



DIOCESE OF WILMINGTON

POST OFFICE BOX 2030
WILMINGTON, DE 19899

PHONE: (302) 573-3100
FAX: (302) 573-6817
pbossi@cdow.org

MOST REVEREND W. FRANCIS MALOOLY, DD

BISHOP OF WILMINGTON

April 4, 2011

Dear Employees of the Diocese's Office and Ministries:

I write to give you an update on the status of the bankruptcy process and to address critical decisions related to the Diocese's budget for the next fiscal year.

In the matter of the bankruptcy: Back in February, soon after the settlement was announced, Msgr. Cini sent all of you a memorandum which outlined the next steps following the agreement between the parties to settle. The first step is the redraft of the Amended Plan of Reorganization. Our attorneys completed that task by early March and sent the redraft to attorneys for the Unsecured Creditors Committee. Those attorneys just recently returned the document with their requests and comments for changes. At the moment our attorneys are doing yet another redraft. It is our hope that by April 15 all parties will sign off on an amended document to be presented to the Court.

Soon after the filing with the Court of the Amended Plan of Reorganization there will be a Hearing to review the Diocese's Disclosure Statement by the Court. That Statement essentially is a document which outlines for all creditors what the Amended Plan proposes to provide to creditors. If the Court approves the Disclosure Statement, the next step in the process is voting on the Plan. Our best guess at this time is the voting will occur in May. If the schedule remains on track, we look to final confirmation sometime in June. Once again, I thank you for your patience, your understanding, and your support in this long process which began in October of 2009.

As I stated in my February 3, 2011 comments to the media, the bankruptcy settlement brings to a close the civil actions filed against the Diocese and Parishes in State Courts, and hopefully initiates a healing process for the survivors of clergy sexual abuse. It also achieves our two major goals in the bankruptcy; to fairly compensate all survivors of clergy sexual abuse, and honor our obligations to other creditors and pensioners, and to the best of our ability continue the charitable, educational, pastoral, and spiritual work of the Catholic community in this Diocese. I also stated that while the settlement would have a great financial impact on our diocesan organization, the settlement releases parishes from suits already filed and future claims under the Child Victim Act. The release of parishes is so important since it is there the Church's mission and the Church's life and ministries essentially reside.

Regarding the Diocese's budget for the next fiscal year: Because the settlement requires the Diocese to contribute \$77.425 million to a Settlement Trust, our capacity to continue to operate diocesan ministries at current levels is significantly reduced. Cuts must be made in the fiscal year 2012 budget which in turn require us to reduce staff. Based on a set of priorities set by me and based upon our ultimate goal to continue as best we can the work of the Diocese, certain reductions have been recommended to me. I have accepted those recommendations. The reductions have been spread as best we can throughout the entire six diocesan departments and administrative offices. Every ministry or office was required to reduce budgets; most budgets of offices and agencies were reduced 25% or more over the current year's expected expenditures. This unfortunately will cause us to initiate a series of lay-offs, a most unfortunate circumstance.

The ending of people's jobs with the Diocese is a difficult decision, and one made only with the greatest reluctance. I express my regret to those who will be let go effective July 1 of this year. I have asked our Human Resources Office to assist those having to leave us to help them in preparing resumes and to offer advice and counsel in their search for new employment.

We have done our best to preserve most of the services our offices and ministries provide even at reduced rates. Unfortunately, some services will have to be discontinued for a while.

I thank all of you for your service to your Church and our Diocese, but especially in these very difficult days. We continue to be in challenging times, but with God's grace we will continue the work He has entrusted to us.

Sincerely in Our Lord,



Most Reverend W. Francis Malooly
Bishop of Wilmington

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