Internal Revenue Service
Significant Index No. 0412.06-00

Department of the Treasury

Washington, DC 20224 200148079

Telephone Number:

In Reference to:
T:EP:RA:T:A1

Date: SEP 05 2001

In re:

Hospital =

State A =

This letter constitutes notice that with respect to the above-named defined benefit pension plan we have granted a conditional waiver of the minimum funding standard for the plan year ending December 31, 2000.

This conditional waiver for the plan year ending December 31, 2000, has been granted in accordance with section 412(d) of the Internal Revenue Code and section 303 of the Employee Retirement Income Security Act of 1974 (ERISA). The waived amount is the contribution which would otherwise be required to reduce the balance in the funding standard account to zero as of the end of the plan year for which this conditional waiver has been granted.

The currently is a for-profit corporation specializing in providing services. Although organized under the for-profit laws of State A, the has always operated as a "not-for-profit" business as any and all profits previously made were reinvested back into the In 1999 and 2000, the had negative earnings and a negative net worth. In 1999 and 2000, the had positive working capital.

In order to effect a recovery the is being reorganized as a non-profit tax-exempt 501(c)(3) organization. As a non-profit entity the will be exempt from real estate and sales taxes and will have the opportunity to solicit grants and contributions. In addition, the projects other operational efficiencies due to an ongoing program of expenditure reductions coupled with an increase in occupancy rates brought about by the recent closure of the unit of its only nearby non-secular competitor. As a result of these changes, the anticipates a de minimis loss in 2001 and revenues in excess of expenses beginning in 2002.

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As of January 1, 2000, the value of the assets of the plan was equal to 66% of the Plan's current liability. Because the prospects for recovery are contingent on uncertain events and because the plan is underfunded, we are granting this waiver subject to the following conditions:

(1) The is successful in its conversion to non-profit status.

(2) The contributions required to satisfy the minimum funding standard for the Plan years ending December 31, 2001 and 2002, are to be timely made as defined in section 412(c)(10) of the Code (without a waiver being granted for such years).

(3) The is to provide a security interest to the Plan that is acceptable to the PBGC.

If these conditions are not satisfied, the waiver is retroactively null and void. You agreed to these conditions in a letter dated August 16, 2001.

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 other retirement plans maintained by the or to the profit sharing plan, 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.

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 filing Form 5500 for the plan year ended December 31, 2000, the date of this letter should be entered on Schedule B (Actuarial Information). A copy of this letter is being sent to your authorized representative in accordance with a Form 2848 (power of attorney) on file. A copy of this letter has also been sent to the Manager, Employee Plans Classification in

Sincerely,

Carol Gold, Director
Employee Plans
Tax Exempt and Government
Entities Division

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