

MONAHAN + ROWELL

LAWYERS

28 July 2009

By email: Howard_Harrison@codea.com.au

Attn: Mr Howard Harrison
Carroll & O'Dea Lawyers
GPO Box 7105
SYDNEY NSW 2001

"Without Prejudice"

Dear Howard,

RE: Trustees of the Marist Brothers and Catholic Church Insurances Ltd/
Cases concerning Br Kostka Chute

Our Ref: hob/070578

We refer to your without prejudice letter dated 9 June 2009 in which you confirmed that the Marist Brothers are willing to resolve the indemnity issue raised in the Marist Brother Canberra claims on a 50/50 basis (which effectively means that the Marist Brothers will contribute 50% towards each settlement payment made to any victim of Br Kostka Chute) and further on the basis that Catholic Church Insurances Ltd will continue to fund the mediation infrastructure costs and Monahan + Rowell's costs and disbursements and the Marist Brothers will pay Carroll & O'Dea's costs and disbursements.

Your offer has been given due consideration by our client, Catholic Church Insurances Ltd and its Board.

In response, our client has instructed us to put forward the following proposal to resolve all matters (past, present and future) involving alleged sexual abuse or inappropriate sexual conduct on the part of Br Kostka Chute, either solely or with alleged sexual abuse or inappropriate sexual conduct on the part of other alleged perpetrators (Br Kostka claims), which are based on facts and circumstances reported to Catholic Church Insurances Ltd under any policy of insurance issued by Catholic Church Insurances Ltd to the Marist Brothers which might respond to such a claim:-

- 1 The Marist Brothers and Catholic Church Insurances Ltd will continue to attempt to settle all claims in good faith.
- 2 Settlement of any exemplary damages claim and associated costs be paid by the Marist Brothers – noting that exemplary damages are not covered by the terms of the relevant Catholic Church Insurances Ltd policies.

In association with Colin Biggers & Paisley - Sydney

070578/hwj/53578/1

Partners: Patrick Monahan + Brian Butler + Mark Attard + Andrew Probert + Allison Grice
Mark White + Justin Griffin + Barry Edquist + Rita Zammit + Vanessa Kemp

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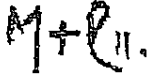
- 3 Subject to paragraph 2, settlement of Br Kostka claims including claimant's costs, shall be shared by Catholic Church Insurance Ltd and the Marist Brothers on a 50/50 basis.
- 4 It is recognised that the Marist Brothers may, at their election, decide to contribute more than 50% towards the resolution cost of a particular matter, to achieve a settlement.
- 5 The Marist Brothers will bear their own legal costs and disbursements in respect of Br Kostka claims.
- 6 The Marist Brothers contribute 50% of the following costs and disbursements incurred by Catholic Church Insurance Ltd in relation to future mediations – the daily fees paid by Catholic Church Insurance Ltd to Counsel for attending the mediation (excluding preparation time) and the daily costs of the Mediator and the Mediator's out-of-pocket expenses, and the costs of the mediation venue (including catering).
- 7 If the Marist Brothers and Catholic Church Insurance Ltd fail to agree on a settlement of a Br Kostka claim or the terms thereof, Catholic Church Insurance Ltd will brief Senior Counsel (to be mutually agreed or in default of agreement to be selected by the President of the Law Society of New South Wales) to advise thereon, with Counsel having due regard to the interests of both the Marist Brothers and Catholic Church Insurance Ltd and the terms of the proposal, and the merits and quantum of that particular case. Both parties will accept Counsel's advice. Counsel's fees will in each case be borne equally between the Marist Brothers and Catholic Church Insurances Ltd. This paragraph does not preclude the Marist Brothers from contributing more than their 50% share of a particular Br Kostka claim in order to achieve a settlement, if they elect to do so for whatever reason.
- 8 Catholic Church Insurances Ltd will continue to pay Monahan + Rowell's costs and disbursements in relation to Br Kostka claims, but if such a claim fails to settle and the matter proceeds to trial, the Marist Brothers agree to contribute 50% of Catholic Church Insurances Ltd's continuing costs and disbursements from trial preparation commencing six weeks prior to the date set for trial, including the costs and associated costs of trial, transcripts and costs and disbursements associated with any appeal(s).
- 9 The Marist Brothers will reimburse to Catholic Church Insurances Ltd 50% of the settlement sums (including claimant's costs) paid by Catholic Church Insurances Ltd in claims made by the following claimants:
 - (a) AAC – alleged abuse 1977;
 - (b) AAD – alleged abuse 1976-1978;
 - (c) ACI – alleged abuse 1981;
 - (d) ACH – alleged abuse 1979-1983;
 - (e) ACP – alleged abuse 1962;
 - (f) ACF – alleged abuse 1961-1962.
- 10 This proposal (and any agreement which might be reached between Catholic Church Insurances Ltd and the Marist Brothers flowing from this proposal) is based upon the evidence and information presently available to Catholic Church Insurances Ltd concerning the question of "prior

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knowledge" by Past Provincials of the Marist Brothers concerning sexual abuse or inappropriate sexual conduct on the part of Br Kostka Chute.

11 In regard to the proposal, we look forward to hearing from you at an early date.

Yours faithfully,

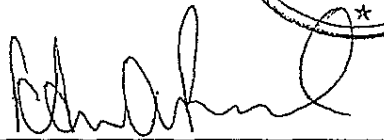
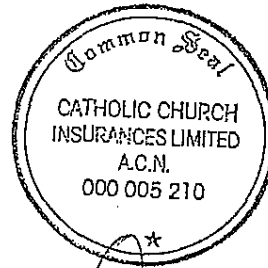


MONAHAN + ROWELL

This proposal and the contents of the letter dated 11/8/2009 (copy attached) form an Agreement made the _____ day of September 2009 between Catholic Church Insurances Limited of the one part and the Marist Brothers and the Trustees of the Marist Brothers of the other part.

SIGNED by CATHOLIC CHURCH INSURANCES LTD (ACN 000 005 210) in accordance with its Constitution:

Company Seal Affixed

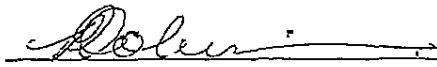
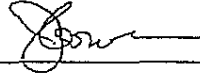


(Signed by Director)

(Signed by Director or Secretary)

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SIGNED by BR JEFFREY CROWE,
Provincial for the time being of the Marist
Brothers in the presence of:




(Signature of Witness)

ANTHONY PHILLIP ROBINSON

(Name of Witness - Please print)

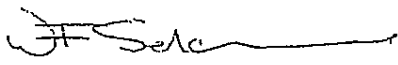
THE COMMON SEAL of the Body Corporate
called the TRUSTEES OF THE MARIST
BROTHERS was hereunto affixed pursuant to
a resolution passed at a meeting of the said
Body Corporate in the presence of the
Provincial and two other members of the said
Body Corporate, all of whose signatures are
hereunto affixed:



(Signature of Witness)

JEFFREY CROWE

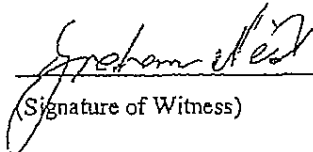
(Name of Witness - Please print)



(Signature of Witness)

WILLIAM SELDEN

(Name of Witness - Please print)



(Signature of Witness)

GRAHAM NEIST

(Name of Witness - Please print)