” and each a “Party” to this Settlement Agreement).

RECITALS:

WHEREAS, on September 12, 2019 (the “Petition Date”), the Diocese filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Western District of New York (the “Bankruptcy Court”) pending under Case No. 19-20905 (the “Bankruptcy Case”);

WHEREAS, certain Persons have asserted or may hold Tort Claims (as defined in Section 1.1.46) against the Diocese Parties;

WHEREAS, Continental issued, allegedly issued, or may have issued the Diocese Policies (as defined in Section 1.1.20 below) providing certain coverage to the Diocese Parties;

WHEREAS, certain disputes between the Diocese Parties and Continental have arisen and may arise in the future concerning the scope and nature of Continental’s responsibilities, if any, to provide coverage to the Diocese Parties for Tort Claims under the Diocese Policies (the “Coverage Disputes”);

WHEREAS, on November 14, 2019, the Diocese filed Adversary Proceeding No. 19-02021 (the “Adversary Proceeding”) against Continental and certain of the other Settling Insurers seeking a declaratory judgment regarding the insurers’ obligations under the Diocese Policies;

WHEREAS, the Diocese Parties and Continental, without any admission of liability or concession of the validity of the positions or arguments advanced by each other, now wish to compromise and resolve fully and finally any and all Coverage Disputes and all other disputes between and among them and to release Continental from any further obligations under the Diocese Policies;

WHEREAS, through this Settlement Agreement, the Diocese Parties intend to provide Continental with the broadest possible release of all Tort Claims, including all Unknown Tort Claims (as defined in Section 1.1.52) that occurred or may have arisen prior to the Bankruptcy Plan Effective Date (as defined in Section 1.1.8); and

WHEREAS, through this Settlement Agreement, as part of the compromise and resolution of the Coverage Disputes, the Diocese Parties and Continental also wish to effect a sale, pursuant to § 363(b), (f), and (m) of the Bankruptcy Code of the Diocese Policies issued or allegedly issued to any of the Diocese Parties to provide Continental with the broadest possible release and buyback

with respect to the Diocese Policies, resulting in Continental having no obligations now or in the future to the Diocese Parties or any of their creditors;

NOW, THEREFORE, in consideration of the foregoing recitals and of the mutual covenants contained in this Settlement Agreement, the sufficiency of which is hereby acknowledged, and intending to be legally bound subject to the approval of the Bankruptcy Court pursuant to Section 2 below, the Parties hereby agree as follows:

1. DEFINITIONS

1.1 As used in this Settlement Agreement (as defined above), the following terms shall have the meanings set forth below.

1.1.1 “Abuse” includes any actual or alleged (a) act of sexual conduct, misconduct, abuse, or molestation; any other sexually related act, contact, or interaction; indecent assault and/or battery; rape; lascivious behavior; undue familiarity; pedophilia; hebephilia; or ephebophilia; (b) act that causes or allegedly causes sexually-related physical, psychological, or emotional harm, or any other contacts or interactions of a sexual nature, including any such contacts or interactions between a child and an adult, or a nonconsenting adult and another adult; (c) assault; battery; corporal punishment; or any other act of physical, psychological, mental, or emotional abuse, humiliation, or intimidation; or (d) fraud, fraud in the inducement, misrepresentation, concealment, unfair practice, or any other tort relating to the acts and/or omissions listed in subparts (a)-(c) of this sentence. Abuse may occur whether or not this activity involves explicit force, whether or not it involves genital or other physical contact, and whether or not there is physical, psychological, or emotional harm to the person.

1.1.2 “Adversary Proceeding” has the meaning set forth in the recitals.

1.1.3 “Approval Motion” means the motion filed in the Bankruptcy Court seeking approval of this Settlement Agreement as described in Section 2 of this Settlement Agreement.

1.1.4 “Approval Order” means the order granting the Approval Motion described in Section 2 of this Settlement Agreement and providing the relief described in Section 4 of this Settlement Agreement.

1.1.5 “Bankruptcy Case” shall have the meaning set forth in the Recitals.

1.1.6 “Bankruptcy Court” shall have the meaning set forth in the Recitals, *provided, however*, that to the extent that the Standing Order of Reference Re: Title 11 entered by the District Court on February 29, 2012 is withdrawn with respect to any proceeding arising from or related to the Bankruptcy Case or the Adversary Proceeding, any reference in this Agreement to the Bankruptcy Court shall also include said District Court.

1.1.7 “Bankruptcy Plan” or “Plan” refers to the Chapter 11 Plan of Reorganization for the Diocese (and all exhibits annexed thereto) and any and all

modifications or amendments thereto, as approved and confirmed by Final Order of the Bankruptcy Court, that resolves the Tort Claims and is consistent with this Settlement Agreement, containing such language and provisions as are acceptable to Continental.

1.1.8 “Bankruptcy Plan Effective Date” means the date upon which a Bankruptcy Plan approved by the Bankruptcy Court that contains terms and conditions consistent with those required by this Settlement Agreement becomes effective.

1.1.9 “Channeled Claim” means any Tort Claim against any of the Protected Parties (or any Entity covered by Continental to the extent such Tort Claim arises from the same injury or damages asserted as a Tort Claim against the Protected Parties) and any Claim that, directly or indirectly, arises out of, relates to, or is in connection with the same facts and circumstances giving rise to a Tort Claim, including any Medicare Claim, Related Insurance Claim, and all Tort Claims that relate to the Diocese Policies, but excluding, however, Claims against (a) an individual who perpetrated an act of Abuse that forms the basis of a Tort Claim with respect to that Tort Claim, (b) a diocese or archdiocese other than the Diocese itself, or (c) a religious order.

1.1.10 “Channeling Injunction” shall have the meaning set forth in Section 2.2.2.

1.1.11 “Claim” means any past, present, or future claim, demand, action, request, cause of action, suit, proceeding, or liability of any kind or nature whatsoever, whether at law or equity, known or unknown, actual or alleged, asserted or not asserted, suspected or not suspected, anticipated or unanticipated, accrued or not accrued, fixed or contingent, which has been or may be asserted by or on behalf of any Person, whether seeking damages (including compensatory, punitive, or exemplary damages) or equitable, mandatory, injunctive, or any other type of relief, including cross-claims, counterclaims, third-party claims, suits, lawsuits, administrative proceedings, notices of liability or potential liability, arbitrations, actions, rights, causes of action, or orders, and any other claim with the definition of claim in section 101(5) of the Bankruptcy Code.

1.1.12 “Claims Bar Date” means August 13, 2020, which was the last date for filing Claims against the Diocese pursuant to the Bankruptcy Court’s Order entered on February 25, 2020 [Docket No. 425].

1.1.13 “Committee” means the Official Committee of Unsecured Creditors appointed by the United States Trustee in the Bankruptcy Case, as such committee may be reconstituted from time to time.

1.1.14 “Conditional Payment” means any payment made to a Tort Claimant under the MMSEA, including any payment by a Medicare Advantage Organization (as defined in the MSPA).

1.1.15 “Continental” means, in addition to the Parties identified in the first paragraph of this Settlement Agreement, each of their past, present, and future parents, subsidiaries, affiliates, and divisions; each of the foregoing Persons’ respective past, present, and future parents, subsidiaries, affiliates, holding companies, merged companies, related companies, divisions, and acquired companies; each of the foregoing Persons’

respective past, present, and future directors, officers, shareholders, employees, partners, principals, agents, attorneys, joint ventures, joint venturers, representatives, and claims handling administrators; and each of the foregoing Persons' respective predecessors, successors, assignors, and assigns, whether known or unknown, and all Persons acting on behalf of, by, through, or in concert with them.

1.1.16 "Coverage Disputes" shall have the meaning set forth in the Recitals.

1.1.17 "Defense and Indemnity Costs" shall have the meaning set forth in Section 2.3.4.

1.1.18 "Diocese" means The Diocese of Rochester, which is the diocesan corporation formed pursuant to N.Y. Religious Corporation Law § 90, and its bankruptcy estate pursuant to section 541 of the Bankruptcy Code, together with the public juridic person of the Roman Catholic Diocese of Rochester, as now constituted or as it may have been constituted, and their respective predecessors, successors, and assigns.

1.1.19 "Diocese Parties" means collectively (i) the Reorganized Debtor; (ii) the Diocese; (iii) the Diocese Participating Parties, including all of its Parishes (as defined in Section 1.1.32 below); (iv) any and all named insureds, additional insureds, insureds, and any Entity alleged to be covered under the Diocese Policies with respect to which the Diocese has authority to release Claims by a Final Order pursuant to sections 105(a) or 363(f) of the Bankruptcy Code or confirming a chapter 11 plan; and (v) each of the past, present, and future holding companies, merged companies, related companies, divisions, and acquired companies of the Diocese Parties, and each of their respective predecessors, successors, and assigns, each in their capacity as such, but excluding, however, (a) any individual who perpetrated an act of Abuse that forms the basis of a Tort Claim with respect to that Tort Claim solely in his capacity as an individual abuser, (b) any archdiocese or diocese other than the Diocese itself, or (c) any religious order.

1.1.20 "Diocese Policies" means any and all known and unknown contracts, binders, certificates, or policies of insurance, in effect on or before the Settlement Agreement Effective Date, that were issued, allegedly issued, or may have been issued by Continental to or for the benefit of, or that otherwise actually, allegedly, or potentially insure one or more of the Diocese Parties.

1.1.21 "Diocese Participating Parties" means the Entities listed on Exhibit 2 hereto.

1.1.22 "Direct Action Claim" means any Claim by any Entity against Continental identical or similar to, or relating to, any Tort Claim, whether arising by contract, in tort or under the laws of any jurisdiction, including any statute that gives a third party a direct cause of action against an insurer.

1.1.23 "District Court" means the United States District Court for the Western District of New York.

1.1.24 “Entity” means an individual, any corporation, corporation sole, partnership, association, limited liability company, joint stock company, proprietorship, unincorporated organization, joint venture, trust, estate, executor, legal representative, or any other entity or organization, as well as any federal, international, foreign, state, or local governmental or quasi-governmental entity, body, or political subdivision or any agency, department, board or instrumentality thereof, any other Person, and any successor in interest, heir executor, administrator, trustee, trustee in bankruptcy, or receiver of any Entity and also has the meaning set forth in section 101(15) of the Bankruptcy Code.

1.1.25 “Extra-Contractual Claim” means any Claim against Continental relating to (a) allegations that Continental acted in bad faith or in breach of any express or implied duty, obligation, or covenant, contractual, statutory or otherwise, including any Claim on account of alleged bad faith; (b) failure to act in good faith; (c) failure to provide insurance coverage under any policy; (d) violation or breach of any covenant or duty of good faith and fair dealing, whether express, implied, or otherwise; (e) violation of any statute, regulation, or code governing unlawful, unfair, or fraudulent competition, business, or trade practices, and/or untrue or misleading advertising, including any violation of any unfair claims practices act or similar statute, regulation, or code; failure to investigate or provide a defense or an adequate defense; any type of alleged misconduct; or (f) any other act or omission of Continental of any type for which the Tort Claimant seeks relief other than coverage or benefits under a policy of insurance. Extra-Contractual Claims include: (i) any Claim that relates to Continental’s handling of any Claim or any request for insurance coverage, including any request for coverage for, or defense of, any claim, including any Tort Claim; (ii) any Claim that directly or indirectly relates to any of the Diocese Policies and any contractual duties arising therefrom, including any contractual duty to defend any of the Diocese Parties against any Tort Claims; and (iii) the conduct of the Parties with respect to the negotiation of this Settlement Agreement.

1.1.26 “Final Order” means an order, judgment, or other decree (including any modification or amendment thereof) that remains in effect and has not been reversed, withdrawn, vacated, or stayed, and as to which the time to appeal or seek review, rehearing, or writ of certiorari has expired or, if such appeal, review, or petition for a writ has been taken, (i) it has been resolved and no longer remains pending, or (ii) an appeal or review has been taken timely but such order has not been stayed and the Parties have mutually agreed in writing that the order from which such appeal or review is taken should be deemed to be a Final Order within the meaning of this Settlement Agreement.

1.1.27 “Interests” means all Claims, liens, encumbrances, interests, and other rights of any nature, whether at law or in equity, including any rights of contribution, indemnity, defense, subrogation, or similar relief.

1.1.28 “Late-Filed Tort Claim” means a Tort Claim for which the Tort Claimant filed a proof of Claim after the Claims Bar Date.

1.1.29 “Medicare Claims” means any and all Claims relating to Tort Claims by the Centers for Medicare & Medicaid Services of the United States Department of Health and Human Services and/or any other agent or successor Person charged with responsibility for

monitoring, assessing, or receiving reports made under MMSEA and pursuing Claims under MSPA, including Claims for reimbursement of payments made to Tort Claimants who recover or receive any distribution from the Trust and Claims relating to reporting obligations.

1.1.30 “MMSEA” means §111 of the Medicare, Medicaid, SCHIP Extension Act of 2007 (P.L. 110-173).

1.1.31 “MSPA” means 42 U.S.C. §1395y et seq., or any other similar statute or regulation, and any related rules, regulations, or guidance issued in connection therewith or amendments thereto, including the regulations promulgated thereunder, found at 42 C.F.R. §411.1 et seq.

1.1.32 “Parishes” means all past and present parishes, schools, or missions of or in the Diocese, or under the authority of the Bishop of the Diocese, in their capacity as public juridic persons, including any current parish, school, or mission of or in any other diocese or archdiocese, or under the authority of another -diocesan or archdiocesan bishop that was previously a parish, school, or mission of or in the Diocese, or under the authority of the Bishop of the Diocese, together with each corresponding parish corporation formed pursuant to N.Y. Religious Corporations Law § 90 and their respective predecessors, successors, or assigns.

1.1.33 “Parties” has the meaning set forth in the recitals above.

1.1.34 “Person” shall have the meaning ascribed in section 101(41) of the Bankruptcy Code.

1.1.35 “Petition Date” shall have the meaning set forth in the Recitals.

1.1.36 “Plan Confirmation Order” shall have the meaning set forth in Section 2.3.

1.1.37 “Protected Parties” means the Continental, all other Settling Insurers, and the Diocese Parties, but excluding, however, (a) an individual who perpetrated an act of Abuse that forms the basis of a Tort Claim with respect to that Tort claim, (b) a diocese or archdiocese other than the Diocese itself, or (c) a religious order.

1.1.38 “Related Insurance Claim” means (i) any Claim against Continental for defense, indemnity, reimbursement, contribution, subrogation, or similar relief that, directly or indirectly, relates to a Tort Claim; (ii) any Extra Contractual Claim that, directly or indirectly, relates to any Tort Claim, including any Claim that, directly or indirectly, relates to Continental’s handling of any Tort Claim; (iii) any Direct Action Claim; and (iv) any other derivative or indirect claim of any kind whatsoever.

1.1.39 “Reorganized Debtor” means the Diocese on and after the Bankruptcy Plan Effective Date, provided that any successor to the Diocese through a merger or suppression of the Diocese shall not have any rights or remedies by virtue of the Plan or any order confirming the Plan on account of Tort Claims for which the successor was independently liable.

1.1.40 “Settlement Amount” means the sum of Sixty-Three Million, Five Hundred Thousand Dollars (\$63,500,000.00) to be paid by Continental to the Diocese or any Trust established by the Plan, as applicable, for the benefit of Tort Claimants after satisfaction of all conditions precedent.

1.1.41 “Settlement Agreement Effective Date” means the day following the date on which all of the following have occurred: (i) all Parties have executed this Settlement Agreement; (ii) the Approval Order shall have become a Final Order; (iii) the Plan Confirmation Order shall have become a Final Order; (iv) the Trust shall have been created pursuant to the Plan; and (v) solely in the event Continental elects to set off more than Two Million Dollars (\$2,000,000) in Defense and Indemnity Costs against the Settlement Amount pursuant to Section 2.3.4, (x) Continental shall have provided written notice to the Diocese of the amount of such setoff, (y) the Diocese shall not have exercised its right pursuant to Section 5.2 to terminate this Settlement Agreement on account of such proposed setoff, and (z) ten (10) days shall have elapsed from the date of Continental’s delivery of notice to the Diocese.

1.1.42 “Settling Insurer” means each insurance company that has entered into a settlement agreement and insurance policy buy-back with Diocese.

1.1.43 “Settling Insurer Policies” means any and all insurance policies that were issued or allegedly issued by any of the Settling Insurers, including the Diocese Policies and all other known and unknown insurance policies to the extent issued or allegedly issued by any of the Settling Insurers and providing or allegedly providing insurance to any of the Diocese Parties.

1.1.44 “Sexual Abuse Exclusion” means the insurance policy exclusion in substantially the form set forth in Exhibit 3.

1.1.45 “Supplemental Injunction” shall have the meaning set forth in Section 2.3.2.

1.1.46 “Tort Claim” means any Claim against any of the Protected Parties that arises out of, relates to, results from, or is in connection with, in whole or in part, directly or indirectly, Abuse that took place in whole or in part prior to the Bankruptcy Plan Effective Date, including any such Claim that seeks monetary damages or any other relief, under any theory of liability, including vicarious liability; respondeat superior; any fraud-based theory, including fraud in the inducement; any negligence-based or employment-based theory, including inadequate or negligent hiring, supervision, or retention practices, or misrepresentation; any other theory based on misrepresentation, concealment, or unfair practice; premise or statutory liability; contribution; indemnity; public or private nuisance; or any other theory, including any theory based on public policy or any acts or failures to act by any of the Protected Parties or any other Person for whom any of the Protected Parties are allegedly responsible, including any such Claim asserted against any of the Protected Parties in connection with the Bankruptcy Case. “Tort Claim” includes any Related Insurance Claims, Extra-Contractual Claims, Direct Action Claims, Late-Filed Tort Claims, and Unknown Tort Claims.

1.1.47 “Tort Claimant” means the holder of a Tort Claim, the estate of a deceased individual who held a Tort Claim, the personal executor or personal representative of the estate of a deceased individual who held a Tort Claim, or the assignee of any of the foregoing, as the case may be. “Tort Claimant” includes a holder of any Unknown Tort Claim.

1.1.48 “Trust” means any trust to be established pursuant to the Plan to which the Channeled Claims are channeled.

1.1.49 “Trust Documents” means the agreement establishing the Trust and its exhibits and attachments, any trust distribution or claims resolution procedures or protocols, instruments, and other documents that are reasonably necessary or desirable in order to implement the provisions of the Plan that relate to the creation, administration, and funding of the Trust.

1.1.50 “Trustee” shall have the meaning ascribed in the Plan and means the trustee of the Trust appointed by the Bankruptcy Court or any duly appointed successor.

1.1.51 “Unknown Claims Representative” means a Person appointed in connection with the Bankruptcy Case as the legal representative of Entities holding Unknown Tort Claims, or any duly appointed successor.

1.1.52 “Unknown Tort Claim” means a Claim relating to Abuse that occurred on or before the Bankruptcy Plan Effective Date (i) for which no proof of Claim is filed or deemed filed on or before the Claims Bar Date or which is not otherwise allowed by the Bankruptcy Court by the Bankruptcy Plan Effective Date, and (ii) which is held by a Person who at the time of the Claims Bar Date was under a disability or other condition recognized by New York law, or other applicable law suspending the running of the statute of limitations period, that would toll the statute of limitations for such Claim.

1.2 Capitalized terms not defined in this section or elsewhere in this Settlement Agreement shall have the meanings given to them in the Bankruptcy Code.

2. THE BANKRUPTCY CASE AND PLAN OF REORGANIZATION

2.1 Not later than the date on which the Diocese files the Bankruptcy Plan as set forth in Section 2.2 below, the Diocese shall file a motion in the Bankruptcy Court (the “Approval Motion”) that seeks the entry of an order in substantially the form attached as Exhibit 1 to this Settlement Agreement approving this Settlement Agreement and authorizing the Parties to undertake the settlement and the transactions contemplated by this Settlement Agreement (the “Approval Order”).

2.1.1 The Diocese shall provide written notice of the Approval Motion in form and substance acceptable to Continental to (a) all Tort Claimants known to, or reasonably ascertainable by, the Diocese, (b) the other Diocese Parties, (c) the Committee, (d) the Unknown Claims Representative (if appointed), (e) all Persons who have filed notices of appearance in the Bankruptcy Case, and (f) all Persons known or believed by the Diocese to have provided general or professional liability insurance to the Diocese Parties. The

Diocese shall serve all Tort Claimants identified above at the address shown on their proofs of claim or to their counsel of record or, if no proof of claim was filed, then at the address on the Diocese's schedules or other files and records of the Diocese.

2.1.2 The Diocese shall publish notice of the Approval Motion at least once in either *The New York Times* or *USA Today* and at least once in the *Rochester Democrat and Chronicle* and as the Bankruptcy Court may additionally direct.

2.1.3 If any Entity files an objection to the Approval Motion, the Diocese shall consult with Continental in connection with filing any written response thereto. The Diocese shall take commercially reasonable steps to defend against any objection, appeal, petition, motion, or other challenge to the Bankruptcy Court's entry of the Approval Order. Continental will cooperate with the Diocese, including making commercially reasonable submissions.

2.2 The Diocese shall file the Bankruptcy Plan, including all exhibits, schedules, and related documents, which shall be in all respects consistent with this Settlement Agreement and shall not deprive Continental of any right or benefit under this Settlement Agreement or otherwise adversely affect the Interests of Continental under this Settlement Agreement.

2.2.1 The Plan shall create a Trust which shall be responsible for making any and all payments to the Tort Claimants entitled to receive payment under the Plan and which shall assume all liability, if any, of the Protected Parties for Channeled Claims.

2.2.2 The Plan shall include an injunction (the "Channeling Injunction") in substantially the form attached as Schedule A to this Settlement Agreement, with only such modifications as are acceptable to the Settling Insurers and the Diocese Parties, pursuant to sections 105 and 1123 of the Bankruptcy Code, barring and permanently enjoining all Entities who have held or asserted, or may in the future hold or assert, Claims from taking any action, directly or indirectly for purposes of asserting, enforcing, or attempting to assert or enforce any Channeled Claim and channeling such Channeled Claims to the Trust as the sole and exclusive source of payment of any such Channeled Claims.

2.2.3 The Plan shall include an injunction (the "Supplemental Injunction") in substantially the form attached as Schedule B to this Settlement Agreement, with only such modifications as are acceptable to the Settling Insurers, pursuant to sections 105(a), 363(b), (f), and (m), and 1123 of the Bankruptcy Code.

2.2.4 The Plan shall include an exculpation of liability as to Settling Insurers in form acceptable to the Settling Insurers.

2.2.5 The Plan shall incorporate this Settlement Agreement and the releases contained herein by reference and make the Settlement Agreement part of the Plan as if set forth fully within the Plan.

2.2.6 The Plan shall provide that as a condition to receiving payment from the Trust, all Tort Claimants shall provide a release in favor of the Protected Parties from all Tort Claims, which release shall be in form and substance acceptable to the Parties.

2.2.7 The Plan shall provide that the Trust shall defend, indemnify, and hold harmless Continental with respect to all Channeled Claims, subject to the limitations set forth in Section 7.2 of this Settlement Agreement.

2.3 In the Bankruptcy Case, the Diocese shall seek and obtain entry of an order in form and substance acceptable to the Settling Insurers that: (i) approves the Plan pursuant to section 1129 of the Bankruptcy Code and any other applicable provision of the Bankruptcy Code; (ii) contains the Channeling Injunction; (iii) contains the Supplemental Injunction; (iv) provides that this Settlement Agreement is binding on any Trust created in this case, the Reorganized Debtor, and any successors of the Trust or Reorganized Debtor, and all of the Diocese Parties; and (v) provides all protections to Continental against Tort Claims that are afforded to other Settling Insurers under the Plan (the “Plan Confirmation Order”).

2.3.1 The Plan and Plan Confirmation Order must be in all respects consistent with this Settlement Agreement and contain no provisions that diminish or impair the benefit of this Settlement Agreement to Continental.

2.3.2 In seeking to obtain the Plan Confirmation Order, the Diocese must: (i) seek a confirmation hearing on an appropriately timely basis; (ii) urge the Bankruptcy Court to overrule any objections and confirm the Plan; and (iii) take all reasonable steps to defend against any objection, appeal, petition, motion, or other challenge to the Bankruptcy Court’s entry of the Plan Confirmation Order.

2.3.3 The form and manner of notice of the hearing to confirm the Plan and the form and manner of notice of the hearing as to the adequacy of the disclosure statement pertaining thereto are subject to advance approval by the Settling Insurers, which approval cannot be unreasonably withheld. The Diocese shall publish notice of the Plan, balloting on the Plan, and a disclosure statement approved by the Bankruptcy Court under section 1125(b) of the Bankruptcy Code relating to the Plan at least -once in *The New York Times* or *USA Today* and once the *Rochester Democrat and Chronicle* and as the Bankruptcy Court may additionally direct.

2.3.4 Prior to entry of the Plan Confirmation Order, the Diocese shall oppose any motion to lift any stay pursuant to section 362 of the Bankruptcy Code as to any Tort Claim asserted against the Diocese, and shall use commercially reasonable efforts to seek an order of the Bankruptcy Court, pursuant to sections 105 and 362 of the Bankruptcy Code, staying the prosecution of any Tort Claim asserted against any Diocese Parties that would, following the entry of the Plan Confirmation Order, be a Channeled Claim. If, prior to the Plan Confirmation Order becoming a Final Order, the Bankruptcy Court allows any Person to prosecute any such Tort Claim, the Diocese Parties shall defend themselves against such Tort Claims and comply with the terms of any order of the Bankruptcy Court, and Continental’s rights and obligations relating to such litigation shall be determined by, and subject to, the terms and conditions of the Diocese Policies, this Settlement Agreement, and any applicable orders of the Bankruptcy Court. Any amounts paid by Continental to defend against, settle, or indemnify any liability of the Diocese Parties for such Tort Claims (“Defense and Indemnity Costs”) may, at Continental’s election and upon written notice to the Diocese prior to the Settlement Agreement Effective Date, be set off against the

Settlement Amount. Not later than the last day of each month, Continental shall provide the Diocese with written notice of the amount of any Defense and Indemnity Costs incurred through the end of the prior month.

2.4 The Trust Documents shall require the Trust to register as a Responsible Reporting Entity (“RRE”) under the reporting provisions of §111 of the Medicare, Medicaid, and SCHIP Extension Act of 2007 (Pub. L. 110- 173) (“MMSEA”).

2.5 The Trust Documents shall require the Trust, at its sole expense, to timely submit all reports that are required under MMSEA on account of any claims settled, resolved, paid, or otherwise liquidated and to follow all applicable guidance published by the Centers for Medicare & Medicaid Services of the United States Department of Health and Human Services and/or any other agent or successor entity charged with responsibility for monitoring, assessing, or receiving reports made under MMSEA (collectively, “CMS”) to determine whether or not, and, if so, how, to report to CMS pursuant to MMSEA.

2.6 The Trust Documents shall require the Trust to obtain, prior to remittance of funds to claimants’ counsel, or to the claimant, if pro se, in respect of any Tort Claim–, a certification from the claimant to be paid that said claimant has or will provide for the payment and/or resolution of any obligations owing or potentially owing under 42 U.S.C. §1395y(b), or any related rules, regulations, or guidance, in connection with, or relating to, such Tort Claim.

2.7 The Diocese Parties will undertake commercially reasonable actions to cooperate with Continental in connection with responding to any inquiry from Continental’s regulators, auditors, reinsurers, or retrocessionaires.

2.8 From and after the execution date of this Settlement Agreement, the Diocese and Continental shall cease all litigation activities against each other in the Bankruptcy Case, including that Continental will not object to any proposed Plan consistent with this Settlement Agreement, nor serve or compel any discovery in connection with the Bankruptcy Case, the Adversary Proceeding, or any other potential adversary proceedings and contested matters; provided that: (i) the Diocese shall not include any provision in any Plan that adversely affects the rights or benefits of Continental under this Settlement Agreement, or that otherwise violates, or is contrary to, the agreements and covenants contained in this Settlement Agreement; and (ii) the Diocese shall not act, or fail to act, in such a way that otherwise violates, or is contrary to, the agreements and covenants contained in this Settlement Agreement. Notwithstanding the foregoing, Continental may participate in the Bankruptcy Case for the purpose of supporting or enforcing any of the terms of this Settlement Agreement and protecting its rights.

2.9 The Parties shall each bear, as to each other only, their own costs, expenses, and counsel and professional fees in the Bankruptcy Case.

2.10 The Parties covenant not to sue each other until (a) the Settlement Agreement Effective Date has occurred and Continental has made the Settlement Payment, at which time this covenant is superseded by the releases provided in Section 4, or (b) the date on which this Settlement Agreement is terminated.

2.11 Upon the occurrence of the Settlement Agreement Effective Date and Continental's payment of the Settlement Amount, Continental shall have no obligation to pay, handle, object, or otherwise respond to any Claim against the Diocese Parties, and the Diocese Parties (i) will withdraw all outstanding tenders of Claims to Continental for defense and indemnity; (ii) will not tender any Claims to Continental; and (iii) will not request Continental to fund any judgments, settlements, or defense costs.

2.12 Within seven (7) days following the occurrence of the Settlement Agreement Effective Date and Continental's payment of the Settlement Amount, the Diocese shall dismiss Continental from the Adversary Proceeding with prejudice.

3. PAYMENT OF THE SETTLEMENT AMOUNTS

3.1 Within thirty (30) days of the Settlement Agreement Effective Date, Continental shall pay the Settlement Amount to the Trust.

3.2 The delivery of the Settlement Amount to the Trust shall be in full and final settlement of all responsibilities under and arising out of the Diocese Policies that were issued or allegedly issued to the Diocese Parties or under which the Diocese Parties are an insured, and in consideration of the amendment of the Diocese Policies as set forth in Section 3.3 below, the sale of the Diocese Policies back to Continental free and clear of all Interests of any Entity, and the other releases provided herein.

3.3 Subject to the occurrence of the Settlement Agreement Effective Date, the Parties agree: (a) the Settlement Amount is the total amount that Continental is obligated to pay on account of any and all Claims or Tort Claims under, arising out of, relating to, or in connection with the Diocese Policies (including Channeled Claims and any reimbursement obligations for Conditional Payments under the MSPA); (b) under no circumstance will Continental ever be obligated to make any additional payments to or on behalf of anyone in connection with the Diocese Policies, including any payments in connection with amounts allegedly owed under the MSPA or in connection with any Claims or Tort Claims, including any Channeled Claims; (c) under no circumstance will Continental ever be obligated to make any additional payments to or on behalf of the Diocese Parties or any Tort Claimants in connection with the Diocese Policies with respect to any Claims that, directly or indirectly, arise out of, relate to, or are in connection with any Tort Claims, including any Channeled Claims; (d) all limits of liability of the Diocese Policies, regardless of how the Diocese Policies identify or describe those limits, including all per person, per occurrence, per claim, "each professional incident," per event, per accident, total, and aggregate limits, shall be deemed fully and properly exhausted; and (e) immediately prior to Continental's buyback of the Diocese Policies as further described in Section 4.4 below, the Diocese Policies shall be amended by endorsement to include a Sexual Abuse Exclusion applicable to all Unknown Tort Claims. The Parties further agree that the Settlement Amount includes the full purchase price of the Diocese Policies and consideration for the releases and other protections afforded by this Settlement Agreement.

3.4 The Parties agree and represent that (a) the consideration to be provided by Continental pursuant to this Settlement Agreement constitutes a fair and reasonable compromise and exchange for the consideration granted to Continental in this Settlement Agreement (including

the releases set forth below), and (b) the consideration to be provided by the Diocese Parties to Continental pursuant to this Settlement Agreement (including the releases set forth below) constitutes a fair and reasonable compromise and exchange for the consideration granted to the Diocese Parties in this Settlement Agreement. Continental is not acting as volunteer, and the Settlement Amount reflects potential liabilities and obligations to the Diocese Parties of the amount Continental allegedly is obligated to pay on account of all Claims or Tort Claims.

4. RELEASES AND SALE FREE AND CLEAR

4.1 Upon the occurrence of the Settlement Agreement Effective Date and Continental's payment of the Settlement Amount, with no further action being required, the Diocese Parties shall be deemed to have fully, finally, and completely remised, released, acquitted, and forever discharged Continental and any of its reinsurers or retrocessionaires solely in their capacity as such, from any and all past, present, and future Claims that, directly or indirectly, arise out of, relate to, or are in connection with the Diocese Policies or Claims that are covered or alleged to be covered under the Diocese Policies, including any Channeled Claims, reimbursement obligations for Conditional Payments under the MSPA, and all Claims that, directly or indirectly, arise from, relate to, or are in connection with the Tort Claims or the Bankruptcy Case. The releases in this Section 4.1 specifically include all Unknown Tort Claims or demands that are based in whole or in part on the Tort Claims.

4.2 Upon the occurrence of the Settlement Agreement Effective Date and Continental's payment of the Settlement Amount, and with no further action being required, Continental shall be deemed to have hereby fully, finally, and completely remised, released, acquitted, and forever discharged the Diocese Parties from any and all past, present, and future Claims that, directly or indirectly, arise out of, relate to, or are in connection with the Tort Claims and the Diocese Policies, including any Channeled Claims, reimbursement obligations for Conditional Payments under the MSPA, and all Claims that, directly or indirectly, arise from, relate to, or are in connection with the Tort Claims or the Bankruptcy Case.

4.3 Upon the occurrence of the Settlement Agreement Effective Date and Continental's payment of the Settlement Amount, none of the Diocese Parties shall assert against Continental any Claim with respect to any matter, conduct, transaction, occurrence, fact, or other circumstance that, directly or indirectly, arises out of, relates to, or is in connection with any of the Diocese Policies, any Channeled Claim, or any other matter released pursuant to Sections 4.1 and 4.2 above.

4.4 Upon the occurrence of the Settlement Agreement Effective Date and Continental's payment of the Settlement Amount, and following the amendment of the Diocese Policies as set forth in Section 3.3 above, Continental hereby buys back the Diocese Policies, free and clear of all Interests of all Entities, including all Interests of the Diocese Parties and any other Entity claiming coverage by, through, or on behalf of any of the Diocese Parties, any other insurer, and any Tort Claimant. This sale is pursuant to § 363(b), (f), and (m) of the Bankruptcy Code. The Parties acknowledge and agree, and the Approval Order shall find and conclude, that upon the occurrence of the Settlement Agreement Effective Date and Continental's payment of the Settlement Amount: (a) Continental is a good faith purchaser of the Diocese Policies and Interests therein within the meaning of §363(m) of the Bankruptcy Code; (b) the consideration exchanged constitutes a fair and reasonable settlement and compromise of the Parties' disputes and of their respective rights

and obligations relating to the foregoing Diocese Policies and Interests therein and constitutes reasonably equivalent value; (c) the releases in this Settlement Agreement and the policy buyback comply with the Bankruptcy Code and applicable nonbankruptcy law; (d) the Diocese Policies and Interests therein shall be terminated and of no further force and effect; (e) Continental's payment of the Settlement Amount constitutes Continental's full and complete performance of any and all obligations under the Diocese Policies, including any performance owed to the Diocese Parties, and exhausts all limits of liability of the Diocese Policies; (f) all Interests the Diocese Parties may have had, may presently have, or in the future may have in the Diocese Policies are released pursuant to the terms of this Settlement Agreement; and (g) the Diocese Parties accept the Settlement Amount in full and complete compromise and satisfaction of all Continental's past, present, and future obligations, including any obligations to any of the Diocese Parties under such Diocese Policies or arising therefrom, as to any and all Claims for insurance coverage or policy benefits of any nature whatsoever arising out of or related in any way to such Diocese Policies, whether legal or equitable, known or unknown, suspected or unsuspected, fixed or contingent, and regardless of whether or not such Claims arise from, relate to, or are in connection with the Tort Claims, Channeled Claims, the Bankruptcy Case, or otherwise.

4.5 The Diocese Parties represent and warrant that all of the releases and other benefits provided in this Settlement Agreement by the Diocese Parties to Continental are at least as favorable as the releases and other benefits that the Diocese Parties have provided to any other one of the Settling Insurers in the Bankruptcy Case. If the Diocese Parties enter into any agreement with any other one of the Settling Insurers in the Bankruptcy Case that provides that insurer with releases or other benefits that are more favorable than those contained in this Settlement Agreement, then this Settlement Agreement shall be deemed to be modified to provide Continental with those more favorable releases or benefits. However, Section 7.2 shall not be modified. The Diocese or Reorganized Debtor, as applicable, shall notify Continental promptly of the existence of such more favorable releases or benefits.

4.6 Notwithstanding anything in this Settlement Agreement, nothing in this Settlement Agreement is intended to or shall be construed to apply to or have any effect on Continental's right to reinsurance recoveries under any reinsurance treaties, certificates, or contracts that cover losses arising under or in connection with the Diocese Policies or any other binder, certificate, or policy of insurance issued by Continental.

4.7 Notwithstanding anything in this Settlement Agreement, nothing in this Settlement Agreement is intended to or shall be construed to release any Claims that Continental has or might have against any insurer that is not a Settling Insurer except that, to the extent such other insurers have agreed or in the future agree to release any Claims against Continental arising out of or related in any way to the Tort Claims, then Continental also releases such Claims against such other insurers to the same extent.

4.8 This Section 4 is not intended to, and shall not be construed to, release, waive, relinquish, or otherwise affect the Parties' rights and obligations under this Settlement Agreement.

5. TERMINATION OF AGREEMENT

5.1 The Parties may terminate this Settlement Agreement by mutual agreement in writing.

5.2 Each of the Diocese or Continental may terminate this Settlement Agreement upon thirty (30) days written notice to the other Party in the event of any of the following occurs prior to the Settlement Agreement Effective Date: (i) the Approval Order and the Plan Confirmation Order are not entered within eighteen (18) months from the date on which the Settlement Agreement is executed by all the Parties; (ii) the Bankruptcy Court enters an order that becomes a Final Order inconsistent with the Approval Order or the Plan Confirmation Order; (iii) a plan that is inconsistent with the terms of this Settlement Agreement is confirmed; (iv) the Bankruptcy Case is dismissed or converted to a case under chapter 7 of the Bankruptcy Code; or (v) the United States Court of Appeals for the Second Circuit or the Supreme Court of the United States issues a precedential decision, or the District Court issues a decision in the Bankruptcy Case, that is not subject to further review holding that the federal courts lack the subject matter jurisdiction, the statutory authority, or the Constitutional ability to issue the Channeling Injunction or the Supplemental Injunction. Additionally, (x) Continental may terminate this Settlement Agreement upon thirty (30) days written notice to the Diocese if the Diocese files a plan inconsistent with this Settlement Agreement, and (y) in the event that Continental elects pursuant to Section 2.3.4 above to set off against the Settlement Amount more than Two Million Dollars (\$2,000,000.00) in Defense and Indemnity Costs, the Diocese may terminate this Settlement Agreement by written notice to Continental delivered no later than ten (10) days following receipt by the Diocese of Continental's notice of its intent to exercise such setoff.

5.3 In the event of termination pursuant to this Section 5, unless the Parties agree otherwise in writing, all Parties shall retain all of their Interests, rights, and obligations relating to the Diocese Policies as if this Agreement never existed.

6. REPRESENTATIONS AND WARRANTIES OF THE PARTIES

6.1 The Parties separately represent and warrant as follows:

6.1.1 To the extent it is a corporation, including a non-profit, religious, or charitable corporation, or other legal entity, each Party has the requisite power and authority to enter into this Settlement Agreement and to perform the obligations contemplated by this Settlement Agreement, subject only to approval of the Bankruptcy Court;

6.1.2 This Settlement Agreement has been thoroughly negotiated and analyzed by counsel to the Parties and executed and delivered in good faith pursuant to arm's length negotiations and for value and valuable consideration.

6.1.3 The Parties make the agreements and compromises set forth in this Settlement Agreement, agree to the valuable consideration provided by, and to be provided under, this Settlement Agreement, and make the representations and warranties contained in this Settlement Agreement with the knowledge and understanding that the Committee has not indicated its support or consent to this Settlement Agreement and that the

Committee and Tort Claimants may object to approval of this Settlement Agreement or confirmation of the Plan.

6.2 The Diocese Parties represent and warrant that they have not assigned, and will not assign, any Interests in the Diocese Policies to any Entity.

6.3 The Diocese Parties represent and warrant that, to the best of their knowledge, they are the owners of the Diocese Policies, and that no other Entity has legal title to the Diocese Policies.

6.4 The Diocese Parties represent and warrant that-, except with respect to any actions they may have previously undertaken in connection with the Bankruptcy Case, the Adversary Proceeding, or their participation in mediation ordered by the Bankruptcy Court, they have not in any way assisted, and shall not in any way assist, any Person in the establishment or pursuit of any Claim or Tort Claim against Continental.

6.5 The Diocese represents and warrants that actual notice of the Approval Motion will be sent to all Tort Claimants or their counsel, whose names and addresses are known to the Diocese or can be reasonably ascertained by it, the other Diocese Parties, the Committee, the Unknown Claims Representative (if appointed), all Persons who have filed notices of appearance in the Bankruptcy Case, and all Persons known or believed by the Diocese to have provided general or professional liability insurance to the Diocese, all in accordance with Section 2.1.1 hereof, and as otherwise ordered by the Bankruptcy Court. The Diocese further represents and warrants that it will use commercially reasonable efforts to comply with any other requirements imposed by the Bankruptcy Court with respect to the Approval Motion.

6.6 The Diocese Parties and Continental, respectively, represent and warrant that they have completed a reasonable search for evidence of any policy of insurance issued by Continental to the Diocese that would afford coverage with respect to any Tort Claim. Other than the policies or alleged policies identified in Exhibit 1, no such policies have been identified. Notwithstanding the foregoing, nothing in this Settlement Agreement, including the Exhibits hereto, shall be construed as or deemed to be an admission or evidence that any binder, certificate, or policy of insurance was in fact issued or affords coverage in connection with any Tort Claims.

7. ACTIONS INVOLVING THIRD PARTIES

7.1 For purposes of supporting the releases granted in Section 4 and the extinguishment of any and all rights under the Diocese Policies resulting from the purchase and sale thereof contemplated by this Settlement Agreement, the Diocese hereby agrees as follows:

7.1.1 From and after (i) the occurrence of the Settlement Agreement Effective Date, and (ii) Continental's payment of the Settlement Amount, if any other insurer of the Diocese obtains a judicial determination or binding arbitration award that it is entitled to obtain a sum certain from Continental as a result of a claim for contribution, subrogation, indemnification, or other similar Claim for any of Continental's alleged share or equitable share, or to enforce subrogation rights, if any, with respect to the defense or indemnity obligation of any of Continental for any Claims or reimbursement obligations for Conditional Payments released or resolved pursuant to this Settlement Agreement, the

Diocese shall voluntarily reduce any judgment or Claim against, or settlement with, such other insurers to the extent necessary to satisfy such contribution, subrogation, indemnification, or other Claims against Continental. To ensure that such a reduction is accomplished, Continental shall be entitled to assert this Section 7 as a defense to any action against it brought by any other insurer for any such portion of the judgment or Claim and shall be entitled to request that the court or appropriate tribunal issue such orders as are necessary to effectuate the reduction to protect Continental from any liability for the judgment or Claim. Moreover, if a non-settling insurer asserts that it has a Claim for contribution, indemnity, subrogation, or similar relief against Continental, such Claim may be asserted as a defense against a Claim by the Diocese or the Trust in any coverage litigation (and the Diocese or the Trust may assert the legal and equitable rights of Continental in response thereto); and to the extent such a Claim is determined to be valid by the court presiding over such action, the liability of such non-settling insurer to the Diocese or the Trust shall be reduced dollar for dollar by the amount so determined.

7.1.2 Unless this Settlement Agreement is terminated, Continental shall not seek reimbursement for any payments it makes under this Settlement Agreement under theories of contribution, subrogation, indemnification, or similar relief from any other Settling Insurer unless that other insurer first seeks contribution, subrogation, indemnification, or similar relief from Continental. Notwithstanding the foregoing, nothing herein shall be construed as prohibiting Continental from seeking recovery (including with respect to the Settlement Amount or otherwise) from its reinsurers or retrocessionaires in their capacity as such. The Diocese shall use commercially reasonable efforts to obtain from all Settling Insurers agreements substantially identical to those contained in this Section 7 and shall use commercially reasonable efforts to obtain similar agreements from any other insurer with which it settles in the future; provided, however, that the failure of the Diocese, despite its commercially reasonable efforts, to obtain such an agreement from any insurer –with which it settles –will not be a basis to terminate this Settlement Agreement or excuse Continental from performing its respective obligations hereunder.

7.2 Subject to the occurrence of the Settlement Agreement Effective Date and Continental's payment of the Settlement Amount, and pursuant to the terms of the Plan, the Trust shall defend, indemnify, and hold harmless Continental with respect to any and all Channeled Claims and, any and all other Claims which relate to the Diocese Policies, including all such Claims made by (i) any Person claiming to be insured (as a named insured, additional insured, or otherwise) under any of the Diocese Policies; (ii) any Person who has made, will make, or can make a Tort Claim or Related Insurance Claim; and (iii) any Person who has actually or allegedly acquired or been assigned the right to make a Claim under any of the Diocese Policies.

7.2.1 Continental shall have the right to defend any Claims identified in this Section 7.2 and shall do so in good faith. Continental may undertake the defense of any such Claim on receipt of such Claim. Continental agrees to notify the Trust as soon as practicable of any Claims identified in this Section 7.2 and of its choice of counsel.

7.2.2 The Trust shall reimburse all reasonable and necessary attorneys' fees, expenses, costs, and amounts incurred by Continental in defending such Claims. Continental may settle or otherwise resolve a Claim only with the prior consent of the

Trust, which consent shall not be unreasonably withheld. Continental's defense, settlement, or other resolution of any Claims pursuant to this Section 7.2 shall not diminish the obligations of the Trust to indemnify Continental for such Claims, as set forth in this Section 7.2.

7.3 If any Person attempts to prosecute a Channeled Claim against Continental before the Approval Order and Plan Confirmation Order become Final Orders, then promptly following notice to do so from Continental, the Diocese will file a motion and supporting papers to obtain an order from the Bankruptcy Court pursuant to sections 362 and 105(a) of the Bankruptcy Code protecting Continental from any such Claims until the Plan Confirmation Order has become a Final Order, the Bankruptcy Case is dismissed, or this Settlement Agreement is terminated under Section 5 hereof.

8. MISCELLANEOUS

8.1 If any action or proceeding of any type whatsoever is commenced or prosecuted by any Entity not a Party to this Settlement Agreement to invalidate, interpret, or prevent the validation or enforcement, or carrying out, of all or any of the provisions of this Settlement Agreement, the Parties mutually agree to cooperate fully in opposing such action or proceeding.

8.2 The Parties will take such steps and execute any documents as may be reasonably necessary or proper to effectuate the purpose and intent of this Settlement Agreement and to preserve its validity and enforceability.

8.3 The Parties shall cooperate with each other in connection with the Approval Motion, the Approval Order, the Plan, the Plan Confirmation Order, and the Bankruptcy Case. Such cooperation shall include consulting with each other upon reasonable request concerning the status of proceedings and providing each other with copies of reasonably requested pleadings, notices, proposed orders, and other documents relating to such proceedings as soon as reasonably practicable prior to any submission thereof.

8.4 Notwithstanding any language to the contrary in this Settlement Agreement, under no circumstance will the Diocese be obligated to take any action that violates any obligation or duty owed by the Diocese to any other insurer, and if a court of competent jurisdiction determines that a term or condition in this Settlement Agreement does violate any obligation or duty owed by any of the Diocese to any other insurer, the Diocese shall be relieved of such term or condition, but the scope and finality of the releases set forth in this Settlement Agreement shall not be affected or modified.

8.5 This Settlement Agreement constitutes a single integrated written contract that expresses the entire agreement and understanding between and among the Parties.

8.6 This Settlement Agreement may be modified only by a written amendment signed by all of the Parties, and no waiver of any provision of this Settlement Agreement or of a breach thereof shall be effective unless expressed in a writing signed by the waiving Party. The waiver by any Party of any of the provisions of this Settlement Agreement or of the breach thereof shall not operate or be construed as a waiver of any other provision or breach.

8.7 By entering into this Settlement Agreement, none of the Parties has waived or shall be deemed to have waived any rights, obligations, or positions they have asserted or may in the future assert in connection with any matter outside the scope of this Settlement Agreement. No part of this Settlement Agreement, its negotiation, or its performance may be used in any manner in any action, suit, or proceeding as evidence of the rights, duties, or obligations of the Parties with respect to matters outside the scope of this Settlement Agreement. All actions taken and statements made by the Parties or by their representatives relating to this Settlement Agreement or participation in this Settlement Agreement, including its development and implementation, shall be without prejudice or value as precedent.

8.8 This Settlement Agreement represents a compromise of disputed Claims and shall not be deemed an admission or concession regarding liability, culpability, wrongdoing, or insurance coverage. All related discussions, negotiations, and all prior drafts of this Settlement Agreement shall be deemed to fall within the protection afforded to compromises and to offers to compromise by Rule 408 of the Federal Rules of Evidence and any parallel state law provisions. Any evidence of the negotiations or discussions associated with this Settlement Agreement shall be inadmissible in any action or proceeding for purposes of establishing any rights, duties, or obligations of the Parties, except that they shall be admissible to the extent they would have otherwise been admissible, absent this Section 8.8, in (i) an action or proceeding to enforce the terms of this Settlement Agreement, including any use as set forth in Section 7.1.1, or (ii) any possible action or proceeding between Continental and any reinsurers. This Settlement Agreement shall not be used as evidence or in any other manner, in any court or dispute resolution proceeding, to create, prove, or interpret Continental's obligations under the Diocese Policies or any other binder, certificate, or policy of insurance issued by Continental.

8.9 None of the Parties shall make any public statements or disclosures (i) regarding another Party's rationale or motivation for negotiating or entering into this Settlement Agreement, or (ii) asserting or implying in any way that the Parties acted improperly or in violation of any duty or obligation, express or implied, in connection with any matter arising out of, relating to, or in connection with the Diocese Policies or any other binder, certificate, or policy of insurance issued or allegedly issued by Continental, including handling of or involvement in connection with the Tort Claims or the resolution of the Tort Claims.

8.10 Neither this Settlement Agreement nor the rights and obligations set forth in this Settlement Agreement shall be assigned without the prior written consent of the other Parties.

8.11 This Settlement Agreement was jointly drafted by the Parties, and the wording of this Settlement Agreement was reviewed by legal counsel for each of the Parties, and each of them had sufficient opportunity to propose and negotiate changes prior to its execution. The language of all parts of this Settlement Agreement shall in all cases be construed as a whole according to its meaning and not strictly for or against any Party.

8.12 Section titles and headings contained in this Settlement Agreement are included only for ease of reference and shall have no substantive effect.

8.13 All notices, demands, or other communication to be provided pursuant to this Settlement Agreement shall be in writing and sent by e-mail and Federal Express or other overnight

delivery service, costs prepaid, to the Parties at the addresses set forth below, or to such other Person or address as any of them may designate in writing from time to time:

If to the Diocese:

The Diocese of Rochester
1150 Buffalo Road
Rochester, New York 14624
Attention: Lisa M. Passero, Chief Financial Officer

with copies to:

Bond, Schoeneck & King, PLLC
One Lincoln Center
Syracuse, New York 13202
Attn: Stephen A. Donato
Charles J. Sullivan
Grayson T. Walter

-and-

Blank Rome LLP
1825 Eye Street NW
Washington, D.C. 20006
Attn: James R. Murray
James S. Carter

If to Continental:

The Continental Insurance Company
151 N. Franklin St., 14th Floor
Chicago, IL 60606

with a copy to:

David Christian Attorneys LLC
105 W. Madison St., Suite 1400
Chicago, IL 60602

8.14 This Settlement Agreement may be executed in multiple counterparts, all of which together shall constitute one and the same instrument. This Settlement Agreement may be executed and delivered by facsimile, e-mail, or other electronic image, which facsimile, e-mail, or other electronic image counterparts shall be deemed to be originals.

8.15 Nothing contained in this Settlement Agreement shall be deemed or construed to constitute (i) an admission by Continental that the Diocese Parties or any other Entity was or is entitled to any insurance coverage under the Diocese Policies or any other binder, certificate, or policy of insurance issued by Continental or as to the validity of any of the positions that have

been or could have been asserted by the Diocese Parties, (ii) an admission by the Diocese Parties as to the validity of any of the positions or defenses to coverage that have been or could have been asserted by Continental or any Claims that have been or could have been asserted by the Diocese Parties against Continental, or (iii) an admission by the Diocese Parties or Continental of any liability whatsoever with respect to any of the Tort Claims.

8.16 All of the Persons included in the definition of Continental, all of the Parties to this Agreement, and the Trust are intended beneficiaries of this Settlement Agreement. Except as set forth in the preceding sentence or otherwise set forth in this Settlement Agreement, there are no third-party beneficiaries of this Settlement Agreement.

8.17 The Diocese Parties and Continental shall each be responsible for their own fees and costs incurred in connection with the Bankruptcy Case, this Settlement Agreement, and the implementation of this Settlement Agreement.

8.18 The following rules of construction shall apply to this Settlement Agreement:

8.18.1 Unless the context of this Settlement Agreement otherwise requires: (i) words of any gender include each other gender; (ii) words using the singular or plural number also include the plural or singular number, respectively; (iii) the terms “hereof,” “herein,” “hereby,” and derivative or similar words refer to this entire Settlement Agreement; and (iv) the words “include,” “includes,” or “including” shall be deemed to be followed by the words “without limitation.”

8.18.2 References to statutes shall include all regulations promulgated thereunder and references to statutes or regulations shall be construed as including all statutory and regulatory provisions regardless of whether specifically referenced in this Settlement Agreement.

8.18.3 The use of the terms “intend,” “intended,” or “intent,” when describing the intention of the Parties, as the case may be, shall not be construed to create a breach of this Settlement Agreement when the stated intent is not achieved.

8.19 The Bankruptcy Court in the Bankruptcy Case shall retain jurisdiction to interpret and enforce the provisions of this Settlement Agreement, which shall be construed in accordance with New York law without regard to conflicts of law principles thereof. Continental does not, by virtue of this Section 8.19 or any other provision in this Settlement Agreement, consent to the Bankruptcy Court’s jurisdiction as to any other matter.

8.20 This Settlement Agreement and the Diocese’s obligations under this Settlement Agreement shall be binding on the Diocese and the Reorganized Debtor and shall survive the entry of the Plan Confirmation Order.

8.21 This Settlement Agreement shall be effective on the Settlement Agreement Effective Date.

8.22 Nothing in this Settlement Agreement will prevent Continental from allocating the Settlement Amount among the Diocese Policies at Continental’s discretion.

8.23 If any provision of this Settlement Agreement, or the application thereof, shall for any reason or to any extent, be construed to be invalid or unenforceable, the remainder of this Settlement Agreement, and the application of such provision to other circumstances, shall be interpreted so as to best effect the intent of the Parties, unless such determination of invalidity or unenforceability deprives any Party of the substantial benefit of its bargain.

8.24 Except as necessary to obtain approval of this Settlement Agreement in the Bankruptcy Court, which requires that a copy of this Settlement Agreement be publicly filed on the docket and provided to the parties in interest in the Bankruptcy Case, the Parties agree that all matters relating to the negotiation and terms of this Settlement Agreement shall be confidential and are not to be disclosed except by order of court or consent of the Parties in writing, except that, provided recipients agree to keep such information confidential, this Settlement Agreement may be disclosed to (1) Continental's respective reinsurers, reinsurance intermediaries, or retrocessionaires; (2) where required by subpoena, court order, discovery request, or otherwise as required by law, or in any action concerning the interpretation, validity, breach of enforcement of this Settlement Agreement; and (3) Continental's employees who have a business need to know, parent companies, auditors, accountants, tax advisors, attorneys, retained experts and consultants, lenders, regulators, claims handling administrators, underwriters or any member company with a business need to know. The consent required under this paragraph shall not be unreasonably withheld.

IN WITNESS WHEREOF, the Parties have executed this Agreement by their duly authorized representatives.

Signed: _____

The Diocese of Rochester

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

The Continental Insurance Company, as successor by merger to Commercial Insurance Company of Newark, New Jersey, Commercial Casualty Insurance Company, and Firemen's Insurance Company of Newark, New Jersey

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

The Cathedral Community of Rochester NY

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

Roman Catholic Parish of St. Frances Xavier Cabrini

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

Peace of Christ Roman Catholic Parish of Rochester,
NY

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

The Church of the Holy Apostles, Rochester, N.Y.

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

St. Monica Church of Rochester, N.Y.

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

St. Anne's Church of Rochester

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

The Church of the Blessed Sacrament, Rochester,
N.Y.

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

St. Boniface Church, Rochester, N.Y.

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

St. Stanislaus Church of Rochester, N.Y.

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

Immaculate Conception/St. Bridget, Rochester

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

Kateri Tekakwitha Roman Catholic Parish

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

Church of St. Charles Borromeo

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

Emmanuel Church of the Deaf of the Diocese of
Rochester

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

St. George Roman Catholic Lithuanian Church, Inc.

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

The Parish of the Holy Family, Gates, NY

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

Holy Cross Church of Rochester, NY

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

St. John the Evangelist Church Corp.

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

St. Lawrence Church of Rochester, N.Y.

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

St. Mark's Church of Rochester, New York

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

St. Mary's Church Society, Inc.

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

Our Lady of Lourdes Church of Brighton

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

Our Mother of Sorrows Church

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

St. Mary's French Church Society (a/k/a Our Lady of
Victory)

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

Church of Our Lady Queen of Peace of Rochester,
N.Y.

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

St. Pius Tenth Church of Rochester, N.Y.

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

St. Theodore's Church of Gates, N.Y.

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

St. Thomas More Church of Rochester, N.Y.

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

The Catholic Parish of Saints Isidore and Maria
Torriba

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

St. Alphonsus Catholic German Church

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

St. Aloysius Church, Auburn, NY

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

The Catholic Church of the Holy Family, Auburn,
N.Y.

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

St. Mary's Catholic Church, Auburn, N.Y.

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

Saints Mary and Martha Roman Catholic Parish
Cayuga County, NY

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

Sacred Heart Church of Auburn, N.Y.

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

St. Ann's Church, Owasco, Cayuga County, N.Y.

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

Good Shepherd Catholic Community, Aurora

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

St. Agnes Church Society, Avon, N.Y.

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

St. John Vianney Roman Catholic Parish, Steuben
County, NY

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

Church of the Nativity of the Blessed Virgin Mary,
Brockport, N.Y.

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

St. Martin De Porres

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

St. Benedict Roman Catholic Parish Ontario County,
NY

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

St. Peter's Roman Catholic Parish, Ontario County

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

St. Joseph the Worker Roman Catholic Parish, Wayne
County

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

St. Margaret's Church of Conesus Lake, Livonia, N.Y.

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

All Saints, Corning

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

The Church of St. John Fisher of the Town of Huron,
New York

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

Church of St. Jerome, East Rochester, N.Y.

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

Saint Cecilia's Roman Catholic Church Society

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

St. John the Baptist Catholic Church, Elmira, N.Y.

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

Parish of the Most Holy Name of Jesus

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

Church of the Assumption, Fairport, N.Y.

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

Church of the Resurrection, Perinton, New York

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

Church of St. John of Rochester of Perinton, New
York

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

The Church of the Holy Cross of Dryden, New York

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

St. Luke the Evangelist Roman Catholic Church
Society of Livingston County

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

Our Lady of Peace Roman Catholic Church of
Geneva, NY

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

St. Hilary's Catholic Church, Genoa, N.Y.

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

St. Anthony's Catholic Church of Groton, N.Y.

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

Church of the Holy Name, Groveland, N.Y.

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

The Church of St. Elizabeth Ann Seton, The Diocese
of Rochester, N.Y.

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

Marianne Cope Roman Catholic Parish, Monroe
County NY

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

Church of St. Leo, Hilton, N.Y.

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

St. Mary's Church of Honeoye Flats, N.Y (St. Mary -
Our Lady of the Hills)

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

St. Paul of the Cross Church, Honeoye Falls, N.Y.

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

Our Lady of the Valley

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

Church of St. Mary Our Mother, Horseheads, N.Y.

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

St. Catherine of Siena Church

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

The Immaculate Conception Church, Ithaca, N.Y.

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

All Saints Church Corporation, Ludlowville, NY

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

St. Rose Roman Catholic Church

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

St. Matthew Catholic Church Society

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

St. Michael's Church Society, Livonia Center, N.Y.

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

Parish of St. Katharine Drexel, Palmyra

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

St. Catherine's Roman Catholic Church, Mendon, NY

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

St. Michael's Church, Montezuma, N.Y.

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

St. Michael's Church, Newark, N.Y.

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

St. Christopher of Chili, New York

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

St. Benedict's Mission Church of Odessa, New York

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

St. Maximilian Kolbe Catholic Church Society of
Wayne County

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

The Parish of Mary, Mother of Mercy, Tompkins
County, New York

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

Blessed Trinity, Owego

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

St. Patrick's Roman Catholic Church Society of
Owego, N.Y.

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

St. Joseph's Catholic Church of Penfield, NY

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

Our Lady of the Lakes Catholic Community

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

St. Raphael's Church, Piffard, N.Y.

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

Church of the Transfiguration, Diocese of Rochester,
New York

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

St. Louis Church of Pittsford, N.Y

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

St. John the Evangelist Church Society, Spencerport,
N.Y.

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

St. Patrick's Church of Victor, N.Y.

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

St. Frances & St. Clare Roman Catholic Parish, Seneca
County, NY

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

St. Mary's of the Lake Roman Catholic Church
Society

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

Holy Family Catholic Community

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

The Roman Catholic Church of the Most Holy Trinity
at Webster, N.Y.

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

St. Paul's Roman Catholic Church of Webster, N.Y.

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

Church of the Holy Spirit of Penfield, N.Y.

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

Our Lady of the Snow, Weedsport

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

St. Joseph's Church of West Bloomfield

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

St. Rita's Church of West Webster, N.Y.

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

Catholic Community of the Blessed Trinity of Wolcott, NY

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

Catholic Charities of the Diocese of Rochester

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

Rochester Catholic Press Association, Inc.

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

DePaul Community Services, Inc., the successor to DePaul
Mental Health Services, Inc. (f/k/a DePaul Clinic)

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

The Corporate Board of Education, Diocese of Rochester

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

Bishop Sheen Ecumenical Housing Foundation, Inc.

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

Charles Settlement House, Inc.

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

St. Bernard's School of Theology and Ministry

Name Printed: _____

Title: _____

Date: _____ 2022

Signed: _____

Camp Stella Maris of Livonia, N.Y.

Name Printed: _____

Title: _____

Date: _____ 2022

SCHEDULE A
Channeling Injunction

Channeling Injunction. In consideration of the undertakings of the Protected Parties pursuant to their respective settlements with the Diocese Parties, the funding of the Trust, and other consideration, and to further preserve and promote the agreements between and among the Protected Parties and the protections afforded the Protected Parties and pursuant to § 105 of the Bankruptcy Code:

- a. any and all Channeled Claims, are channeled into the Trust and shall be treated, administered, determined, and resolved under the procedures and protocols and in the amounts as established under the Plan and the Trust Documents as the sole and exclusive remedy for all holders of Channeled Claims; and
- b. all Entities who have held or asserted, hold or assert, or may in the future hold or assert, any Channeled Claim are hereby permanently stayed, enjoined, barred, and restrained from taking any action, directly or indirectly, for the purposes of asserting, enforcing, or attempting to assert or enforce any Channeled Claims against any of the Protected Parties, including:
 - i. commencing or continuing in any manner any action or other proceeding of any kind with respect to any Channeled Claim against any of the Protected Parties or against the property of any of the Protected Parties;
 - ii. enforcing, attaching, collecting, or recovering, by any manner or means, from any Protected Parties, or from the property of any Protected Parties, with respect to any such Channeled Claim, any judgment, award, decree, or order against any Protected Parties;
 - iii. creating, perfecting, or enforcing any lien of any kind against any Protected Parties, or the property of any Protected Parties with respect to any such Channeled Claim; and
 - iv. asserting, implementing, or effectuating any Channeled Claim of any kind against:
 - 1. any obligation due any Protected Parties;
 - 2. any Protected Parties; or
 - 3. the property of any Protected Parties.
 - v. taking any act, in any manner, in any place whatsoever that does not conform to, or comply with, the provisions of the Plan; and

- vi. asserting or accomplishing any setoff, right of indemnity, subrogation, contribution, or recoupment of any kind against any obligation due any of the Protected Parties or the property of the Protected Parties.

SCHEDULE B
Supplemental Injunction
Preventing Prosecution of Claims Against the Settling Insurer Entities

Pursuant to §§ 105(a) and 363 of the Bankruptcy Code and in consideration of the undertaking of the Settling Insurers pursuant to their Settlement Agreements and the Plan, including the buyback of the Diocese Policies free and clear of all interests pursuant to §363(f) of the Bankruptcy Code, any and all Entities who have held, now hold, or who may in the future hold any Interests (including all debt holders, all equity holders, governmental, tax and regulatory authorities, lenders, trade and other creditors, Tort Claimants, Unknown Tort Claimants, Diocese Parties, perpetrators, non-settling insurers, and all others holding Interest of any kind or nature whatsoever, including those Claims released or to be released pursuant to the Settlement Agreement) against any of the Protected Parties, or other Person covered or allegedly covered under the Diocese Policies, which, directly or indirectly, relate to, any of the Diocese Policies, any Tort Claims, or any Related Insurance Claims, are hereby permanently stayed, enjoined, barred, and restrained from taking any action, directly or indirectly, to assert, enforce, or attempt to assert or enforce any such Interest against the Settling Insurers, including:

- a. Commencing or continuing in any manner any action or other proceeding, including but not limited to a Direct Action, against the Settling Insurers or the property of the Settling Insurers;
- b. Enforcing, attaching, collecting, or recovering, by any manner or means, any judgment, award, decree, or order against the Settling Insurers or the property of the Settling Insurers;
- c. Creating, perfecting, or enforcing any lien of any kind against the Settling Insurers or the property of the Settling Insurers;
- d. Asserting or accomplishing any setoff, right of indemnity, subrogation, contribution, or recoupment of any kind against any obligation due the Settling Insurers or the property of the Settling Insurers; and
- e. Taking any act, in any manner, in any place whatsoever, that does not conform to, or comply with the provisions of the Plan.

Any and all Persons holding Interest or Claims of any kind arising under the Diocese Policies shall be permanently enjoined from pursuing such Interests or Claims against the Settling Insurers.

This injunction does not enjoin, or operate as a release of, any Claim against any Person other than the Settling Insurer Entities.

EXHIBIT 1
Approval Order

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF NEW YORK

In re:

The Diocese of Rochester,

Case No.: 19-20905

Chapter 11 Case

Debtor,

ORDER APPROVING SETTLEMENT AGREEMENT WITH CONTINENTAL

This case is before the Court on the Debtor's motion [Docket No. ____] (the "Motion")¹ for an order approving the settlement agreement, releases, and insurance policy buyback by and between the Debtor, the other Diocese Parties, and The Continental Insurance Company, as successor by merger to Commercial Insurance Company of Newark, New Jersey, Commercial Casualty Insurance Company, and Firemen's Insurance Company of Newark, New Jersey (collectively, "Continental"). Having considered the Motion and any responses thereto; having reviewed the files and records in this case; being fully advised in the premises; and determining that good cause exists to grant the Motion,

THE COURT HEREBY FINDS AND DETERMINES AS FOLLOWS:

A. The Court has jurisdiction over the Motion pursuant to 11 U.S.C. §§ 157 and 1334. This matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A). Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

B. Adequate and sufficient notice of the relief sought in the Motion was provided, and no other or further notice need be provided in order to bind all Entities.

¹ Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Continental Settlement Agreement attached to this Order as Exhibit A.

C. A reasonable opportunity to object or be heard regarding the relief requested in the motion has been afforded to all interested Entities.

D. The approval of the Continental Settlement Agreement in this Order is in the best interest of the bankruptcy estate, the Debtor's creditors, and other Entities.

E. The Debtor has good and sufficient business justifications supporting its entry into the Settlement Agreement with Continental. It is a reasonable exercise of the Debtor's business judgment to enter into, perform under, and consummate the Continental Settlement Agreement, including the sale of the Diocese Policies to Continental free and clear of liens, Claims (including, but not limited to, Tort Claims), and Interests pursuant to 11 U.S.C. §§ 363(b), (f), and (m) as provided for in the Continental Settlement Agreement.

F. The Continental Settlement Agreement was negotiated and proposed without collusion and in good faith, from arm's length bargaining positions by the Debtor, the other Diocese Parties, and Continental. For purposes of the Debtor's sale of the Diocese Policies to Continental, Continental is a good faith purchaser within the meaning of 11 U.S.C. § 363(m).

G. The consideration exchanged, including the Settlement Amount to be paid by Continental, constitutes a fair and reasonable settlement of the disputes and of their respective rights and obligations relating to the Diocese Policies.

H. The Debtor, the other Diocese Parties, and Continental have agreed that, upon the occurrence of the Settlement Agreement Effective Date and payment of the Settlement Amount by Continental, this Order shall satisfy and extinguish in full all of the obligations of Continental under, arising out of, or relating to the Diocese Policies.

THE COURT MAKES THE FOLLOWING CONCLUSIONS OF LAW, AND IT IS ORDERED, ADJUDGED, AND DECREED AS FOLLOWS:

1. The Motion is granted and the terms of the Continental Settlement Agreement is approved in all respects. The omission in this Order of specific reference to any provision of the Continental Settlement Agreement shall not impair or diminish the efficacy, propriety, or approval of the provision.

2. Any and all objections to the Motion or to the relief requested therein that have not been withdrawn, waived, or settled, and all reservations of rights included in such objections, are hereby overruled and denied.

3. The Debtor is authorized to enter into and perform the terms of the Continental Settlement Agreement and undertake any transactions contemplated by the Continental Settlement Agreement.

4. The sale of the Diocese Policies to Continental is authorized and shall be free and clear of all liens, Claims (including, but not limited to, Tort Claims), and Interests pursuant to 11 U.S.C. §§ 105, 363(b), (f), and (m). Upon occurrence of the Settlement Agreement Effective Date, in exchange for the Settlement Amount, and upon payment of the same to the Debtor or the Trust (as applicable), and without any further action being required, Continental shall be deemed to have bought back the Diocese Policies free and clear of all liens, Claims (including, but not limited to, Tort Claims), and Interests of all Entities, including all interests of the Debtor, the other Diocese Parties, and other Persons claiming coverage by, through, or on behalf of the Debtor, the other Diocese Parties, any other insurer, and any Entity holding a Claim (including, but not limited to, a Tort Claim) against any of the Debtor or Other Diocese Party.

5. The form of injunctions, the releases, and the indemnifications set forth in the Continental Settlement Agreement comply with the Bankruptcy Code and applicable nonbankruptcy law and are approved and enforceable.

6. Pursuant to the terms of the Continental Settlement Agreement, immediately upon the sale of the Diocese Policies to Continental becoming effective, the Diocese Policies shall be terminated and no longer in force or effect and shall be exhausted in retrospect as to all coverages, and all Interests the Debtor or any other Entity may have had, may presently have, or in the future may have, in such Diocese Policies are released.

7. Continental's payment of the Settlement Amount constitutes its full and complete performance of any and all obligations under the Diocese Policies, including any performance owed to the Diocese Parties, and exhausts all limits of liability of the Diocese Policies.

8. Upon the occurrence of the Settlement Agreement Effective Date, all Interests the Diocese Parties may have had, may presently have, or in the future may have in the Diocese Policies are released pursuant to the terms of the Continental Settlement Agreement.

9. Upon the occurrence of the Settlement Agreement Effective Date, the Diocese Parties accept the Settlement Amount in full and complete satisfaction of all Continental's past, present, and future obligations, including obligations to any of the Diocese Parties under such Diocese Policies or arising therefrom, as to any and all Claims for insurance coverage or policy benefits of any nature whatsoever arising out of or related in any way to such Diocese Policies, whether legal or equitable, known or unknown, suspected or unsuspected, fixed or contingent, and regardless of whether or not such Claims arise from, related to, or are in connection with the Tort Claims, Channeled Claims, the Bankruptcy Case, or otherwise.

10. This Order shall not limit or preclude the entry or effectiveness of any injunctions that may be granted protecting Continental in connection with, or as a part of, any order confirming a chapter 11 plan. Continental shall be entitled to the benefit of any Channeling Injunction and Supplemental Injunction, and any similar injunctions, contained in any such plan.

11. The Continental Settlement Agreement and this Order are binding upon the parties to the Continental Settlement Agreement, the reorganized debtor, any trust or trustee for the debtor, its assets, or its liabilities, and shall survive the confirmation of any plan of reorganization for the Debtor.

12. The Court shall retain jurisdiction to enforce the provisions of this Order and the Continental Settlement Agreement and to resolve any issue or dispute concerning the interpretation, implementation or enforcement of this Order and the Continental Settlement Agreement, or the rights and duties of the Parties hereunder or thereunder, including without limitation, (a) interpretation of the terms, conditions and provisions thereof, and (b) all issues and disputes arising in connection with the relief authorized herein.

Dated:

HON. PAUL WARREN
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT 2
Diocese Participating Parties

CATHOLIC ENTITY:	ADDRESS:
The Cathedral Community of Rochester NY; <i>successor in interest to the insurance rights of:</i> <ul style="list-style-type: none"> • Sacred Heart Cathedral, Rochester, N.Y. • The Holy Rosary Church of the City of Rochester, Monroe County, N.Y. • Church of the Most Precious Blood 	296 Flower City Park, Rochester, NY 14615
Roman Catholic Parish of St. Frances Xavier Cabrini; <i>successor in interest to the insurance rights of:</i> <ul style="list-style-type: none"> • Our Lady of the Americas (<i>successor in interest to the insurance rights of St. Francis Xavier Church; Church of the Most Holy Redeemer of Irondequoit, N.Y.; Our Lady of Mount Carmel Church, Rochester, N.Y.; Corpus Christi Church of Rochester, N.Y.</i>) • Light of Christ Roman Catholic Parish (<i>successor in interest to the insurance rights of St. Philip Neri Church of Rochester, N.Y.; St. Andrews Roman Catholic Church of Rochester, N.Y.; Church of the Annunciation, Rochester, N.Y.</i>) • Church of Our Lady of Perpetual Help of Rochester • St. Michael's Church of Rochester, N.Y. 	124 Evergreen St., Rochester, NY 14605
Peace of Christ Roman Catholic Parish of Rochester, NY; <i>successor in interest to the insurance rights of:</i> <ul style="list-style-type: none"> • St. Ambrose Church of Rochester; • St. James Church of Rochester, N.Y.; • St. John the Evangelist Church of Rochester, N.Y. 	25 Empire Blvd., Rochester, NY 14096
The Church of the Holy Apostles, Rochester, N.Y.; <i>successor in interest to the insurance rights of:</i> <ul style="list-style-type: none"> • St. Francis of Assisi Church of Rochester, N.Y. • Church of the Holy Family, Inc. • The Church of St. Anthony of Padua 	7 Austin St., Rochester, NY 14606
St. Monica Church of Rochester, N.Y.; <i>successor in interest to the insurance rights of:</i> <ul style="list-style-type: none"> • The Church of Our Lady of Good Counsel • St. Augustine Church Corporation 	34 Monica St., Rochester, NY 14619

<ul style="list-style-type: none"> SS. Peter and Paul's Roman Catholic Church, Rochester, N.Y. 	
St. Anne's Church of Rochester	1600 Mount Hope Ave., Rochester NY 14620
The Church of the Blessed Sacrament, Rochester, N.Y.	259 Rutgers St., Rochester, NY 14607
St. Boniface Church, Rochester, N.Y.	330 Gregory St., Rochester, NY 14620
St. Stanislaus Church of Rochester, N.Y.; <i>successor in interest to the insurance rights of:</i> <ul style="list-style-type: none"> St. Theresa of the Child Jesus Church, Bishop of Rochester 	34 Saint Stanislaus St., Rochester, NY 14621
Immaculate Conception/St. Bridget, Rochester; <i>successor in interest to the insurance rights of:</i> <ul style="list-style-type: none"> The Immaculate Conception Church Society St. Bridget's Church 	445 Frederick Douglass St., Rochester, NY 14608
Kateri Tekakwitha Roman Catholic Parish; <i>successor in interest to the insurance rights of:</i> <ul style="list-style-type: none"> Church of Christ the King, Rochester, N.Y. St. Cecilia Church, Irondequoit, N.Y. Church of St. Margaret Mary Church of St. Salome St. Thomas Roman Catholic Church 	445 Kings Highway S., Rochester, 14617
Church of St. Charles Borromeo; <i>successor in interest to the insurance rights of:</i> <ul style="list-style-type: none"> Church of the Holy Name of Jesus of Rochester, New York 	3003 Dewey Ave., Rochester, NY 14616
Emmanuel Church of the Deaf of the Diocese of Rochester	34 Monica St., Rochester, NY 14619
St. George Roman Catholic Lithuanian Church, Inc.	150 Varinna Dr., Rochester, NY 14618
The Parish of the Holy Family, Gates, NY; <i>successor in interest to the insurance rights of:</i> <ul style="list-style-type: none"> Church of the Holy Ghost St. Helen's Church of Gates, N.Y. Church of St. Jude of the Town of Gates. 	4100 Lyell Rd., Rochester, NY 14606
Holy Cross Church of Rochester, NY	4492 Lake Ave., Rochester, NY 14612
St. John the Evangelist Church Corp.	2400 Ridge Rd. W., Rochester, NY 14625
St. Lawrence Church of Rochester, N.Y.	1000 N. Greece Rd., Rochester, NY 14626
St. Mark's Church of Rochester, New York	54 Kuhn Rd., Rochester, NY 14612
St. Mary's Church Society, Inc.	15 South St., Rochester, NY 14607

Our Lady of Lourdes Church of Brighton	150 Varinna Dr., Rochester, NY 14618
Our Mother of Sorrows Church; <i>successor in interest to the insurance rights of:</i> <ul style="list-style-type: none"> • Our Lady of Mercy Church of Rochester, N.Y. 	5000 Mt. Read Blvd., Rochester, NY 14612
St. Mary's French Church Society (a/k/a Our Lady of Victory)	210 Pleasant St., Rochester, NY 14604
Church of Our Lady Queen of Peace of Rochester, N.Y.	601 Edgewood Ave., Rochester, NY 14618
St. Pius Tenth Church of Rochester, N.Y.	3032 Chili Ave, Rochester, NY 14624
St. Theodore's Church of Gates, N.Y.	168 Spencerport Rd., Rochester, NY 14606
St. Thomas More Church of Rochester, N.Y.	2617 East Ave., Rochester, NY 14610
The Catholic Parish of Saints Isidore and Maria Torriba; <i>successor in interest to the insurance rights of:</i> <ul style="list-style-type: none"> • St. Catherine Roman Catholic Church Society, Addison, N.Y. • St. Stanislaus Church of Bradford, N.Y. • St. Joseph's Roman Catholic Church of Campbell, N.Y. 	51 Maple St., Addison, NY 14801
St. Alphonsus Catholic German Church	10 S. Lewis Street, Auburn, NY 13021
St. Aloysius Church, Auburn, NY	85 N. St., Auburn, NY 13021
The Catholic Church of the Holy Family, Auburn, N.Y.	85 N. St., Auburn, NY 13021
St. Mary's Catholic Church, Auburn, N.Y.	15 Clark St., Auburn, NY 13021
Saints Mary and Martha Roman Catholic Parish Cayuga County, NY; <i>successor in interest to the insurance rights of:</i> <ul style="list-style-type: none"> • St. Francis of Assisi Italian Roman Catholic Church • St. Hyacinth's Polish Roman Catholic Society Church 	299 Clark St., Auburn, NY 13021
Sacred Heart Church of Auburn, N.Y.	90 Melrose Rd., Auburn, NY 13021
St. Ann's Church, Owasco, Cayuga County, N.Y.	Main St., Owasco, NY 13130
Good Shepherd Catholic Community, Aurora; <i>successor in interest to the insurance rights of:</i> <ul style="list-style-type: none"> • St. Patrick's Church of Aurora, N.Y. • St. Joseph's Catholic Church of Cayuga, N.Y. • Our Lady of the Lake Church Corporation, King Ferry • St. Patrick's Catholic Church of Moravia, Cayuga County, N.Y. • St. Bernard's Catholic Church • St. Michael's Church of Union Springs, N.Y. 	299 Main St., Aurora, NY 13026

<ul style="list-style-type: none"> • St. Isaac Jogues' Chapel 	
St. Agnes Church Society, Avon, N.Y.	108 Prospect St., Avon, NY 14414
St. John Vianney Roman Catholic Parish, Steuben County, NY; <i>successor in interest to the insurance rights of:</i> <ul style="list-style-type: none"> • St. Mary's Catholic Church Society of Bath, N.Y. • St. Gabriel's Catholic Church Society of Hammondsport, N.Y. 	32 E Morris St., Bath, NY 14810
Church of the Nativity of the Blessed Virgin Mary, Brockport, N.Y.; <i>successor in interest to the insurance rights of:</i> <ul style="list-style-type: none"> • Newman Oratory of Brockport, New York 	152 Main St., Brockport, NY 14420
St. Martin De Porres; <i>successor in interest to the insurance rights of:</i> <ul style="list-style-type: none"> • Catholic Church of St. Vincent DePaul of Churchville, N.Y. • St. Columba's Church, Caledonia, N.Y. • St. Mary of the Assumption Church, Scottsville, N.Y. • St. Patrick's Church, Mumford, N.Y. 	198 North St., Caledonia, NY 14423
St. Benedict Roman Catholic Parish Ontario County, NY; <i>successor in interest to the insurance rights of:</i> <ul style="list-style-type: none"> • St. Mary's Church Corp., Canandaigua, N.Y. • St. Bridget's Church of East Bloomfield, N.Y. 	95 N. Main St., Canandaigua, NY 14424
St. Peter's Roman Catholic Parish, Ontario County; <i>successor in interest to the insurance rights of:</i> <ul style="list-style-type: none"> • St. Felix's Church, Inc. • St. Francis Church • St. Dominic Roman Catholic Church Society 	12 Hibbard Ave., Clifton Springs, NY 14432
St. Joseph the Worker Roman Catholic Parish, Wayne County; <i>successor in interest to the insurance rights of:</i> <ul style="list-style-type: none"> • St. John the Evangelist Roman Catholic Church • St. Michael's Church Society, Inc., Lyons, N.Y. • St. Patrick's Roman Catholic Church, Savannah, N.Y. 	43 W. DeZeng St., Clyde, NY 14433
St. Margaret's Church of Conesus Lake, Livonia, N.Y.	P.O. Box 77, Livonia, NY 14487
All Saints, Corning; <i>successor in interest to the insurance rights of:</i> <ul style="list-style-type: none"> • The Church of St. Mary's of Corning, N.Y. 	222 Dodge Ave., Corning, NY 14830

<ul style="list-style-type: none"> • St. Patrick's Catholic Church, Corning, N.Y. • St. Vincent De Paul's Roman Catholic Church Society Inc., Corning, N.Y. • Church of the Immaculate Heart of Mary of Painted Post 	
The Church of St. John Fisher of the Town of Huron, New York	11956 Washington St., Wolcott, NY 14590
Church of St. Jerome, East Rochester, N.Y.	207 S. Garfield St., East Rochester, NY 14445
Saint Cecilia's Roman Catholic Church Society	1010 Davis St., Elmira, NY 14901
St. John the Baptist Catholic Church, Elmira, N.Y.	1010 Davis St., Elmira, NY 14901
Parish of the Most Holy Name of Jesus; <i>successor in interest to the insurance rights of:</i> <ul style="list-style-type: none"> • St. Mary's Roman Catholic Church Society • Blessed Sacrament Roman Catholic Church of Elmira, NY (<i>successor in interest to the insurance rights of St. Anthony's Church of Elmira, N.Y.; St. Patrick's Roman Catholic Church of Elmira, N.Y.; Saint Peter and Paul's Church, Inc.</i>) • Christ the Redeemer Roman Catholic Parish of Elmira, NY (<i>successor in interest to the insurance rights of Our Lady of Lourdes Church of Elmira, New York; St. Casimir's Roman Catholic Church Society, Elmira, N.Y.; Saint Charles Borromeo Roman Catholic Church, Elmira Heights, N.Y.</i>) 	1010 Davis St., Elmira, NY 14901
Church of the Assumption, Fairport, N.Y.	20 East Ave., Fairport, NY 14450
Church of the Resurrection, Perinton, New York	283 Hamilton Rd., Fairport, NY 14450
Church of St. John of Rochester of Perinton, New York	8 Wickford Way, Fairport, NY 14450
The Church of the Holy Cross of Dryden, New York	375 George Rd., Freeville, NY 13068
St. Luke the Evangelist Roman Catholic Church Society of Livingston County; <i>successor in interest to the insurance rights of:</i> <ul style="list-style-type: none"> • St. Mary's Roman Catholic Church, Geneseo, N.Y., Livingston County • Thomas Aquinas Roman Catholic Church of Moscow, Livingston County, N.Y. 	13 North St., Geneseo, NY 14454

<ul style="list-style-type: none"> • St. Patrick's Church Society of Mt. Morris, New York • Church of the Holy Angels of Nunda, N.Y. • St. Lucy's Church, Retsof, N.Y 	
Our Lady of Peace Roman Catholic Church of Geneva, NY; <i>successor in interest to the insurance rights of:</i> <ul style="list-style-type: none"> • Church of St. Francis DeSales • St. Stephen's Roman Catholic Church, Inc. of Geneva, N.Y. 	130 Exchange St., Geneva, NY 14456
St. Hilary's Catholic Church, Genoa, N.Y.	299 Main St., Aurora, NY 13026
St. Anthony's Catholic Church of Groton, N.Y.	312 Locke Rd., Groton, NY 13073
Church of the Holy Name, Groveland, N.Y.	13 North St., Geneseo, NY 14454
The Church of St. Elizabeth Ann Seton, The Diocese of Rochester, N.Y.	P.O. Box 149, Hamlin, NY 14464
Marianne Cope Roman Catholic Parish, Monroe County NY; <i>successor in interest to the insurance rights of:</i> <ul style="list-style-type: none"> • Guardian Angels Church of Rochester, New York • Church of the Good Shepherd, Henrietta, N.Y. • St. Joseph's Catholic Society of Rush, N.Y. 	3318 E. Henrietta Rd., Henrietta, NY 14467
Church of St. Leo, Hilton, N.Y.	167 Lake Ave., Hilton, NY 14468
St. Mary's Church of Honeoye Flats, N.Y (St. Mary - Our Lady of the Hills)	8961 Main St., Honeoye, NY 14471
St. Paul of the Cross Church, Honeoye Falls, N.Y.	31 Monroe St., Honeoye Falls, NY 14472
Our Lady of the Valley; <i>successor in interest to the insurance rights of:</i> <ul style="list-style-type: none"> • St. Joachim's Roman Catholic Church • St. Ann's Roman Catholic Church • St. Ignatius Loyola Church of Hornell, N.Y. • St. Mary's Roman Catholic Church 	27 Erie Ave., Hornell, NY 14843
Church of St. Mary Our Mother, Horseheads, N.Y.	816 W. Broad St., Horseheads, NY 14845
St. Catherine of Siena Church	302 Saint Catherine Circle, Ithaca, NY 14850
The Immaculate Conception Church, Ithaca, N.Y.	113 N. Geneva St., Ithaca, NY 14850
All Saints Church Corporation, Ludlowville, NY	347 Ridge Rd., Lansing, NY 14882
St. Rose Roman Catholic Church	1985 Lake Ave., Lima, NY 14485
St. Matthew Catholic Church Society; <i>successor in interest to the insurance rights of:</i>	P.O. Box 77, Livonia, NY 14487

<ul style="list-style-type: none"> • St. William's Church Society, Conesus, N.Y. • St. Joseph's Catholic Church Society of Livonia, N.Y. 	
St. Michael's Church Society, Livonia Center, N.Y.	8961 Main St., Honeoye, NY 14471
Parish of St. Katharine Drexel, Palmyra; <i>successor in interest to the insurance rights of:</i> <ul style="list-style-type: none"> • St. Patrick's Church of Macedon, N.Y. • St. Gregory's Roman Catholic Church of Marion, N.Y. • Roman Catholic Church of St. Anne, Palmyra, N.Y. 14522 	52 Main St., Macedon, NY 14502
St. Catherine's Roman Catholic Church, Mendon, NY	26 Mendon-Ionia Rd., Mendon, NY 14506
St. Michael's Church, Montezuma, N.Y.	2667 Hamilton St., Weedsport, NY 13166
St. Michael's Church, Newark, N.Y.	401 S. Main St., Newark, NY 14513
St. Christopher of Chili, New York	3350 Union St., North Chili, NY 14514
St. Benedict's Mission Church of Odessa, New York	169 Speedway, Odessa, NY 14869
St. Maximilian Kolbe Catholic Church Society of Wayne County; <i>successor in interest to the insurance rights of:</i> <ul style="list-style-type: none"> • St. Mary's of the Lake Roman Catholic Church Society • Church of the Epiphany, Sodus, N.Y. • Church of St. Rose of Lima, Sodus Point, N.Y. 	5823 Walworth Rd., Ontario, NY 14519
The Parish of Mary, Mother of Mercy, Tompkins County, New York; <i>successor in interest to the insurance rights of:</i> <ul style="list-style-type: none"> • St. Francis Solanus Church, Interlaken, N.Y. • Holy Cross Church • St. James the Apostle Church of Trumansburg, N.Y. 	PO Box 337, Ovid, NY 14521
Blessed Trinity, Owego; <i>successor in interest to the insurance rights of:</i> <ul style="list-style-type: none"> • St. Margaret Mary's Roman Catholic Church of Apalachin, N.Y. • St. Francis Roman Catholic Church • St. John the Evangelist Roman Catholic Church • St. Pius the Tenth Church, Van Etten, N.Y. • St. James the Apostle, Roman Catholic Church Society of Waverly, N.Y. 	300 Main St., Owego, NY 13827

St. Patrick's Roman Catholic Church Society of Owego, N.Y.	300 Main St., Owego, NY 13827
St. Joseph's Catholic Church of Penfield, NY	43 Gebhardt Rd., Penfield, NY 14526
Our Lady of the Lakes Catholic Community; successor in interest to the insurance rights of: <ul style="list-style-type: none"> • St. Andrew's Church of Dundee • St. Januarius Roman Catholic Church • St. Michael's Church of Penn Yan, N.Y. • St. Patrick's Catholic Church, Prattsburg, N.Y. • St. Mary's Church, Rushville, N.Y. • St. Theresa's Church, Stanley, N.Y. 	210 Keuka St., Penn Yan, NY 14527
St. Raphael's Church, Piffard, N.Y.	13 North St., Geneseo, NY 14454
Church of the Transfiguration, Diocese of Rochester, New York	50 W Bloomfield Rd., Pittsford, NY 14534
St. Louis Church of Pittsford, N.Y.	60 S. Main St., Pittsford, NY 14534
St. John the Evangelist Church Society, Spencerport, N.Y.	55 Martha St., Spencerport, NY 14559
St. Patrick's Church of Victor, N.Y.	115 Maple Ave., Victor, NY 14564
St. Frances & St. Clare Roman Catholic Parish, Seneca County, NY; successor in interest to the insurance rights of: <ul style="list-style-type: none"> • St. Mary's Church, Waterloo, N.Y. • St. Patrick's Church of Seneca Falls, N.Y. 	25 Center St., Waterloo, NY 13165
St. Mary's of the Lake Roman Catholic Church Society	P.O. Box 289, Watkins Glen, NY 14891
Holy Family Catholic Community; successor in interest to the insurance rights of: <ul style="list-style-type: none"> • St. Pius V Church Society, Cohocton, N.Y. • St. Mary's Church • The Church of the Sacred Heart of Jesus, Perkinsville, N.Y. • St. Joseph's Roman Catholic Church Corp., Wayland, N.Y. 	206 Fremont St., Wayland, NY 14572
The Roman Catholic Church of the Most Holy Trinity at Webster, N.Y.	1460 Ridge Rd., Webster, NY 14580
St. Paul's Roman Catholic Church of Webster, N.Y.	783 Hard Rd., Webster, NY 14580
Church of the Holy Spirit of Penfield, N.Y.	1355 Hatch Rd., Webster, NY 14580
Our Lady of the Snow, Weedsport; successor in interest to the insurance rights of: <ul style="list-style-type: none"> • St. Patrick's Roman Catholic Church of Cato, N.Y. • St. John's Church, Port Byron, N.Y. 13140	2667 Hamilton St., Weedsport, NY 13166

<ul style="list-style-type: none"> St. Joseph's Catholic Church of Weedsport, N.Y. 	
St. Joseph's Church of West Bloomfield	95 N. Main St., Canandaigua, NY 14424
St. Rita's Church of West Webster, N.Y.	1008 Maple Dr., West Webster, NY 14580
Catholic Community of the Blessed Trinity of Wolcott, NY; <i>successor in interest to the insurance rights of:</i> <ul style="list-style-type: none"> St. Mary Magdalen Church, Wolcott, N.Y. St. Thomas the Apostle Roman Catholic Church of Red Creek St. Jude 	11956 Washington St., Wolcott, NY 14590
Catholic Charities of the Diocese of Rochester	1150 Buffalo Rd., Rochester, NY 14624
Rochester Catholic Press Association, Inc.	1150 Buffalo Rd., Rochester, NY 14624
DePaul Mental Health Services, Inc. f/k/a DePaul Clinic	1931 Buffalo Rd., Rochester, NY 14624
The Corporate Board of Education, Diocese of Rochester	1150 Buffalo Rd., Rochester, NY 14624
Bishop Sheen Ecumenical Housing Foundation, Inc.	150 French Rd., Rochester, NY 14618
Charles Settlement House, Inc.	445 Jay St., Rochester, NY 14611
St. Bernard's School of Theology and Ministry	120 French Rd., Rochester, NY 14618
Camp Stella Maris of Livonia, N.Y.	4395 East Lake Rd., Livonia, NY 14487

EXHIBIT 3
Sexual Abuse Exclusion

**UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF NEW YORK**

In re:

DIOCESE OF ROCHESTER,

Debtor.

Chapter 11

Case No. 19-20905

**ORDER GRANTING APPLICATION FOR ALLOWANCE AND PAYMENT OF
ADMINISTRATIVE EXPENSE PRIORITY CLAIMS FOR
DEBTOR'S BREACH OF CONTINENTAL SETTLEMENT AGREEMENT**

Upon consideration of the *Application for Allowance and Payment of Administrative Expense Priority Claims for Debtor's Breach of Continental Settlement Agreement* [Docket No. ____] (the "Application") filed by The Continental Insurance Company, successor by merger to Commercial Insurance Company of Newark, New Jersey, and Firemen's Insurance Company of Newark, New Jersey ("Continental");¹ and the Court having jurisdiction to consider the Application and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334; and upon the relief requested in the Application being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion having been provided under the particular circumstances, and it appearing that no other or further notice need be provided; and a hearing having been held to consider the relief requested in the Application; and upon all of the proceedings before the Court; and the Court having determined that the legal and factual bases set forth in the Application

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

establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor;

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED as follows:

1. The Application is GRANTED.
2. The Continental Administrative Expense Claim is ALLOWED pursuant to sections 503(b)(1)(A) and 507(a)(2) of the Bankruptcy Code.
3. The Debtor is directed to promptly pay the Continental Administrative Expense Claim in full.

Dated: _____, 2023
Rochester, New York

Hon. Paul R. Warren
United States Bankruptcy Judge