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**IN THE ORPHANS' COURT DIVISION OF THE
COURT OF COMMON PLEAS OF CENTRE COUNTY, PENNSYLVANIA**

IN RE: THE SECOND MILE : ORPHANS' COURT
: NO. 14-12-0255

FILED FOR RECORD
2016 JUL 8 PM 1:15
CLERK OF COURT
CENTRE COUNTY, PA

THE PENNSYLVANIA STATE UNIVERSITY'S PROOF OF CLAIMS

In accordance with the Court's Order dated March 10, 2016 and the Notice to Claimants issued in the above-captioned matter, The Pennsylvania State University (the "University" or "Penn State") hereby submits this proof of claims against The Second Mile.¹

CLAIM I
CONTRIBUTION IN LAW AND EQUITY

1. Gerald Sandusky, founder and representative of The Second Mile, has been found guilty of sexually abusing children that he met in the course of The Second Mile's activities.

2. On information and belief, The Second Mile and its President and Chief Executive Officer knew or should have known of facts that reasonably suggested that Sandusky was sexually abusing and/or endangering children. The Second Mile was in a position to prevent and stop Sandusky from meeting,

¹ The University reserves its right to assert other claims directly against the insurers of The Second Mile.

grooming, and attacking children who had been entrusted to the care of The Second Mile, but negligently failed to do so.

3. To date, Penn State has paid more than ninety-two million dollars to settle thirty-two claims brought by Sandusky's victims and alleged victims, many of whom participated in The Second Mile's programs. The Second Mile failed to contribute to the settlement of all but one of these claims.

4. As a result of The Second Mile's tortious and otherwise wrongful conduct and its inequitable and unjustified refusal to accept responsibility for Sandusky's conduct and the harm to children, the University paid more than its share of the amounts necessary to settle the claims of the victims and alleged victims of Sandusky who participated in The Second Mile's programs.

5. Under legal and equitable principles, Penn State is entitled to contribution from The Second Mile and its insurers for a fair share of the ninety-two million dollars that is attributable to The Second Mile's wrongful conduct.

CLAIM II

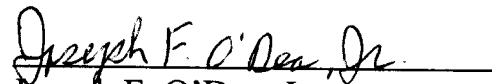
CONTRACTUAL INDEMNIFICATION

6. From approximately 1990-2011, Penn State and The Second Mile entered into contracts pursuant to which The Second Mile hosted a series of summer camps for children on Penn State's campus.

7. On information and belief, each of the contracts contained an indemnification provision by which The Second Mile agreed to hold the University harmless of any claims or damages arising out of the agreement.

8. In breach of its contractual obligations, The Second Mile failed to hold the University harmless for the claims and damages related to Sandusky's sexual abuse of children who were participants in The Second Mile's camps.

9. Pursuant to the indemnification provisions contained in the contracts between Penn State and The Second Mile, The Second Mile is contractually required to indemnify Penn State for a portion of the claims that have been settled, and to pay to Penn State an amount that is attributable to The Second Mile's breach of its indemnification obligations.


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Date: July 8, 2016

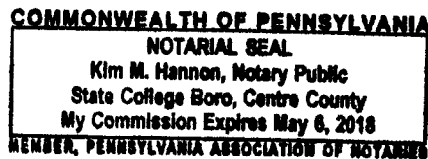
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I, Gary W. Langsdale, being duly sworn according to law, depose and say that the facts set forth the foregoing Proof of Claims are true and correct to the best of my knowledge, information and belief.

(Signature of Affiant)

Subscribed and sworn to before
me this 7th day of
July, 2016.

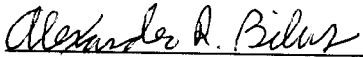
Notary Public



CERTIFICATE OF SERVICE

I, Alexander R. Bilus, certify that a true and correct copy of the foregoing
Proof of Claims was served via email and U.S. Mail on July 8, 2016, on the
following:

Mark A. Pacella, Esquire
Chief Deputy Attorney General
Charitable Trusts & Organizations Section
Office of Attorney General
16th Floor
Strawberry Square
Harrisburg, PA 17120



Alexander R. Bilus

*Counsel for The Pennsylvania
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