

**DIMENSIONS HEALTH CORPORATION**  
**GENERAL NOTICE TO CREDITORS**

November 3, 2003

Re: 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

Certain Agreements with Commercial Banks

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

**Budget for Fiscal Year 2004.** Dimensions' Board of Directors has not yet adopted a Fiscal Year 2004 budget for the corporation. A balanced budget could not be formulated until now and the Board has been reluctant to adopt a budget which is not balanced. Budgetary benchmarks accompanying the unaudited, interim Fiscal Year 2004 monthly financial statements through the month of September reflect management's provisional budget. That provisional budget projects a Fiscal Year 2004 loss of approximately \$8,000,000.

On October 23, 2003, Jack Johnson, County Executive, Prince George's County, Maryland, proposed a 5-year plan to provide financial assistance to Dimensions in the form of \$5 million annual operating grants, supplemented by a transfer of \$5 million worth of real estate in the current fiscal year. On October 28, 2003, the Prince George's County Council approved the \$5 million operating grant for the current fiscal year. Based on the County assistance, it is expected that a balanced budget for Fiscal Year 2004 will be presented and approved at the November 13, 2003, Board of Directors meeting.

**Audit for Fiscal Year 2003.** The adoption and issuance of the Fiscal Year 2003 audited financial statements have been delayed beyond October 31, 2003, due to management's concerns that the audit report would include an emphasis added opinion as to the ability of the corporation to continue as a going concern, which would adversely affect the corporation's operations, debt ratings and covenant compliance. Dimensions is currently working with its auditors to complete the going concern analysis incorporating the assistance provided by Prince George's County.

**Pension Funding Requirement.** Dimensions is required under ERISA regulations to deposit approximately \$15,768,000 into its pension plan no later than September 15, 2004. Management has not yet identified sources of funding for the full amount of this deposit. If the deposit is not made by September 15, 2004, the corporation and its pension plan may be subject to various penalties and regulatory actions, and the corporation may be out compliance with certain covenants contained in its financial agreements.

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**Capital Needs.** Management's provisional budget identifies capital expenditures during Fiscal Year 2004 of approximately \$3,000,000 in routine capital replacement purchases and \$14,000,000 of high-cost equipment replacements and facility upgrades for which there is projected to be a significant need. Subject to adoption of a budget, management expects to make such routine capital replacements, and evaluate and prioritize such equipment replacements and facility upgrades in light of developing need, capital adequacy, and debt covenant constraints.

**Cash.** At August 30, 2003, Dimensions retained approximately \$7,500,000 of free cash (including approximately \$4,200,000 designated for strategic and capital projects but which may be used for operational purposes). This represents approximately 11 days' cash requirements.

**Emergency Rate Increase Proceedings.** The Maryland Health Services Cost Review Commission denied the corporation's request for a 10.5% emergency rate increase for Prince George's Hospital Center (approximately \$20,000,000 per year). Dimensions filed an appeal of this denial on October 9, 2003, with the Circuit Court of Prince George's County, requesting an expedited consideration. At a hearing held on October 22, 2003, the appeal was denied on the basis of lack of jurisdiction as the hospital had not exhausted its administrative remedies. The Corporation is currently pursuing its remaining administrative remedies.

**Senior Management Changes.** Patrick Mutch has been appointed by the Board of Directors as the acting president and chief executive officer of Dimensions, upon the retirement of Winfield M. Kelly, Jr. on September 12, 2003. Mr. Mutch previously and most recently served as head of the primary operating divisions of Dimensions: Laurel Regional Hospital, Bowie Health Center, Gladys Spellman Specialty Hospital and Nursing Center and Prince George's Hospital Center. No search is being conducted presently for a successor to Mr. Mutch.

Effective October 10, 2003, Steven R. Smith resigned as Senior Vice President and General Counsel of Dimensions, to become a partner in a law firm based in Baltimore, Maryland. It is expected that Mr. Smith will continue to provide legal representation to the corporation. Management currently does not anticipate employment of an in-house legal officer.

**County Report Available.** A report entitled "Dimensions Healthcare System Review," dated September, 2003, is available from Prince George's County, Maryland. The report was prepared by a committee of private individuals headed by Shailender K. Gupta, CPA, PhD, Greenbelt, Maryland, at the request of the County Executive. Dimensions provided information for the report but did not otherwise participate in the preparation of the report or the formulation of its findings and recommendations. Dimensions expresses no opinion regarding the report. (Dimensions is the largest healthcare provider in the County and leases a substantial portion of its property, plant and equipment from the County)

**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.

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

DIMENSIONS HEALTH CORPORATION

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Noel A. Cervino, Senior Vice President and CFO