

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF WISCONSIN**

In re:

ARCHDIOCESE OF MILWAUKEE,

Debtor.

Case No. 11-20059-svk

Chapter 11

Hon. Susan V. Kelley

**DEBTOR'S MOTION FOR AN ORDER AUTHORIZING, BUT NOT
DIRECTING DEBTOR TO (1) PAY PREPETITION EMPLOYEE
COMPENSATION (2) PAY OUTSTANDING PAYCHECKS, (3) MAKE PAYMENTS
FOR WHICH PAYROLL DEDUCTIONS WERE MADE, (4) REIMBURSE
EMPLOYEES FOR CERTAIN PREPETITION BUSINESS EXPENSES, (5) PAY
AMOUNTS WITHHELD FOR TAXES AND (6) PAY ALL TAXES AND COSTS
INCIDENT TO THE FOREGOING PAYMENTS AND CONTRIBUTIONS**

Archdiocese of Milwaukee, debtor and debtor-in-possession (the "Debtor" or the "Archdiocese"), hereby submits this Motion (the "Motion") for the entry of an order authorizing, but not directing, the Debtor, at its discretion and in accordance with its stated policies, to (1) pay certain prepetition employee wages, salaries, leave pay, certain benefits and other accrued compensation, (2) pay outstanding paychecks, (3) make certain payments for which employee payroll deductions were made, (4) reimburse employees for certain prepetition business expenses, if any, (5) pay all withholding taxes and employer taxes, and (6) pay all taxes and costs incident to the foregoing payments. In support of this Motion, the Debtor respectfully states as follows:

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Jurisdiction and Statutory Authority

1. The Court has jurisdiction over this Motion pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Venue of this proceeding is proper in this District and before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

2. The statutory basis for relief is authorized herein is §§ 105(a), 363(b), 507(a)4 and 541(d) of chapter 11 of the Bankruptcy Code, 11 U.S.C. §§ 101-1532 (the “Bankruptcy Code”).

Background

3. On January 4, 2011 (the “Petition Date”), the Debtor commenced its reorganization case (the “Reorganization Case”) by filing a voluntary petition for relief under the Bankruptcy Code.

4. The Debtor is continuing in possession of its property and is operating and managing its business, as a debtor in possession, pursuant to §§ 1107 and 1108 of the Bankruptcy Code. No request has been made for the appointment of a trustee or an examiner, and no official committee has been established.

5. For a description of the Archdiocese and its operations, the Debtor respectfully refers the Court and the parties in interest to the *Description of Debtor and Pre-filing History Affidavit of John J. Mark* (the “Marek History Affidavit”) and the *Affidavit of John J. Marek in Support of First Day Pleadings* (the “Marek First Day Affidavit”), both filed contemporaneously herewith, and incorporated herein by reference.

Relief Requested

6. Relief is requested to pay several types of employee compensation and employer expenses and to honor certain related obligations incurred prior to the Petition Date as described below.

7. As of the Petition Date, the Debtor employed approximately one hundred twenty (120) salaried employees, fifty-seven (57) hourly employees, and six (6) counselors paid on a commission basis (collectively the “Employees”). The Employees’ skills and their specialized knowledge and understanding of the Debtor’s mission and operations are essential to the administration of this case, the preservation of the Debtor’s assets, and the Debtor’s ability to consummate a successful reorganization. Without the Employees, the Debtor would not be able to provide resources, spiritual leadership, direction, support, planning, programming, leadership development and other services to individuals of the Roman Catholic faith, parish corporations, and schools in the Region and would not be able to provide necessary support for a plan of reorganization that will benefit all creditors.

Prepetition Compensation and Outstanding Checks for Prepetition Compensation

8. In the ordinary course of the Debtor’s business prior to the Petition Date, the Employees were owed or had accrued various sums for wages, salaries, contractual compensation, overtime pay, holiday pay, vacation time, sick time, benefit programs such as group life and disability, vision and dental benefits,¹ and other accrued compensation (collectively, “Prepetition Compensation”).²

¹ The Debtor pays for dental and vision insurance premiums only for Employees who are priests.

² For the purposes of this Motion, Prepetition Compensation does not include the Employees’ health benefits, which are the subject of the Debtor’s motion, filed contemporaneously herewith, to continue its participation in the multiple employer partially-insured health insurance program covering Debtor’s employees and their dependents.

9. As of the Petition Date the Debtor has approximately \$100,000 in accrued wages, salaries, contractual compensation, overtime pay, and holiday pay.

10. The Archdiocese provides a modest amount of vacation time to its Employees based on a milestone date or anniversary of employment with the Archdiocese. This vacation time does not accrue in the traditional sense, instead merely becoming a part of the Employees' wages or salary beginning on the milestone date or anniversary date. At the termination of employment, the Debtor compensates the Employee for any unused vacation time. The Debtor estimates that its aggregate amount of accrued vacation liability as of the Petition Date is less than \$225,000 and that no Employee has more than \$8,300 in accrued vacation. Most of the accrued vacation liability is for current period vacation time since no more than five (5) days of vacation time may be carried over from year to year and then only with special permission.

11. The Debtor in the ordinary course of its business seeks to (a) allow employees to use paid vacation time in the ordinary course of business and (b) pay unused vacation time to Employees in the ordinary course of business when they are terminated or leave their positions.

12. The Debtor's full-time Employees accrue sick time at a rate of eight (8) hours (one day) per month and can accrue up to sixty (60) days of sick time. The Debtor's part-time Employees accrue sick days under the same formula but on a pro-rated basis. At the termination of their employment the Debtor compensates Employees for any unused sick time if they meet certain requirements in terms of age and years of service (the "Cash-Out Requirements"). The Debtor estimates that its aggregate amount of accrued sick time liability as of the Petition Date is less than \$50,000, and that no Employee has more than \$5,500 in accrued sick time for which they have met the Cash-Out Requirements.

13. The Debtor in the ordinary course of its business seeks to (a) continue to compensate Employees for accrued sick time that they actually use and (b) pay Employees whose employment is terminated in the postpetition period for accrued but unused sick time for which they have met the Cash-Out Requirements.

14. Most prepetition checks to Employees have been deposited and have cleared. However, there are some payroll and expense reimbursement checks issued to Employees prior to the Petition Date (the “Outstanding Paychecks”) that have not yet been presented for payment or have not yet cleared the banking system and accordingly were not honored and paid as of the Petition Date. The Debtor estimates the aggregate amount of the Outstanding Paychecks is less than \$2,500.

15. The Debtor does not believe that any Employees have accrued Prepetition Compensation of more than the statutory priority amount of \$11,725 set in § 507(a)(4) of the Bankruptcy Code. To the extent that this Motion seeks to compensate Employees for accrued vacation time and sick time that may not have been earned in the 180 days prior to the Petition Date, those payments are warranted pursuant to §§ 363(b) and 105(a) of the Bankruptcy Code, as explained later in this Motion.

Payroll Deductions

16. As of the Petition Date, the Debtor also had accrued deductions from Employees’ paychecks to make payments on behalf of Employees for taxes, garnishments and support payments, insurance programs, union dues, retirement benefits, health benefits, and other similar programs for which the Debtor deducts a sum of money from certain Employees’ paychecks and pays those amounts to a third party (collectively, “Deductions”). All of the Deductions were

current as of the Petition Date, but may not have been processed or paid in the ordinary course of business.

17. It is important to note that the Deductions represent amounts withheld from Employees' pay with the intention that such amounts will be paid to unrelated third parties.

Prepetition Business Expenses, Withholdings, Taxes and Related Claims

18. As of the Petition Date, some of the Employees were owed or had accrued various sums for travel, lodging expenses, priest professional reimbursements, and other reimbursable expenses (“Prepetition Business Expenses”), and the Debtor had withheld money from Employees’ paychecks on account of various federal, state and local income, FICA, Medicare and other taxes (collectively, “Withholdings”) for remittance to the appropriate federal, state or local taxing authorities (the “Taxing Authorities”). In addition, the Debtor is required to pay the employer related taxes, unemployment compensation, processing fees, administrative charges and similar obligations (“Taxes”) to Taxing Authorities and third party providers. The Debtor does not believe that it has any Withholdings or Taxes attributable to Prepetition Compensation earned, but not yet remitted to the applicable Taxing Authorities. However, if any Withholdings or Taxes are determined to be due, the Debtor seeks to pay such amount.

19. Prepetition Compensation, Outstanding Paychecks, Prepetition Business Expenses, Deductions and Withholdings and Taxes may have been due and owing as of the Petition Date because, among other things:

- a. the Debtor filed its chapter 11 petition in the midst of certain of its regular and customary payroll periods, as well as in the midst of its regular reimbursement cycle for Employee business expenses;
- b. certain checks issued to the Employees prior to the Petition Date have not yet been presented for payment or have not yet cleared the banking system and, accordingly, were not honored and paid as of the Petition Date;

- c. certain Employees have not yet been paid portions of their salaries, contractual compensation and wages for services previously rendered to the Debtor or have not yet been reimbursed for business expenses previously advanced on behalf of the Debtor;
- d. certain other forms of compensation related to prepetition employment have not yet been paid to, or for the benefit of, the Employees because such amounts, although accrued in whole or in part prior to the Petition Date, were not payable at such time, but rather will become payable in the future in the ordinary course of the Debtor's business; and
- e. certain forms of Withholdings and Taxes related to prepetition employment may not have yet been paid because such amounts, although accrued in whole or in part prior to the Petition Date, were not payable at such time, but rather will become payable in the future in the ordinary course of the Debtor's business.

20. The Debtor seeks authority to pay (1) Prepetition Compensation, (2) Outstanding Paychecks, (3) Deductions, (4) Prepetition Business Expenses, (5) Withholdings and (6) Taxes attributable to the periods prior to the Petition Date to or for the benefit of the Employees.

Basis for Relief

21. The payment of the Prepetition Compensation, Outstanding Paychecks, Deductions, Prepetition Business Expenses, Withholdings, and Taxes attributable to the periods prior to the Petition Date to or for the benefit of the Employees is warranted under sections 105(a), 363, 507(a)(4) and 541(d) of the Bankruptcy Code and case law in this District and elsewhere.

Amounts Owed to Regular Employees Enjoy Priority Status Under the Bankruptcy Code and Amounts Withheld are Not Property of the Estate

22. Under section 507(a)(4) of the Bankruptcy Code, employees are granted a priority claim for:

allowed unsecured claims, but only to the extent of \$11,725 for each individual or corporation, as the case may be, earned within 180 days before the date of the filing of the petition or the date of the cessation of the debtor's business, whichever occurs first, for —

(A) wages, salaries, or commissions, including vacation, severance, and sick leave pay earned by an individual; or

(B) sales commissions earned by an individual or by a corporation with only 1 employee, acting as an independent contractor in the sale of goods or services for the debtor in the ordinary course of the debtor's business if, and only if, during the 12 months preceding that date, at least 75 percent of the amount that the individual or corporation earned by acting as an independent contractor in the sale of goods or services was earned from the debtor. . . .

23. In this case, the Debtor does not believe that the Prepetition Compensation for any Employee will exceed the sum of \$11,725 allowable as a priority claim under section 507(a)(4) of the Bankruptcy Code. In order to confirm a plan of reorganization the Debtor is required to pay in full Prepetition Compensation for each Employee to the extent it was earned in the 180 days prior to the Petition Date and does not exceed \$11,725. *See* 11 U.S.C. § 1129(a)(9)(B) (compelling payment of certain allowed unsecured claims for wages, salaries, and commissions). To the extent that the relief sought in this Motion may result in certain Employees being compensated for sick time or vacation time that was not earned within 180 days of the Petition Date, those payments are warranted pursuant to §§ 363(b) and 105(a) of the Bankruptcy Code, as explained later in this Motion.

24. Section 541(d) of the Bankruptcy Code excludes “[p]roperty in which the debtor holds, as of the commencement of the case, only legal title and not an equitable interest.” 11 U.S.C. § 541(d). Deductions such as garnishments, support payments and pension plan contributions as well as Withholdings fall within § 541(d) and do not constitute property of the estate and should be paid to the appropriate third parties.

25. The principles of section 541(d) of the Bankruptcy Code are best illustrated in cases involving taxes. It is well established under § 541(d) of the Bankruptcy Code that taxes

collected on behalf of the taxing authorities are not property of the estate. *See Begier v. IRS*, 496 U.S. 53, 59, 61-62 (1990) (holding that taxes such as excise taxes, FICA taxes and withholding taxes are property held by the debtor in trust for another and, as such, do not constitute property of the estate); *see also, Old Republic Nat'l Title Ins. Co. v. Tyler (In re Dameron)*, 155 F.3d 718, 721 (4th Cir. 1998) (holding that deposits subject to an express trust are excluded from the bankruptcy estate); *City of Farrell v. Sharon Steel Corp.*, 41 F.3d 92, 98-103 (3d Cir. 1994) (holding that funds withheld from employees' paychecks may be subject to a trust, and thus are not property of a debtor's estate, even where such funds are commingled with the debtor's other property). Accordingly, such funds are not available for general distribution to a Debtor's creditors.

26. To avoid the disruption of the Debtor's Reorganization Case and the interest charges that could result from the nonpayment of what is an inconsequential amount of withholding taxes, the Debtor seeks authority to remit all Withholdings to the applicable Taxing Authorities to the extent that the Withholdings have not already been remitted. The Withholdings are held in trust for the benefit of the appropriate Taxing Authority for Employees on behalf of whom such payment is being made. As such, the Withholdings are not property of the Debtor's estate within the meaning of section 541 of the Bankruptcy Code.

Section 363(b) and Section 105(a) of the Bankruptcy Code Also Provide a Basis for Granting the Requested Relief

27. Section 363(b) of the Bankruptcy Code provides that, after notice and a hearing, the trustee "may use, sell, or lease, other than in the ordinary course of business, property of the estate." 11 U.S.C. § 363(b)(1).

28. Section 105(a) of the Bankruptcy Code, which codifies the equitable powers of bankruptcy courts, authorizes the Court to "issue any order, process, or judgment that is

necessary or appropriate to carry out the provisions of [the Bankruptcy Code].” 11 U.S.C. § 105(a).

29. Bankruptcy courts have the equitable power to authorize the payment of prepetition claims where such payments are necessary to preserve the value of a debtor’s business or assets, thereby facilitating the chapter 11 process. *See, e.g., Miltenberger v. Logansport, Crawfordsville and Sw. Ry. Co.*, 106 U.S. 286, 311 (1882) (holding that “[m]any circumstances may exist which may make it necessary and indispensable to . . . the preservation of the property, for the receiver to pay pre-existing debts of certain classes, out of the earnings of the receivership”); *see also Mich. Bureau of Workers’ Disability Comp. v. Chateaugay Corp. (In re Chateaugay Corp.)*, 80 B.R. 279, 285-87 (S.D.N.Y. 1987) (finding that a court’s equitable powers include authorizing a debtor to pay prepetition debts). As such, a bankruptcy court’s use of its equitable powers to “authorize the payment of pre-petition debt when such payment is needed to facilitate the rehabilitation of the debtor is not a novel concept.” *In re Ionosphere Clubs, Inc.*, 98 B.R. 174, 175-76 (Bankr. S.D.N.Y. 1989) (*citing Miltenberger*, 106 U.S. 286).

30. The viability of the doctrine of necessity (alone) as authority for the payment of prepetition claims was severely undermined by the decision of the Seventh Circuit Court of Appeals in *In re Kmart Corp.*, 359 F.3d 866 (7th Cir. 2004). In finding that payments of prepetition obligations to so-called critical vendors could not be based solely on the doctrine of necessity, the Seventh Circuit also stated that the use of § 363(b)(1) as justification to pay prepetition claims was “promising”. *Id.* at 872. The Seventh Circuit suggested that paying prepetition creditors may be appropriate if the other classes of creditors will do as well or better than they would do in a straight liquidation. *Id.* at 872-73. In analogizing to “cram down”

analysis, the Seventh Circuit was in essence telling courts to look to the benefit or enhancement of the estate that will result from the payment of a prepetition claim. Id. Here, the preservation of the Employees necessary to a successful reorganization and who have a claim that must be paid in full to achieve a confirmable plan is more than enough benefit and enhancement of the estate to justify the modest payments which the Debtor seeks to have approved.

31. The bankruptcy court's exercise of its authority under § 105(a) is appropriate to carry out specific statutory provisions of chapter 11, specifically sections 363(b)(1), 1107(a) and 1108 of the Bankruptcy Code, which authorize a debtor in possession to maintain and operate the debtor's business and use estate property outside of the ordinary course of business. Indeed, courts have consistently held that a debtor in possession has a duty to protect and preserve the value of its assets, and prepetition claims may be paid if necessary to perform the debtor's duty. *See In re Tusa-Expo Holdings, Inc.*, No. 08-45057(DML), 2008 Bankr. LEXIS 2852, at *3 (Bankr. N.D. Tex. Nov. 7, 2008) (noting the necessity of permitting the payment of prepetition employee wages and related obligations in chapter 11 bankruptcy, where "employee turnover can inhibit a debtor's ability to perform its chapter 11 duties"); *In re CoServ, L.L.C.*, 273 B.R. 487, 497 (Bankr. N.D. Tex. 2002) ("There are occasions when this duty can only be fulfilled by the preplan satisfaction of a prepetition claim."); *In re NextWave Personal Commc'ns Inc.*, 244 B.R. 253, 275 (Bankr. S.D.N.Y. 2000) (observing that payment of prepetition debt could be supported by the rationales of sections 363 and 1107 of the Bankruptcy Code, "but only *after* notice and a hearing"); *In re Columbia Gas Sys., Inc.*, 171 B.R. 189, 191-92 (Bankr. D. Del. 1994) (finding that a debtor is entitled to pay certain prepetition creditors upon a showing that the payment is "essential to the continued operation of the business") (citations omitted). Accordingly, a bankruptcy court's exercise of its authority under sections 105(a) and 363(b) of

the Bankruptcy Code is necessary to carry out one of the central policies underlying chapter 11 -- i.e., to preserve value and maximize property available to satisfy the Debtor's stakeholders.

32. The failure to pay all Prepetition Compensation, including some sick and vacation time which arguably were not earned in the 180 days prior to the Petition Date, would cause harm to the Debtor. The Debtor commenced this case with the goal of conserving cash and other resources, while pursuing prompt approval of a reorganization of its operations to maximize the value available to stakeholders. The Debtor's Employees are essential to its operations and necessary to preserve the value of the Debtor's assets. Any delay or disruption in the payment of Prepetition Compensation under these extraordinary and difficult circumstances will harm the Debtor's relationships with the Employees and will irreparably impair morale of the Debtor's workforce at the very time when the dedication, confidence and cooperation of the Employees are most critical. There are no practical or legal alternatives to retention of the Employees and the amount of prepetition Employee claims is objectively de minimus in the overall perspective of this case. As a result, the Archdiocese seeks authority to pay all Prepetition Compensation in an effort to incentivize its Employees to continue their critical services. Not doing so would substantially jeopardize the value of the Debtor's operations.

33. By this Motion the Debtor is not asking to cash-out all Employees' vacation and sick time. Rather, the Debtor is merely requesting permission to honor its historic vacation and sick time policies, which allow the Employees to take vacation or sick days if they have accrued vacation or sick time, to cash out accrued vacation if their employment ends, and to cash-out their sick time if their employment ends and they meet the Debtor's long standing Cash-Out Requirements. Furthermore, it would be especially unfortunate for the Debtor to fail to honor its historic vacation and sick time policies in this situation given that no Employee is owed more

than \$11,725 in total Prepetition Compensation and only an inconsequential amount of Prepetition Compensation was conceivably not earned within 180 days prior to the Petition Date.

34. In light of the foregoing, the Debtor respectfully submits that the payment of the Prepetition Compensation, Outstanding Paychecks, Prepetition Business Expenses, Deductions, Withholdings and Taxes is essential to the success of the Debtor's chapter 11 case, represents an exercise of the Debtor's sound business judgment, and is in the best interests of the Debtor's estate and stakeholders.

Request for Authority for Banks to Honor and Pay Checks Issued to Pay Prepetition Compensation, Outstanding Paychecks, Deductions, Prepetition Business Expenses, Withholdings and Taxes

35. By this Motion, the Debtor requests that U.S. Bank National Association ("U.S. Bank") and other applicable financial institutions be authorized and directed, when requested by the Debtor in the Debtor's sole discretion, to receive, process, honor and pay any and all checks presented for payment of, and to honor all fund transfer requests made by the Debtor related to, Prepetition Compensation, Outstanding Paychecks, Deductions, Prepetition Business Expenses, Withholdings, and Taxes, whether such checks were presented or fund transfer requests were submitted prior to or after the Petition Date, provided that sufficient funds are available in the applicable accounts to make the payments. The Debtor represents that Prepetition Compensation, and Outstanding Paychecks are drawn on identifiable payroll accounts and that Deductions, Prepetition Business Expenses, Withholdings, and Taxes can be separately identified and accounted for by the Debtor's accounting staff.

36. Accordingly, the Debtor believes that checks other than those relating to authorized payments will not be honored inadvertently.

37. The Debtor has sufficient funds on hand to pay all Prepetition Compensation, Outstanding Paychecks, Deductions, Business Expenses, Withholdings, and Taxes, to the extent described herein, as such amounts become due in the ordinary course of its business.

38. Nothing contained herein is intended or should be construed as: (a) an admission as to the amount, validity or priority of any claim against the Debtor; (b) a waiver of the Debtor's rights to dispute any claim on any grounds; (c) a promise to pay any claim; (d) an implication or admission that any particular claim is a claim for Prepetition Compensation, Outstanding Paychecks, Deductions, Business Expenses, Withholdings, or Taxes; or (e) a request to assume any executory contract or unexpired lease, pursuant to § 365 of the Bankruptcy Code.

Request for Waiver of Stay

39. Pursuant to Rules 6003(b) and 6004(h) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), the Debtor seeks (a) immediate entry of an order granting the relief sought herein and (b) a waiver of any stay of the effectiveness of such an order. As noted above, Bankruptcy Rule 6003(b) provides, in relevant part,

[e]xcept to the extent that relief is necessary to avoid immediate and irreparable harm, the court shall not, within 21 days after the filing of the petition, grant relief regarding . . . a motion to pay all or part of a claim that arose before the filing of the petition.

Fed. R. Bankr. P. 6003(b). Accordingly, where the failure to grant any such requested relief would result in immediate and irreparable harm to the Debtor's estate, the Court may allow the Debtor to pay all or part of a claim that arose before the Petition Date prior to the twenty-first day following the Petition Date. Bankruptcy Rule 6004(h) provides that "[a]n order authorizing the use, sale, or lease of property other than cash collateral is stayed until the expiration of 14 days after entry of the order, unless the court orders otherwise."

40. As set forth above, the payment of the Prepetition Compensation, Outstanding Paychecks, Deductions, Business Expenses, Withholdings, and Taxes is necessary to prevent the immediate and irreparable damage to Employee morale, commitment and support that is essential to the Debtor's efforts to administer its case, preserve its assets and pursue and consummate a reorganization in an expedited manner. Without the payment of such amounts, therefore, the Debtor's ability to support its mission and preserve and maximize the value of its assets would be compromised. Accordingly, the Debtor submits that ample cause exists to justify (a) a finding that the requirements of Bankruptcy Rule 6003(b) have been satisfied and that the immediate entry of an order granting the relief sought herein is appropriate and (b) a waiver of the ten-day stay imposed by Bankruptcy Rule 6004(h), to the extent that it applies.

Notice

41. The Debtor will serve notice of this Motion by electronic mail or facsimile as well as overnight delivery on the parties identified on the attached notice list (the "Notice List Recipients").

42. Within three (3) business days of the entry of the order, notice of the Order will be given to the Notice List Recipients and those persons who have requested notice pursuant to Rule 2002 of the Bankruptcy Rules. In light of the nature of the relief requested, the Debtor submits that no further notice is required, pursuant to Bankruptcy Rules 9006(c)(1) and 9007, and asks the court to approve the same.

No Prior Request

43. No prior request for the relief sought in this Motion has been made to this or any other Court.

WHEREFORE, the Debtor respectfully request that this Court: (i) enter an order granting the relief sought herein; and (ii) grant such other and further relief to the Debtor as the Court may deem proper.

Dated this 4th day of January, 2011.

ARCHDIOCESE OF MILWAUKEE
Debtor and Debtor-in-Possession
by its counsel,
Whyte Hirschboeck Dudek S.C.

By: /s/ Daryl L. Diesing

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Notice List

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<p><i>Debtor's Notice and Claims Agent:</i> Kurtzman Carson Consultants LLC 2335 Alaska Ave. Los Angeles, CA 90245 Attn: Travis Vandell Phone: 310-823-9000 Facsimile: 310-751-1559 Email: tvandell@kccllc.com</p>	<p><i>Counsel to Certain Creditors listed on Debtor's 20 Largest:</i> Jeff Anderson & Associates P.A. 366 Jackson St., Ste 100 St. Paul, MN 55101 Attn: Jeff Anderson Phone : 651-227-9990 Facsimile : 651-297-6543 Email: jeff@andersonadvocates.com</p>
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<p>Mr. Val Thomas IRS, Central Insolvency Unit 545 Zor Shrine Pl, Stop 5301 MSN Madison, WI 53719 Phone: 608-829-8127 Facsimile:</p>	<p>Wisconsin Department of Revenue Special Procedures Unit PO Box 8901 Madison, WI 53708-8901 Attn: Hiram F. Cutting Phone: 608-266-2772 Facsimile: 608-267-1037 Email: hirma.cutting@revenue.wi.gov</p> <p>2135 Rimrock Road 5-SPU Madison, WI 53713</p>
<p>Wisconsin Department of Justice Office of the Attorney General P.O. Box 7857 Madison, WI 53707-7857 Facsimile: 608-267-2779</p>	<p>Department of Workforce Development, Division of Unemployment Insurance PO Box 8914 Madison, WI 53708 Facsimile: 608-266-8221</p>
<p><i>Counsel to Any Official Committee(s):</i> To be included after such committee is appointed and counsel is retained</p>	<p>Milwaukee Laborer's Local 113 Attn: Anthony Niera, Business Manager 6310 W. Appleton Ave. Milwaukee, WI 53210 Phone: 414-873-4520 Facsimile: 414-873-5155 Email: contactus@milwlaborers113.org</p>

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF WISCONSIN**

In re:

ARCHDIOCESE OF MILWAUKEE,

Debtor.

Case No. 11-20059-svk

Chapter 11

Hon. Susan V. Kelley

**ORDER AUTHORIZING, BUT NOT DIRECTING DEBTOR TO (1) PAY
PREPETITION EMPLOYEE COMPENSATION, (2) PAY OUTSTANDING
PAYCHECKS, (3) MAKE PAYMENTS FOR WHICH PAYROLL DEDUCTIONS
WERE MADE, (4) REIMBURSE EMPLOYEES FOR CERTAIN PREPETITION
BUSINESS EXPENSES, (5) PAY AMOUNTS WITHHELD FOR TAXES
AND (6) PAY ALL TAXES AND COSTS**

Upon the Motion (the "Motion")¹ of Archdiocese of Milwaukee, as debtor and debtor-in-
possession (the "Debtor"), seeking entry of an order granting the authority to pay (1) prepetition

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

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employee compensation, (2) pay outstanding paychecks, (3) make payments for which payroll deductions were made, (4) reimburse prepetition employee business expenses, (5) make payments of amounts withheld for taxes, and (6) pay all taxes and costs incident to the foregoing payments and contributions; and it appearing that this court has jurisdiction over this matter pursuant to 28 U.S.C. §§157 and 1334; and it appearing that this Motion is a core proceeding pursuant to 28 U.S.C. §157; and adequate notice of the Motion having been given; and it appearing that no other notice need be given; and after due deliberation and sufficient cause appearing therefor:

It is hereby ordered:

1. The Motion is hereby GRANTED.
2. The Debtor is authorized to pay the Prepetition Compensation as described in the Motion.
3. The Debtor is authorized to pay Outstanding Paychecks.
4. The Debtor is authorized to pay the Deductions.
5. The Debtor is authorized to reimburse the Business Expenses.
6. The Debtor is authorized to pay the Withholding and Taxes.
7. Pursuant to Bankruptcy Rule 6004(h), this Order shall be immediately effective and enforceable upon its entry.
8. This Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation and enforcement of this Order.

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