



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

OCT 14 2003

T:EP:BA:T:AI

This letter constitutes notice that a conditional waiver of the minimum funding standard has been granted for the above-named pension plan for the plan year ending December 31, 2002.

This conditional waiver has been granted in accordance with section 412(d) of the Internal Revenue Code (the "Code") and section 303 of the Employee Retirement Income Security Act of 1974 (ERISA). The amount for which the conditional waiver has been granted is the contribution that would otherwise be required to reduce the balance in the funding standard account of the plan to zero as of the end of the plan year for which the waiver has been granted.

(the "Hospital") is a teaching and community hospital serving the communities in the:
The Hospital has experienced temporary substantial business hardship as evidenced by losses in income in each of the last three fiscal years. The business hardship that the Hospital is experiencing has been further impacted by increased funding requirements due to declines in Plan assets, a general decline in hospital reimbursements from government and private insurers, increasing expenses and a general decrease in the use of hospital services attributable to the generally poor economic situation. According to the information received, the entire healthcare industry is experiencing similar difficulties.

The Hospital has taken several steps to increase revenues and reduce costs. The Hospital plans to add a Family Residence Program in 2003 that is focused on providing primary care further develop and:
reengineer clinical and administrative operations to meet demands for service, and improve resource utilization and process improvement. Effective October 1, 2003, the Plan was amended to freeze future compensation credits under the cash balance formula.

Plan assets as of January 1, 2002, were \$26,298,472 and the current liabilities were \$36,462,752, with a funding ratio of 72.12%.

It has been determined that an application of the minimum funding standard would be adverse to the interests of plan participants in the aggregate. Accordingly, this waiver has been granted subject to the following condition, which you have agreed to:

By January 15, 2004, all necessary documents to provide an arrangement to secure the repayment of the waived amount satisfactory to the Pension Benefit Guaranty Corporation will be executed.

If the Hospital fails to meet the above condition, this waiver is retroactively null and void.

Your attention is called to section 412(f) of the Code and section 304 of ERISA which describes the consequences which result in the event the plan is amended to increase benefits, to change the rate in the accrual of benefits, or to change the rate of vesting while any portion of the waived amount remains unamortized.

This ruling is directed only to the organization that requested it. Section 6110(k)(3) of the Code provides that it may not be used or cited as others as precedent.

When filing Form 5500 for the plan year ending December 31, 2002, the date of this letter should be entered on Schedule B (Actuarial Information). We have sent a copy of this letter to the EP Classification Manager in _____ and to the authorized representative listed on the power of attorney (Form 2848) on file with this office.

If you have any questions concerning this matter, please contact _____

Sincerely,



Carol D. Gold
Director, Employee Plans