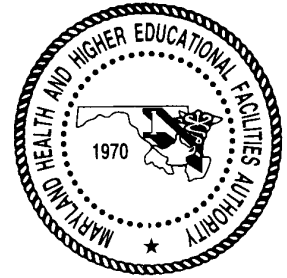


**MARYLAND HEALTH AND HIGHER EDUCATIONAL FACILITIES  
AUTHORITY**

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January 7, 2005

Morton I. Rapoport, M.D.  
Chairman  
Dimensions Healthcare Oversight Committee  
c/o CHPDM/UMBC  
1000 Hilltop Circle, SS 309  
Baltimore, Maryland 21250

Dear Dr. Rapoport:

In June 2004 the Maryland Health and Higher Educational Facilities Authority engaged a nationally recognized turnaround consultant to review the then-current financial position of Dimensions Healthcare System. The consultant found that Dimensions was in a highly precarious financial position as a result of a number of immediate stressors and pressures, as well as other broader financial issues. In addition to operating issues, the consultant highlighted the need to address corporate governance and management issues. As reported to the Dimensions Oversight Committee on July 14, 2004, the consultant recommended that an on-site restructuring consultant be retained to take immediate corrective actions to increase Dimensions' liquidity through improvements in operating performance and the replacement and streamlining of Dimensions' management structure, as well as working with the various Dimensions constituencies to develop and implement a strategic plan for long-term stability. The consultant emphasized that immediate action to address operational issues and management and governance, rather than another report, would be necessary to avert a financial crisis.

Very truly yours,

A handwritten signature in cursive script, appearing to read 'Annette Anselmi'.

Annette Anselmi  
Executive Director