

IN THE UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

IN RE: §
§
NORTH BAY GENERAL HOSPITAL, INC., § CASE NO. 08-20368
§ (Chapter 11)
DEBTOR. §

DEBTOR’S NOTICE OF I) HEARING ON ADEQUACY OF DISCLOSURE STATEMENT AND TO CONSIDER CONFIRMATION OF PLAN; II) DEADLINE FOR VOTING ON PLAN; AND III) DEADLINE FOR OBJECTION TO ADEQUACY OF DISCLOSURE STATEMENT AND OBJECTIONS TO CONFIRMATION OF PLAN

PLEASE TAKE NOTICE OF THE FOLLOWING:

1) YOUR VOTE IS BEING SOLICITED IN CONNECTION WITH NORTH BAY GENERAL HOSPITAL, INC.’S (THE “DEBTOR”) CHAPTER 11 PLAN OF LIQUIDATION (INCLUDING ALL EXHIBITS THERETO AND AS AMENDED, MODIFIED OR SUPPLEMENTED FROM TIME TO TIME, THE “PLAN”). YOU SHOULD CAREFULLY REVIEW THE INFORMATION AND MATERIAL SET FORTH IN THE DISCLOSURE STATEMENT (AS DEFINED BELOW) ENCLOSED HEREWITH TO MAKE AN INDEPENDENT DETERMINATION AS TO WHETHER YOU VOTE TO ACCEPT OR REJECT THE PLAN.

Joint Hearing on Disclosure Statement and Confirmation of Plan

2) By Order dated January 5, 2010, the United States Bankruptcy Court for the Southern District of Texas, Houston Division, set a Joint Disclosure Statement and Confirmation Hearing (“Joint Hearing”) to be held on February 12, 2010 at 11:30, Central Time, to determine whether the information contained in the Debtor’s Disclosure Statement for the Chapter 11 Plan of Liquidation (including all exhibits thereto as amended, modified or supplemented, the “Disclosure Statement”) is adequate within the meaning of Section 1125 of the Bankruptcy Code and to consider confirmation of the Plan. The Joint Hearing will be held before the Honorable Jeff Bohm in the United States Bankruptcy Court, 515 Rusk, 6th Floor, Courtroom 600, Houston, Texas 77002. The Joint Hearing may be adjourned from time to time without further notice to creditors or other parties in interest other than by an announcement of such adjournment in open court at the Joint Hearing or any adjournment thereof or an appropriate filing with the Bankruptcy Court. The Plan may be modified in accordance with the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure, the Plan or other applicable law, without further notice, prior to or as a result of the Joint Hearing.

Deadline for Voting on the Plan

3) The Bankruptcy Court established February 10, 2010, at noon, Central Time, as the deadline by which ballots accepting or rejecting the Plan must be received (the “Voting Deadline”). To be counted, your original ballot (which is enclosed herewith) must actually be

received, on or before the Voting Deadline, by the Debtor's counsel, Hirsch & Westheimer, P.C., 700 Louisiana, Suite 2550, Houston, Texas 77002, Attn: Barbara Howell, by first class mail, overnight, or hand delivery. Ballots casted by facsimile, e-mail or other electronic transmission will not be counted.

Exculpation, Injunctions and Releases

4) The Plan contains the exculpation, injunction and release provision set forth below:

Exculpation. On and after the Effective Date, none of the Exculpated Parties shall have or incur any liability for, and each Exculpated Party is hereby released from, any claim, cause of action, or liability to any other Exculpated Party, to any Interest Holder, or to any other party-in-interest, for any act or omission that occurred during and in connection with the Debtor's Case or in connection with the preparation and filing of the Debtor's Case, the formation, negotiation, and/or pursuit of confirmation of the Plan, the consummation of the Plan, consummation of the Sale, and/or the administration of the Plan, and/or the property to be distributed under the Plan, except for claims, causes of action or liabilities arising from the gross negligence, willful misconduct, fraud, or breach of the fiduciary duty of loyalty of any Exculpated Party, in each case subject to determination of such by Final Order of a court of competent jurisdiction and provided that any Exculpated Party shall be entitled to reasonably rely upon the advice of counsel with respects to its duties and responsibilities (if any) under the Plan and Sale Documents. Without limiting the generality of the foregoing, the Debtor, the Estate, NTime, LLC, and their respective officers, directors, employees, members, attorneys, and professionals shall be entitled to and granted the protections and benefits of Section 1125(e) of the Bankruptcy Code. No provision of the Plan, the Disclosure Statement or the Confirmation Order shall be deemed to act upon or release any claims, causes of action, or liabilities that the Debtor, the Estate or any party-in-interest may have against or to any person for any act, omission, or failure to act that occurred prior to the petition date other than in connection with the preparation of the filing of the Chapter 11 case, nor shall any provision of the Plan or Confirmation Order be deemed to act to release any avoidance actions.

Release by Debtor. The Debtor and any successors-in-interest shall release, waive and discharge the Buyer, its affiliates, officers, directors, employees, attorneys, agents, and advisors from any and all claims, debts, obligations, rights, suits, damages, actions, Estate Actions, remedies, and liabilities whatsoever, whether known or unknown, foreseen or unforeseen, existing at any time on or before the Consummation Date or thereafter arising, at law, in equity, or otherwise, that the Debtor would have been legally entitled to assert in its own right or that any Creditor or other Person or Entity would have been legally entitled to assert on behalf of the Debtor or its Estate, based in whole or in part upon any act or omission, transaction, agreement, event, or other occurrence taking place at any time on or before the Consummation Date, except for acts constituting willful misconduct or gross negligence as determined by a Final Order, in any way relating to the Debtor, the Transferred Assets, the Bankruptcy Case, the Plan, or

the Disclosure Statement, that arose at any time up to or before the Consummation Date (other than (a) the right to enforce the Buyer's obligations under the Sale Documents, and the contracts, instruments, release, agreements and documents delivered, reinstated or assumed in consummation of the Sale, and (b) any claims or causes of action arising out of willful misconduct or gross negligence as determined by a Final Order).

Release by Creditors and Interest Holders. Except as otherwise provided in the Plan or the Confirmation Order, to the fullest extent permitted by law, each Creditor or Interest Holder of the Debtor shall, in consideration for the obligations of the Debtor under the Plan and the Cash, to be paid in connection with the Plan, be deemed to have forever released, waived and discharged a) as of the Consummation Date, Buyer, and its affiliates, officers, directors, employees, attorneys, agents, and advisors and b) as of the Effective Date, the Debtor, the Estate and NTime, LLC and their respective affiliates, officers, directors, employees, agents and advisors (collectively, the "Releasees") from all claims, demands, debts, rights, causes of action or liabilities (other than (a) the right to enforce the Debtor's obligations under the Plan, and the contracts, instruments, release, agreements and documents delivered, reinstated or assumed under the Plan, (b) any claims or causes of action arising out of willful misconduct or gross negligence as determined by a Final Order), whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity or otherwise that are based in whole or in part on any act or omission, transaction, event or other occurrence taking place (a) as to the Buyer on or prior to the Consummation Date, and (b) as to the Debtor, the Estate and NTime, LLC on or prior to the Effective Date (including prior to the Petition Date) in any way relating to the Debtor, the Transferred Assets, the Bankruptcy Cases, the Plan, the Sale or the Disclosure Statement, that arose at any time on or before a) as to the Buyer, the Consummation Date; and b) as to the Debtor, the Estate and NTime, LLC, the Effective Date.

Injunction. Except as otherwise provided in the Plan, from and after the Consummation Date, all Creditors and the Interest Holder in the Debtor or the Transferred Assets, including without limitation, Claims under any successor liability theory or any other similar theory or remedy arising under state or federal law, are permanently restrained, barred and enjoined from taking any of the following actions against the Debtor, the Estate, NTime, LLC, the Buyer or any of their property, including the Transferred Assets, on account of any Claim or Interest: (a) commencing or continuing in any manner any action or other proceeding of any kind; (b) enforcing, attaching, collecting, or recovering by any manner or means any judgment, award, decree, or order; (c) creating, perfecting, or enforcing any encumbrance or Lien of any kind; (d) except to the extent permitted under the Bankruptcy Code or applicable non-bankruptcy law, asserting any setoff, right of subrogation, or recoupment of any kind against any obligation due the Debtor or its assets or any of the Transferred Assets; and (e) performing any act, in any manner, in any place whatsoever, that does not conform to or comply with the provisions of the Plan; provided, however, that each Creditor of a

Disputed Claim may continue to prosecute its proof of Claim in the Bankruptcy Court and all Creditors shall be entitled to enforce their rights under the Plan and any agreements executed or delivered pursuant to or in connection with the Plan. The foregoing injunction shall extend to the Debtor, the Estate, NTime, LLC and the Buyer, their respective affiliates, officers, directors, employees, agents and advisors, and their respective property and interests in property. If allowed by the Bankruptcy Court, any entity injured by any willful violation of such injunction shall recover actual damages, including costs and attorneys' and experts' fees and disbursements, and, in appropriate circumstances, may recover punitive damages, from the willful violator.

Deadlines for Objections to the Adequacy of the Disclosure Statement and to Confirmation of the Plan

5) Objections, if any, to the adequacy of the Disclosure Statement or to the confirmation of the Plan, including any supporting memorandum, must be in writing, filed on or before February 10, 2010, at noon, Central Time (the "Objection Deadline") with the Clerk of the United States Bankruptcy Court for the Southern District of Texas, Houston Division at P.O. Box, 61010, Houston, Texas 77208 together with proof of service, and shall: (a) state the name and address of the objecting party and the amount of its claim, or the nature of its interest in the Debtor; (b) state with particularity the provision or provisions of the Disclosure Statement which the objecting party considers inadequate and/or the provision or provisions of the Plan objected to and for any objection asserted, the legal, and factual basis for such objections; (c) provide proposed language to remedy any objection asserted; and (d) be served in a manner as will cause such objection to be **actually received on or before the Objection Deadline**, upon (i) North Bay General Hospital, Inc., 1711 West Wheeler Avenue Aransas Pass, Texas 78336, Attn: Jay Stacy; (ii) Hirsch & Westheimer, P.C., 700 Louisiana, Suite 2550, Houston, Texas 77002, Attn: Michael J. Durrschmidt, and (iii) the U.S. Trustee's Office, 515 Rusk, Suite 3516, Houston, Texas 77002, Attn: Nancy Holley. Any objections not filed and served as set forth above will not be considered by the Bankruptcy Court.

HIRSCH & WESTHEIMER, P.C.

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