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

TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

SEP 06 2006

Re

EIN:

Hospital =

This letter constitutes notice that with respect to the above-named Plan, your request for an extension for amortizing the unfunded liabilities described in section 412(b)(2)(B) of the Internal Revenue Code ("Code") and section 302(b)(2)(B) of the Employee Retirement Income Security Act of 1974 ("ERISA") has been approved subject to the condition that the contributions required to satisfy the minimum funding standard (taking into account the extension) are to be timely made as defined in section 412(c)(10) of the Code (without a waiver being granted for such years) for the plan years beginning May 1, 2005, through May 1, 2015. This approval applies to the plan year beginning May 1, 2002.

You agreed to this condition in a fax dated August 23, 2006. If this condition is not satisfied, the approval to extend the amortization periods for amortizing the unfunded liabilities would be retroactively null and void.

The particular unfunded liabilities for which the extension of the amortization periods is requested are the existing charge bases as of May 1, 2002. The extension granted for these amortization bases is 10 years.

The extension of the amortization periods of the unfunded liabilities of the Plan has been granted in accordance with section 412(e) of the Code and section 304(a) of ERISA. Section 412(e) of the Code and section 304(a) of ERISA authorize the Secretary to extend the period of time required to amortize any unfunded liability (described in section 412(b)(2)(B) of the Code and section 302(b)(2)B) of ERISA) of a plan for a period of time (not in excess of 10 years) if the Secretary determines that such extension would carry out the purposes of ERISA and would provide adequate protection for participants under the plan and their beneficiaries and if the Secretary determines that the failure to permit such extension would (1) result in (A) a substantial risk to the voluntary continuation of the plan, or (B) a substantial curtailment of pension benefit levels or employee compensation, and (2) be adverse to the interests of plan participants in the aggregate.

Section 101 of Reorganization Plan No. 4 of 1978, 1979-1 C.B. 480, transferred the authority for issuing rulings under section 304(a) of ERISA from the Secretary of Labor to the Secretary of the Treasury. Accordingly, the amortization periods for the unfunded liabilities of the Plan are extended as described above under section 412(e) of the Code and section 304(a) of ERISA.

The Plan is a single employer defined benefit plan. Benefit accruals to the Plan ceased effective January 5, 1994. As of May 1, 2005, the market value of assets of the Plan was approximately equal to 62.37% of the present value of accrued benefits under the Plan.

The Hospital is a 100-bed independent religious hospital that provides medical, rehabilitative and educational services to children with special needs. The Hospital has faced a number of challenges and hardships over the last few years. Due to shortages of nursing staff, inpatient days decreased. However, the Hospital's nursing expenses increased substantially due to costs associated with recruiting and training replacement nurses, and the necessity of hiring temporary agency nurses in the interim. Accounts payable increased dramatically during this time period and reimbursement from the State has not covered the costs of treating a disproportionate number of indigent and underinsured patients. The Hospital's financial problems forced it to take out a $2 million mortgage to cover expenses. The Hospital's aging plant and reliance on fundraising to meet operating needs have also exacerbated the Company's financial condition.

According to the Company, the extension is necessary because of its cash flow situation. The extension will allow the Company to fund the plan without adversely affecting its economic future. The projections provided by the Company show that the main effect of the extension is to push the date that the plan is fully funded from May 1, 2010, to January 1, 2015.

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 trustees of this 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. Similarly, the establishment of a new profit sharing plan or any other retirement plan by the trustees of this Plan (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.

When filing the amended Form 5500 for the plan year beginning May 1, 2002, the date of this letter should be entered on the amended Schedule B (Actuarial Information). We have sent a copy of this letter to the Manager, EP Classification in to the Manager, EP Compliance Unit in and to your authorized representative pursuant to a power of attorney on file in this office.

If you require further assistance in this matter, please contact , at

Sincerely yours,

James E. Holland, Jr.

James E. Holland, Jr., Manager
Employee Plans Technical