

DIMENSIONS HEALTH CORPORATION

GENERAL NOTICE TO CREDITORS

September 12, 2001

Re: Prince George's County, Maryland Hospital Revenue Bonds (Dimensions Health Corporation Issue), Series 1992, CUSIP 741710 AJ6, AG2

Prince George's County, Maryland Project and Refunding Revenue Bonds (Dimensions Health Corporation Issue), Series 1994, CUSIP 741724 AU2, AV0, AW8, AX6, AY4, AZ1, BA5, BB3, BC1 and BD9

Dimensions Health Corporation Flexible Term Notes, Series A

Bowie Assisted Living, L.L.C. Taxable Variable Rate Demand Bonds, Series 1997, CUSIP 10240NAA6

Certain Agreements with Commercial Banks

DIMENSIONS HEALTH CORPORATION, a Maryland not-for-profit corporation, provides the following notice.

Cash. Dimensions Health Corporation (the Obligated Group Member under the Master Trust Indenture) retained approximately \$3.95 million of free cash at July 31, 2001 (6.2 days).

Consultant. Dimensions has engaged Cap Gemini Ernst & Young to assist in the identification and implementation of improvements in the areas of cash collection, clinical documentation, utilization management and supply chain efficiency.

Progress in identifying and implementing the initiatives is summarized on the attached "Implementation Progress," "Progress Toward Goal," "Implementation Progress - Step 10- Actual Results Realized" and "One Time Cash Opportunity - Revenue Cycle," each dated at August 27, 2001.

Commercial Bank Agreements. Events of Default previously existed with respect to loans or letters of credit issued by two commercial banks.

Bowie Assisted Living, L.L.C. caused the optional redemption on June 28, 2001 of \$3,000,000 principal amount of the Bowie Assisted Living, L.L.C. Taxable Variable Rate Demand Bonds, Series 1997. The redemption price was funded by a drawing on a Letter of Credit issued by First Union National Bank. The amount of said drawing was reimbursed to the Bank, in part by Bowie and in part by use of \$2,000,000 cash collateral previously pledged by Dimensions to the Bank (and the Trustee for the Bonds) as security for Dimensions' guaranty of

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Bowie's obligation to reimburse the Bank for payments made by the Bank on the Letter of Credit (and as security for Dimensions' guaranty of the Bonds). Bowie is obligated to reimburse said \$2,000,000 to Dimensions, with interest, pursuant to a subordinated promissory note due 2006 (subject to prepayment). Giving effect to said optional redemption, Bonds in the principal amount of \$6,700,000 remain outstanding and supported by the Bank's Letter of Credit. Dimensions' guaranty and cash collateral pledge have been terminated. (Due to the release of Dimensions' guaranty, it should not be expected that future notices to creditors will be addressed to the holders of said Bonds.)

Dimensions also agreed to pledge to Bank of America, N.A. \$1,300,000 of cash by September 15, 2001 and an additional \$900,000 of cash by December 31, 2001 which, with \$500,000 already pledged, will fully collateralize two standby letters of credit issued for unemployment insurance and workers' compensation purposes. The Bank extended the terms of its letter of credit backing the Dimensions Health Corporation Flexible Term Notes, Series A, the referenced standby letters of credit and an additional letter of credit backing Dimensions' participation in a pooled loan equipment program. The Bank also waived all existing defaults and modified agreements to eliminate financial and credit rating covenants. Payments of the \$2,200,000 collateral will be made from cash derived from operations.

Dimensions' management believes that no default exists under any of its debt obligations.

Grants. Dimensions received full payment of a \$3,000,000 grant from Prince George's County, Maryland in July, 2001.

Dimensions expects to receive prior to December 31, 2001 payment of a \$2,500,000 grant by the State of Maryland, made to help fund patient care in the areas of maternal and child health, emergency services and behavioral health.

Caution: Forward-looking Information. This Notice contains forward-looking information which is based upon management's evaluation of current trends and expected events. Future events will vary from management's expectations, due to many factors, only certain of which are anticipated by this Notice. There is no assurance that expected results will be realized.

Further Information. Further information may be obtained from Mr. Noel A. Cervino, Senior Vice President and Chief Financial Officer, Dimensions Health Corporation, Executive Office - Suite 4000, 3001 Hospital Drive, Cheverly, MD 20785; Telephone (301) 583-4000.

DIMENSIONS HEALTH CORPORATION

/ signed /

Noel A. Cervino, Senior Vice President and
Chief Financial Officer



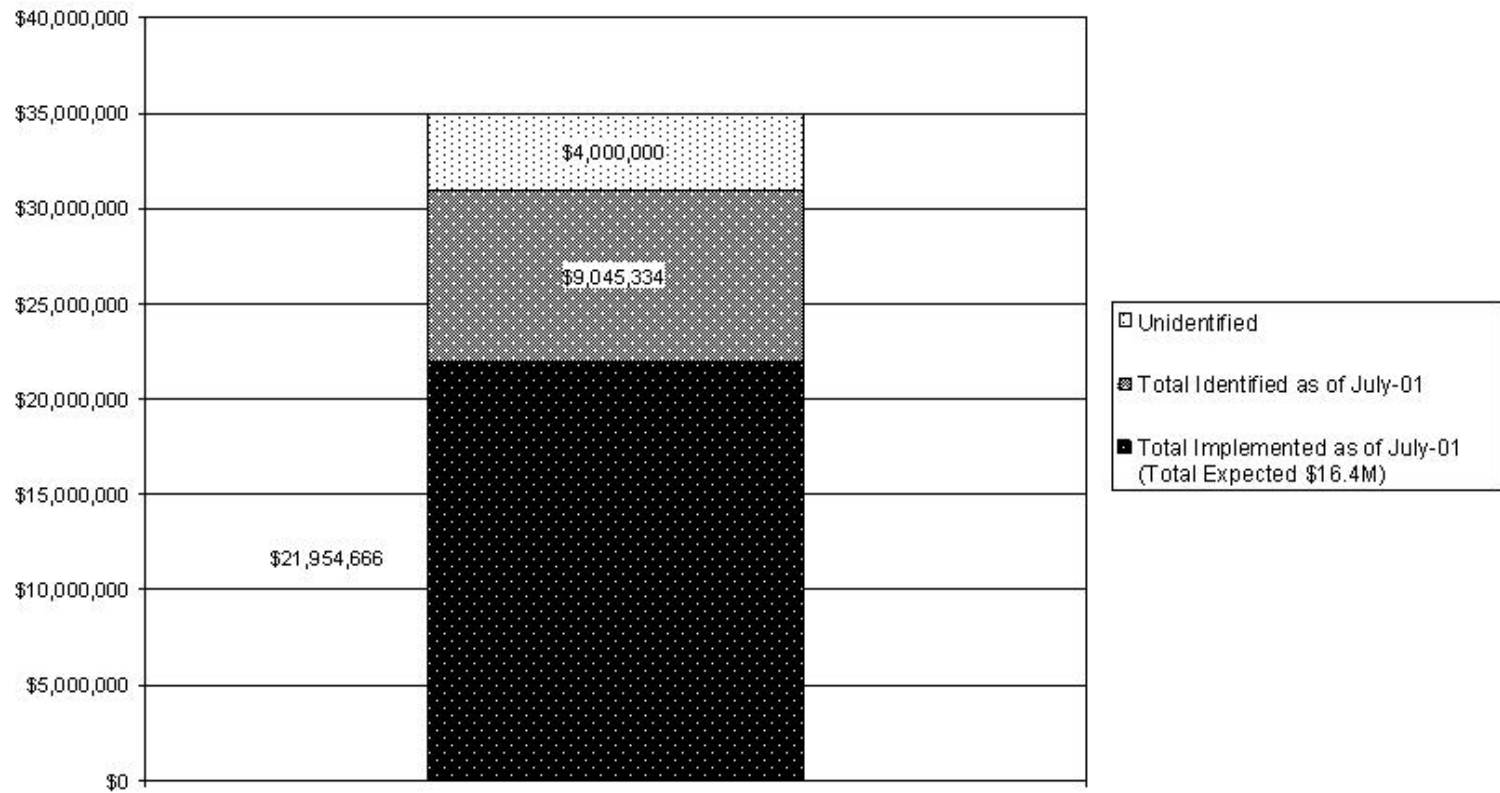
Implementation Progress as of 08-23-01											
		Implementation Step									
<i>Initiatives</i>	<i>Executive Sponsor(s)</i>	1	2	3	4	5	6	7	8	9	10
Growth											
1. Revenue Cycle	Cervino										
2. Clinical Documentation	Wingate-Jones and Mutch										
Efficiency											
3. Supply Chain	Cervino										
4. Support Services	Mutch										
5. Case Management	Wingate-Jones and Mutch										
6. Physician Services	Wingate-Jones										
7. Laboratory	Mutch										
8. Medical Imaging	Mutch										
9. Surgical Services	Wingate-Jones and Mutch										
10. Patient Care	Wingate-Jones and Mutch										
Capital											
11. Human Resources and Benefits	Kelly										
12. Real Estate	Blackwood										

- Step Completed
- Step in Process
- Step not Complete

Implementation Steps

1. Benchmarking
2. Differences Identified
3. Opportunities Identified
4. Initiative Launch
5. Work Plan Presented
6. Work Plan & Target Finalized
7. Implementation Plan Completed
8. Accepted for Implementation
9. Management Action
10. Results Realized

Over all Goal \$35M
Total Identified \$31.6M*





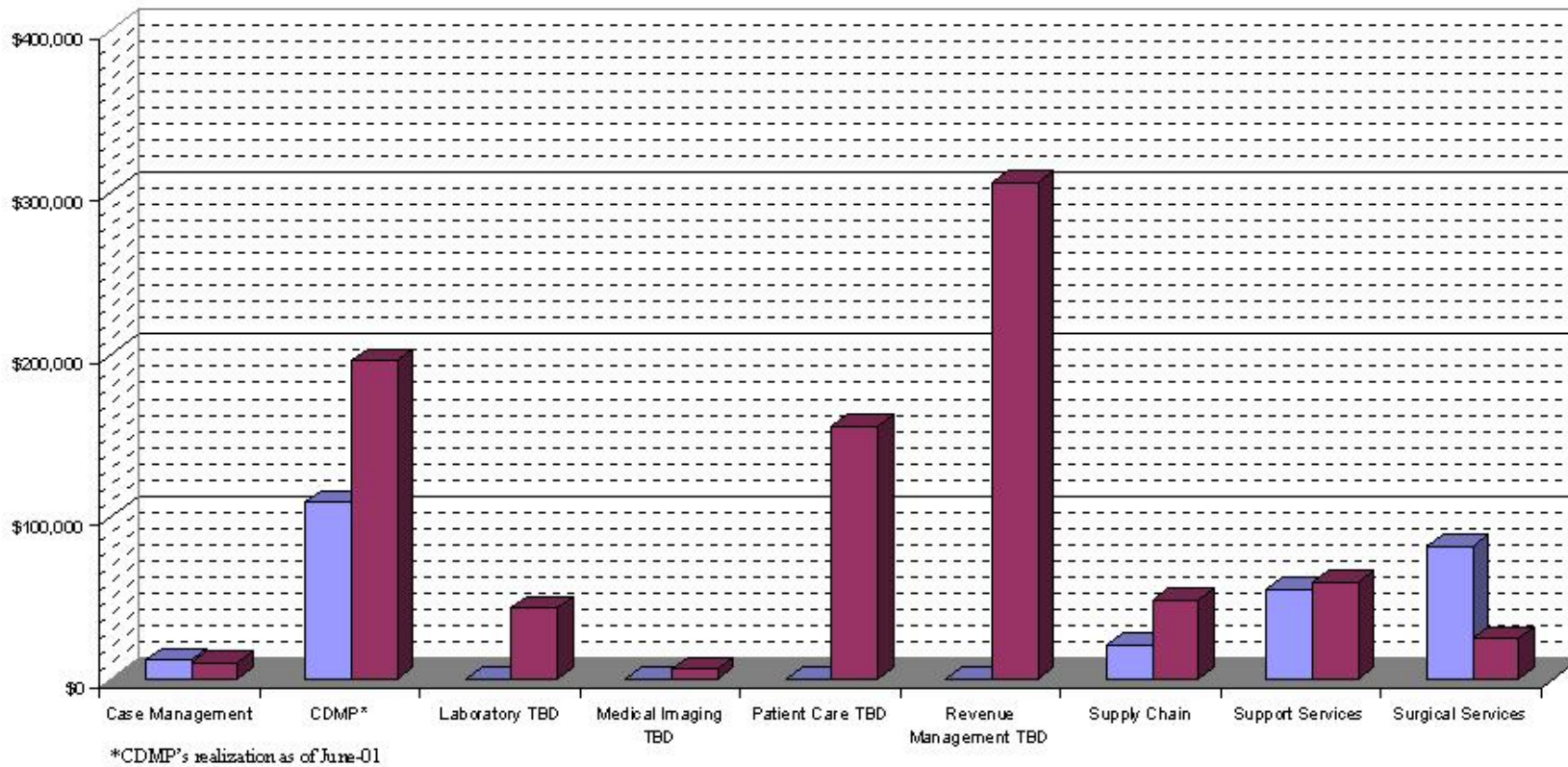
Implementation Progress – Step 10

Actual Results Realized

Actual Realization by Initiative

Report Date: July 2001
 Cumulative Expected: \$852,000
 Cumulative Actual: \$278,848

■ Actual as of July-01 ■ Expected as of July-01





One Time Cash Opportunity – Revenue Cycle

Report Date: July 2001
Cumulative Expected: \$3,212,937
Cumulative Actual: \$5,852,000

Realization - Cash Acceleration and DNFB

