
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of report (date of earliest event reported): March 26, 2007

Rotech Healthcare Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

000-50940
(Commission File No.)

030408870
(I.R.S. Employer
Identification No.)

2600 Technology Drive, Suite 300
Orlando, Florida 32804
(Address of principal executive offices) (ZIP Code)

Registrant's telephone number, including area code:
(407) 822-4600

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

ITEM 1.01 ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT

On March 26, 2007, Rotech Healthcare Inc. (the “Company”) signed a commitment letter (the “Commitment Letter”) with Credit Suisse Securities (USA) LLC (“CS Securities”) and Credit Suisse, Cayman Islands Branch (collectively, “CS”). Pursuant to the Commitment Letter, CS has committed to provide a payment-in-kind term loan facility in an aggregate principal amount of \$160 million (the “Senior Facility”) on or about April 5, 2007, subject to customary closing conditions described below. CS Securities will act as sole bookrunner and sole lead arranger for the Senior Facility. CS will act as the sole administrative agent. The Company intends to use the proceeds of the Senior Facility to repay all amounts due under its September 15, 2006 credit agreement and terminate such agreement in connection therewith (the “Existing Credit Agreement”), and for general working capital purposes.

The Senior Facility is expected to mature on September 26, 2011. The obligations thereunder will be guaranteed by substantially all of the Company’s domestic subsidiaries and to the extent no adverse tax consequences to the Company would result, substantially all of its foreign subsidiaries. The obligations will be secured by substantially all of the assets of the Company and the guarantors. The loans under the Senior Credit facility may be prepaid, subject to certain premiums upon repayment. The Senior Facility is expected to have certain limitations on the Company including limitations on dividends on, redemptions and repurchases of, equity interests, limitations on prepayments of junior indebtedness, redemptions and repurchases of debt (other than loans under the Senior Facility), limitations on liens and sale-leaseback transactions, limitations on loans and investments; limitations on debt, guarantees and minimum EBITDA, limitations on mergers, acquisitions and asset sales, limitations on transactions with affiliates, limitations on changes in business conducted by the Company and its subsidiaries, limitations on restrictions on ability of subsidiaries to pay dividends or make distributions, limitations on amendments of debt and other material agreements, and limitations on capital expenditures. The interest rate will be based on LIBOR, or CS’s Alternate Base Rate, at the Company’s option, in each case, plus a margin. The Senior Facility will also contain events of default.

Under the terms of the Commitment Letter, the Company agreed to, among other things, customary indemnification, expense reimbursement and assistance provisions. The Company also agreed to pay CS and CS Securities certain fees in connection with the Senior Facility.

CS’s commitments are subject to, certain customary closing conditions, including, (i) there not having occurred certain material adverse events with respect to the Company and (ii) the negotiation, execution and delivery of customary definitive documentation which could contain terms different than those set forth in the Commitment Letter.

Forward-Looking Statements

This report contains certain statements that constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and the provisions of section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and section 27A of the Securities Act of 1933, as amended. These forward-looking statements include all statements regarding the intent, belief or current expectations regarding the matters discussed in

this report and all statements which are not statements of historical fact. Words such as “expects,” “anticipates,” “intends,” “plans,” “believes,” “estimates,” “projects,” “may,” “will”, “could”, “should”, “would”, variations of such words and similar expressions are intended to identify such forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties, contingencies and other factors that could cause results, performance or achievements to differ materially from those stated in this report including causing the conditions to CS’s commitments not to be satisfied. The following are some but not all of such risks, uncertainties, contingencies, assumptions and other factors, many of which are beyond the Company’s control, that could cause results, performance or achievements to differ materially from those anticipated: the closing of the Senior Facility in the anticipated time frame, if at all, general economic, financial and business conditions; changes in reimbursement policies, the timing of reimbursements, and other legislative initiatives aimed at reducing health care costs associated with Medicare and Medicaid, including, without limitation, the impact of the Medicare Prescription Drug, Improvement and Modernization Act of 2003 and the uncertainties relating to inhalation drug reimbursement; issues relating to reimbursement by government and third party payors for the Company’s products and services generally; the costs associated with government regulation of the health care industry; health care reform and the effect of changes in federal and state health care regulations generally; whether the Company will be able to successfully implement a process to switch patients to commercially available drug products and whether a significant number of patients will ultimately switch; the impact of switching patients to commercially available drug products on the Company’s revenue and profit; whether the Company will be subject to enforcement action or other negative actions in connection with the FDA’s warning letter; whether the Company will be subject to additional regulatory restrictions or penalties; compliance with confidentiality requirements with respect to patient information; the effects of competition and industry consolidation; compliance with various settlement agreements and corporate compliance programs established by the Company; risks related to acquired businesses; the costs and effects of legal proceedings; the risks and uncertainties described in the Company’s filings with the Securities and Exchange Commission. Readers should refer to the discussion under “Risk Factors” contained in the Company’s Annual Report on Form 10-K for the year ended December 31, 2006. Should one or more of these risks or uncertainties materialize or should underlying assumptions prove incorrect, the Company’s actual results, performance or achievements could differ materially from those expressed in, or implied by, such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date thereof. When you consider these forward-looking statements, you should keep in mind these risk factors and other cautionary statements. The Company does not undertake any obligation to release any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

ROTECH HEALTHCARE INC.

Date: March 26, 2007

By: /s/ Steven P. Alsene

Name: Steven P. Alsene

Title: Chief Financial Officer