

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF IOWA  
DAVENPORT DIVISION**

In the matter of ) Case No. 06-02229-11  
)  
DIOCESE OF DAVENPORT, ) Chapter 11  
)  
Debtor. ) Honorable Lee M. Jackwig

**SECOND AMENDED JOINT PLAN OF REORGANIZATION PROPOSED BY  
DEBTOR AND OFFICIAL COMMITTEE OF UNSECURED CREDITORS**

Dated as of April 3, 2008

Davenport, Iowa

**BALLOT DEADLINE: APRIL 23, 2008**

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**ARTICLE 1**  
**INTRODUCTION**

1.1 The Diocese of Davenport, an Iowa non-profit corporation (“Debtor” or “Diocese”), the Debtor in the above-captioned Chapter 11 reorganization case (the “Reorganization Case”) and the Official Committee of Unsecured Creditors (“Committee”) jointly propose the following Second Amended Plan of Reorganization pursuant to the provisions of Chapter 11 of the Bankruptcy Code. Capitalized terms in this Plan which are not defined in Article 2 are defined in §§101 and 1101 of the Bankruptcy Code and Bankruptcy Rule 9001.

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

1.3 The Court has scheduled the Confirmation Hearing for approval of the Plan on April 30, 2008.

**ARTICLE 2**  
**DEFINITIONS**

2.1 Scope of Definitions. For purposes of the Plan, and except as expressly provided otherwise herein or unless the context otherwise requires, all of the defined terms stated in Article 2 will have the meanings hereinafter stated. The defined terms stated in Article 2 also are substantive terms of the Plan, and Article 2 will be deemed incorporated throughout the rest

of the Plan to convey the substantive provisions included in the defined terms. Any term used in the Plan that is not defined herein but that is used in the Bankruptcy Code or the Bankruptcy Rules will have the meaning assigned to that term in the Bankruptcy Code or Bankruptcy Rule 9001. Unless otherwise specified, all section, article, and exhibit references in the Plan are to the respective section in, article of, or exhibit to the Plan, as the same may be amended, waived, or modified from time to time. The headings and captions of the Plan (including the headings of the defined terms) are for convenience of reference only and will not limit or otherwise affect the provisions hereof. Accordingly, the defined terms are as follows:

2.2 Abuse means any and all acts or omissions that in any way arise out of, are based upon, or involve actual or alleged sexual conduct or misconduct, sexual abuse or molestation, indecent assault and/or battery, rape, lascivious behavior, undue familiarity, pedophilia, ephebophilia, or sexually-related physical, psychological or emotional harm, or contacts or interactions of a sexual nature between a child and an adult, or a nonconsenting adult and another adult, by a Person for whom the Debtor or any Catholic Entity is or was legally responsible, or who the Debtor or any Catholic Entities failed to control, direct, train or supervise, or about whose acts and propensities the Diocese or any Catholic Entity failed to warn, disclose or provide information. A child or nonconsenting adult is abused 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 child or nonconsenting adult. This definition shall not constitute a waiver of any statute of limitations or any other defense that would otherwise be available to the Debtor, the Reorganized Debtor, any Catholic Entity, or the Settlement Trustee under applicable law.

2.3 Abused means being subjected to Abuse.

2.4 Administrative Expense Claim means: (a) a Claim described in §503(b) of the Bankruptcy Code; (b) any actual and necessary postpetition expenses of operating the Diocese; and (c) all Professional Fees approved by the Bankruptcy Court pursuant to interim and final allowances in accordance with Bankruptcy Code §§ 330 and 331.

2.5 Allowed Claim means (i) any Claim which has been listed by the Debtor in its Schedules, as such Schedules may be amended from time to time in accordance with Bankruptcy Rule 1009, as liquidated in amount and not disputed or contingent and for which no contrary proof of claim has been filed; (ii) any Claim which is not a Disputed Claim; (iii) any Ordinary Course Administrative Expense Claim which is not a Disputed Claim; (iv) any Claim that is compromised, settled, or otherwise resolved pursuant to the authority granted to the Debtor or the Reorganized Debtor pursuant to a Final Order of the Bankruptcy Court or pursuant to the authority granted to the Settlement Trustee or the Special Arbitrator; and (v) any Claim which, if a Disputed Claim, has been allowed by a Final Order; provided, however, that any Claim allowed solely for the purpose of voting to accept or reject the Plan shall not be considered an Allowed Claim hereunder. Any party in interest shall have the same right to object to the Debtor's schedules or an amendment of Debtor's schedules as to a proof of claim, and any Claim covered by such amendment as to which an objection has been filed shall not become an Allowed Claim until allowed by a Final Order. A reference to a specific class of Claims in conjunction with the word "Allowed" (e.g., Allowed General Unsecured Claim) incorporates this definition of Allowed Claims. With respect to a Non-Debtor the terms "Allowed" and "Allowed Claim" shall not apply and, to the extent the Plan refers to such Tort Claims as "Allowed" or refers to "Allowance," the words "Resolve for Payment" and "Resolution for Payment" shall be deemed as substituted therefor.

2.6 Avoidance Actions means any action pursuant to §§544, 545, and 547-550 of the Bankruptcy Code regarding transfers set forth on Schedule 2.6, except transfers to: (a) professionals employed by the Debtor at any time; (b) non-Debtor parties to Executory Contracts assumed by the Debtor pursuant to Bankruptcy Code § 365; (c) to any Catholic Entities listed on Schedule 2.14; (d) or any other internal fund maintained by the Diocese listed on Schedule 2.14.

2.7 Ballot means the ballot approved by the Bankruptcy Court to accompany the Plan and Disclosure Statement which shall be sent to all Creditors entitled to vote on the Plan.

2.8 Bankruptcy Code means Title 11 of the United States Code, 11 U.S.C. §§101, et seq., as amended.

2.9 Bankruptcy Court or Court means the United States Bankruptcy Court for the Southern District of Iowa, Davenport Division or such other court which exercises jurisdiction over part or all of the Reorganization Case, to the extent that the reference of part or all of the Reorganization Case is withdrawn.

2.10 Bankruptcy Rules means the Federal Rules of Bankruptcy Procedure promulgated under 28 U.S.C. § 2075, as amended.

2.11 Bar Date means the date established by the Court's Order Fixing Time for Filing Proofs of Claim or Interest which set July 16, 2007 as the date by which a proof of claim must be filed.

2.12 Business Day means any day, other than a Saturday, Sunday or a "legal holiday" as such term is defined in Bankruptcy Rule 9006(a).

2.13 Cash means United States currency or other immediately available funds denominated in United States currency.

2.14 Catholic Entities or a Catholic Entity means all (i) parishes, missions, churches, cemeteries, schools and other catholic organizations or entities existing at any time prior to the Effective Date that either: (a) located within the territorial limits of the Diocese; or (b) directly or indirectly under or subject to the supervision or control of the Bishop or the Diocese, including, but not limited to, those entities listed in Schedule 2.14; and (ii) Orders.

2.15 Chancery means the real property described as follows:

The West Half of the Northeast Quarter of the Northwest Quarter of Section 23, Township 78 North, Range 3 East of the 5th P.M. in the City of Davenport, Scott County, Iowa, except that portion thereof condemned for street purposes by City of Davenport, Iowa, by Condemnation proceedings recorded in Book 109 of Town Lot Deeds at page 471, records of the office of the Recorder of Scott County, Iowa; and

The Northwest Quarter of the Southeast Quarter of the Northwest Quarter of Section 23, Township 78 North, Range 3 East of the 5th P.M., in the City of Davenport, Scott County, Iowa, containing approximately 30 acres, more or less; and

The South Half of the Southeast Quarter of the Northwest Quarter of Section 23, Township 78 North, Range 3 East of the 5th P.M. in the City of Davenport, Scott County, Iowa; and

The Northeast Quarter of the Southeast Quarter of the Northwest Quarter of Section 23, Township 78 North, Range 3 East of the 5th P.M. in the City of Davenport, Scott County, Iowa, containing approximately 29 acres, more or less,

2.16 Channeled Claims means all Tort Claims including, without limitation, Unknown Tort Claims, against the Diocese, any Catholic Entities, and Settling Insurers which are channeled, treated and administered pursuant to the provisions and protocols of the Plan and Settlement Trust.

2.17 Channeling Injunction means the injunction under Section 18.4.

2.18 Claim Payment Date means 30 days after the later of the Effective Date or the date on which a Claim, other than a Tort Claim, becomes an Allowed Claim or at such later date if payment is not yet due and the Claim is assumed by the Reorganized Debtor.

2.19 Class means each of the classifications of Claims described in the Plan.

2.20 Committee means the Official Committee of Unsecured Creditors appointed by the United States Trustee pursuant to Bankruptcy Code §1102.

2.21 Confirmation Date means the date on which the Bankruptcy Court enters the Confirmation Order on its docket.

2.22 Confirmation Documents means the confirmed Plan, the Confirmation Order, approved Disclosure Statement, any finding of fact and/or conclusion of law entered by the Court with respect to the confirmation of the Plan, or any order or opinion entered on appeal from the Confirmation Order.

2.23 Confirmation Order means the order of the Bankruptcy Court confirming the Plan pursuant to Bankruptcy Code §1129.

2.24 Contribution Actions means any claims, causes of action or rights of any kind or nature of the Diocese or any Catholic Entity for indemnification, contribution or subrogation against any Person who is or may be liable to the Diocese and/or any Catholic Entity by reason of any Tort Claim, the settlements provided herein, or any previous settlement of any claims, which are or may have been asserted against the Diocese and/or any Catholic Entity at any time.

2.25 Convenience Fund is defined in Section 11.2.1.

2.26 Convenience Process is defined in Section 11.3.

2.27 Convenience Tort Claim is defined in Section 11.1.1.1.

2.28 Debtor or Diocese (which are completely synonymous and interchangeable) means the Diocese of Davenport, in all of its capacities including, but not limited to, the Diocese as the representative of the Estate.

2.29 Diocese Insurance Policies means any Insurance Policy purchased and owned by the Diocese at any time prior to the Petition Date.

2.30 Disallowed means, with respect to a Claim, such Claim or any portion thereof which has been disallowed by a Final Order or by the Special Arbitrator.

2.31 Disclosure Statement means the disclosure statement approved by the Court for submission to Creditors with this Plan.

2.32 Disputed Claim means every Claim, or portion thereof, which is not an Allowed Claim, to which a timely objection has been filed and which has not yet been Allowed or Disallowed.

2.33 Effective Date means the first Business Day on which the conditions specified in Article 17 of the Plan have been satisfied or waived.

2.34 Enjoined Claim means any Claim relating to any Insurance Policies issued by a Settling Insurer, including without limitation any Claim by or on behalf of a Tort Claimant, any Claim by or on behalf of an insured or putative insured, as well as any Claim for contribution, indemnity, subrogation, equitable subrogation, recoupment, quantum meruit, "other insurance clauses" rights, or similar Claim or legal theory, against any Settling Insurer Parties,

whenever and wherever arising or asserted, whether sounding in tort, contract, warranty or any other theory of law, equity or admiralty, including without limitation all Claims by way of direct action, statutory or regulatory action, or otherwise, Claims for exemplary or punitive damages, for attorneys' fees and other expenses, or for any equitable remedy; provided that an Enjoined Claim does not include any Insurance Company Defenses against Persons or Entities other than Settling Insurers; and provided further that any Insurance Company's rights of Insurer Contribution Claims are and shall be preserved as set forth in Section 18.6 of the Plan.

2.35 Estate means the bankruptcy estate of the Diocese created under Bankruptcy Code § 541.

2.36 Estate Fund is defined in Section 13.1.2 and 13.1.3.

2.37 Executory Contract means every unexpired lease and other contract which is subject to being assumed or rejected by the Debtor under Bankruptcy Code §365, pursuant to the Plan or separate motion.

2.38 Final Order means an (i) order or judgment of a court of competent jurisdiction as to which the time for appeal has expired without a notice of appeal having been filed or, if a notice of appeal has been filed, as to which such appeal has been finally resolved, determined or dismissed, or (ii) a final determination by the Special Arbitrator.

2.39 Finally Determined means, with respect to a Claim, and subject to Section 2.5, a Claim which has been Allowed or Disallowed by a Final Order or pursuant to this Plan; and, with respect to a Litigation Tort Claim, a Non Releasing Litigation Tort Claim or a Unknown Tort Claim the holder of which has elected to proceed under the Unknown Tort Claim Litigation Process, a Claim which has been settled by agreement between the holder of such Claim and the Settlement Trustee.

2.40 Funding Proportion is defined in Section 11.2.

2.41 General Unsecured Claim means an Unsecured Claim against the Diocese (including, but not limited to, every such Claim arising from the rejection of an Executory Contract and every Claim which is the undersecured portion of any Secured Claim), which is not

