



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

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

200819019

FEB 11 2008

T:EP:RA

Re:

Dear

This letter constitutes notice that your request for a waiver of the minimum funding standard for the plan year ending December 31, , has been granted for the above-named pension plan subject to the following conditions:

- (1) Collateral acceptable to the Pension Benefit Guaranty Corporation ("PBGC") will be provided to the Plan by the later of (a) 120 days from the date of the ruling letter or (b) the earlier of (i) the date the PBGC notifies the Service in writing that this condition has not been met or (ii) 360 days from the date of the ruling letter.
- (2) For each year that the Plan is subject to the funding waiver, the Hospital makes the following contributions:
 - (a) \$ for each calendar quarter ending March 31, June 30, , September 30, , and December 31, (\$ annually); and
 - (b) for each applicable subsequent year, \$ for each calendar quarter ending March 31, June 30, September 30, and December 31 (\$ annually).

The Hospital must provide proof of payment of all contributions described above to this office, using the fax number or address below, and to the PBGC.

- (3) The Hospital files Forms 5330 to report the accumulated funding deficiencies of approximately \$ and \$ for the plan years ending December 31, , and , respectively, and satisfies the 10% excise tax that is due under section 4971(a) of the Internal Revenue Code ("Code"). Copies of the Forms 5330 should be provided to this office using the fax number or address listed under condition (2) above.

Your authorized representative agreed to these conditions in a letter dated January 10, 2008. If any of these conditions are not satisfied, the waiver is retroactively null and void.

The conditional waiver of the minimum funding standard has been granted in accordance with section 412(d) of 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 to zero as of December 31, 2006.

The Hospital, founded in , is a -bed acute care hospital that employs over 350 physicians and 900 employees. The Hospital is a not-for-profit hospital that is controlled by the Board of Directors. The Hospital is not aggregated with any other entities for purposes of sections 414(b), (c), (m) or (o) of the Code.

On March 25, , the Hospital filed for protection under Chapter 11 of the U.S. Bankruptcy Code. The Hospital's plan of reorganization was approved on September 26, . The Hospital will complete the payments under the plan of reorganization by the end of 2008 (all non-priority claims were to be paid by September of and all priority claims by the end of). A primary factor that contributed to the Hospital's bankruptcy filing was a significant disruption in operations caused by a temporary decertification from the Medicare and Medicaid provider programs. Because of the brief decertification, the Hospital was unable to receive Medicare and Medicaid reimbursement, various other third party payors cancelled contracts with the Hospital, vendors commenced collection actions, and many of the Hospital's employees resigned. Management personnel operating the Hospital at the time reduced the scope of services provided by the Hospital, which further exacerbated the Hospital's deteriorating financial position.

The Hospital has experienced a business hardship as a result of a variety of factors: repaying its creditors as part of the bankruptcy proceedings, satisfying certain legal and financial obligations, and contending with cash flow shortages. The Hospital has concluded its payments to its unsecured creditors under the plan of reorganization. At the end of 2008, debts to secured creditors will be completely satisfied. The Hospital was paying its creditors \$ for secured and unsecured claims each quarter in 2007. Due to the satisfaction of the claims under the bankruptcy proceedings, the Hospital has access to significant monies that it can contribute to the Plan in the future.

The Hospital has made a significant effort to fund the Plan since the reorganization has been approved. According to the information received, the Hospital has contributed in excess of \$ _____ to the Plan since September of _____. Accruals to the Plan ceased on September 1, _____. The Plan was _____ funded on a current liability basis as of January 1, _____.

The Hospital's prospects for recovery are uncertain. However, it is clear that the Hospital's financial hardship would be exacerbated by the denial of the waiver. Additionally, denying the request may preclude a financial recovery by the Hospital and put the Plan at risk of termination. Hence, it has been determined that it is in the best interest of plan participants in the aggregate that the waiver be granted subject to the conditions stated above.

Your attention is called to section 412(f) of the Code and section 304(b) of ERISA which describe the consequences that would result in the event the plan is amended to increase benefits, change the rate in the accrual of benefits or to change the rate of vesting, while any portion of the waived funding deficiency remains unamortized. Please note that any amendment to a profit sharing plan or any other retirement plans (covering employees covered by this plan) maintained by the Hospital, to increase the liabilities of those plans would be considered an amendment for purposes of section 412(f) of the Code and section 304(b) of ERISA. Similarly, the establishment of a new profit sharing plan or any other retirement plan by the Hospital (covering employees covered by this plan) would be considered an amendment for purposes of section 412(f) of the Code and section 304(b) of ERISA.

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

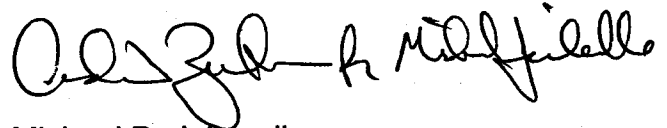
When re-filing Form 5500 for the plan year ending December 31, _____, the date of this letter should be entered on Schedule B (Actuarial Information). We have sent a copy of this letter to the _____, and to your authorized representative pursuant to a power of attorney on file in this office.

200819019

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

Sincerely,

A handwritten signature in black ink, appearing to read "Michael D. Julienelle". The signature is fluid and cursive, with the first name being the most prominent.

Michael D. Julienelle
Director, Employee Plans