Significant Index No. 0412.06-00

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

TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

MAY 15 2007

Release Number: **200732029**
Release Date: 8/10/2007

T:EP:RA:T2

Re:

Company =

This letter constitutes notice that your request for a waiver of the minimum funding standard for the above-named plan for the plan year ending December 31, 2005, has been denied.

The Company is involved in the health care industry. The current financial hardship was brought about in large part by the level of Medicare/Medicaid reimbursements, the presence of two labor unions within the facility, and existing bond covenants and undesirable interest rates currently available in the market. This has led to accumulated losses in excess of since , with losses projected to continue into the foreseeable future. The Company has pursued offers from prospective buyers, but the mounting losses, the pension liabilities, and outstanding debt have made the Company undesirable. The Company has also tried to restructure its debt, but has been unable to do so.

You were notified in a letter dated February 9, 2007, that your request had been tentatively denied. A conference of right was held on . At the time, the Company agreed with our preliminary determination that while its business hardship was substantial, it was not temporary. Furthermore, even if the funding waiver were granted, the Company would not be able to make periodic payments to the Plan sufficient to cover both the amortization payments on the funding waiver plus the future ongoing cost of the Plan.

In a letter dated April 25, 2007, you stated that the Company does not wish to withdraw its application for the funding waiver. Because the nature of the Company's hardship is not temporary, the Company is unable to satisfy future minimum funding requirements, and it is unreasonable to assume that the Plan will continue only if a funding waiver is granted, your request for a waiver of the minimum funding standard for the plan year ending , has been denied.

You should note that excise taxes under section 4971(a) of the Internal Revenue Code are currently due on the accumulated funding deficiencies in the Plan for the Plan years ending , , and . You should file a Form 5330 as soon as possible to report and pay the taxes.

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.

We have sent a copy of this letter to the to the If you require further assistance in this matter, please contact

Sincerely yours,

Joseph H. Grant, Director
Employee Plans