

Oyez

CHFP041

COMPANIES FORM No. 155(6)a

Declaration in relation to assistance for the acquisition of shares.

155(6)a

Please do not write in this margin

Pursuant to section 155(6) of the Companies Act 1985

Please complete legibly, preferably in black type, or bold block lettering

To the Registrar of Companies
(Address overleaf - Note 5)

For official use

Company number

--	--	--

01505382

Name of company

* Priory Hospitals Limited

Note
Please read the notes on page 3 before completing this form

*Insert full name of company

†We† See Appendix 1

†Insert name(s) and address(es) of all the directors

§ Delete as appropriate

~~the sole director~~ all the directors § of the above company do solemnly and sincerely declare that:

The business of the company is:

†Delete whichever is inappropriate

- ~~(a) that of a recognised bank, licensed institution, within the meaning of the Banking Act 1979, or~~
~~(b) that of a person authorised under section 2 or 4 of the Insurance Companies Act 1982 to carry on insurance business in the United Kingdom, or~~
(c) something other than the above ‡

The company is proposing to give financial assistance in connection with the acquisition of shares in the ~~company~~ [company's holding company] § Priory Healthcare Holdings Limited

†‡

The assistance is for the purpose of ~~that acquisition~~ [reducing or discharging a liability incurred for the purpose of that acquisition].

The number and class of the shares acquired or to be acquired is: See Appendix 2

Presentor's name, address and reference (if any):

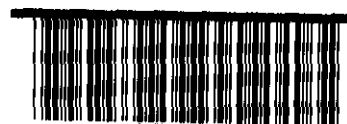
Skadden, Arps, Slate,
Meagher & Flom LLP
One Canada Square, Canary
Wharf, London, E14 5DS

Ref: SNB

DX

For official use
General Section

Post room



LD7
COMPANIES HOUSE

L0X2PH66

0008
21/01/08

The assistance is to be given to: (note 2)

Priory Healthcare Acquisition Co Limited
Priory House
Randalls Way
Leatherhead
Surrey KT22 7TP

Please do not
write in
this margin

Please complete
legibly, preferably
in black type, or
bold block
lettering

The assistance will take the form of:

See Appendix 3

The person who [has acquired][~~will acquire~~]* the shares is:

Priory Healthcare Acquisition Co Limited

*Delete as
appropriate

The principal terms on which the assistance will be given are:

See Appendix 4

The amount of cash to be transferred to the person assisted is £

Nil

The value of any asset to be transferred to the person assisted is £

Nil

The date on which the assistance is to be given is within 8 weeks of the date hereof

Please do not
write in
this margin

Please complete
legibly, preferably
in black type, or
bold block lettering

†Delete either (a) or
(b) as appropriate

†We have formed the opinion, as regards the company's initial situation immediately following the date on which the assistance is proposed to be given, that there will be no ground on which it could then be found to be unable to pay its debts. (note 3)

(a) ~~†We have formed the opinion that the company will be able to pay its debts as they fall due during the year immediately following that date~~ † (note 3)

(b) ~~†It is intended to commence the winding-up of the company within 12 months of that date, and †we have formed the opinion that the company will be able to pay its debts in full within 12 months of the commencement of the winding-up~~ † (note 3)

And ~~†we~~ make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1835.

Declared at **PRIORY HOUSE, RANDALLS WAY
LEATHERHEAD, SURREY
KT22 7TP**

Declarants to sign below

Day Month Year

on

2	3	1	2	2	0	2
---	---	---	---	---	---	---

before me

~~A Commissioner for Oaths or Notary Public or Justice of the Peace or a Solicitor~~ having the powers conferred on a Commissioner for Oaths.

ANDREW ROBERTSON
SOLICITOR

NOTES

- 1 For the meaning of "a person incurring a liability" and "reducing or discharging a liability" see section 152(3) of the Companies Act 1985.
- 2 Insert full name(s) and address(es) of the person(s) to whom assistance is to be given; if a recipient is a company the registered office address should be shown.
- 3 Contingent and prospective liabilities of the company are to be taken into account-see section 156(3) of the Companies Act 1985.
- 4 The auditors report required by section 156(4) of the Companies Act 1985 must be annexed to this form.
- 5 The address for companies registered in England and Wales is:-

The Registrar of Companies
Companies House
Crown Way
Cardiff
CF14 3UZ

or, for companies registered in Scotland:-

The Registrar of Companies
37 Castle Terrace
Edinburgh
EH1 2EB

PRIORY HOSPITALS LIMITED
Company Number 01505382

Appendix 1 – Form 155(6)(a)

Dr Chaitayna Bhupendra Patel of The Thatched House, Manor Way, Oxshott, Surrey,
KT22 0HU

Mr Paul John Greensmith of 19 Chatsworth Road, London, W4 3HY

PRIORY HOSPITALS LIMITED
Company Number 01505382

Appendix 2 – Form 155(6)(a)

86,031,339 A ordinary shares

30,412,224 special shares

13,593,413 ten per cent cumulative preference shares

10 B non-voting deferred shares

PRIORY HOSPITALS LIMITED

Company Number 01505382

Appendix 3 - Form 155(6)(a)

The execution by Priory Hospitals Limited (the **Vendor**) of a sale and purchase agreement dated 23 December 2002 between the Vendor and Priory Securitisation Limited (the **Purchaser**) relating to the sale of the entire issued share capital of Priory Childcare Services Limited (the **Shares**) (the **Sale and Purchase Agreement**). This transaction is part of a wider group re-organisation (the **Re-organisation**) the objectives of which include resolving dividend block issues existing in the current group structure and achieving a corporate structure that will facilitate a future securitisation.

- 1.1 The execution of the Sale and Purchase Agreement by the Vendor (in particular, the provisions relating to the transfer of Shares at book value which is less than market value and consideration being left outstanding on intercompany account) would constitute financial assistance:
 - (a) within the meaning of sections 151(2) and 152 of the Act in connection with the acquisition by Priory Healthcare Acquisition Co Limited (**Priory**) of the entire issued share capital of Priory Healthcare Holdings Limited on 22 May 2002 (on the basis that one of the purposes of the Re-organisation is to achieve a corporate structure that will facilitate a future securitisation which will alter Priory's financial position).

PRIORY HOSPITALS LIMITED

Company Number 01505382

Appendix 4 - Form 155(6)(a)

Priory Hospitals Limited (the **Vendor**) agrees to sell the Shares and Priory Securitisation Limited (the **Purchaser**) agrees to purchase the Shares on, *inter alia*, the following terms:

- 1.2 In consideration for the sale and transfer by the Vendor of the Shares, the Purchaser shall pay to the Vendor the book value of the Shares.
- 1.3 The consideration monies referred to in clause 1.2 shall be left outstanding as a debt payable on demand in writing made by the Vendor on the Purchaser at any time after the date of the Agreement.

PricewaterhouseCoopers

1 Embankment Place

London WC2N 6RH

Telephone +44 (0) 20 7583 5000

Facsimile +44 (0) 20 7822 4652

The Directors
Priory Hospitals Limited
Priory House
Randalls Way
Leatherhead
Surrey
KT22 7TZ

23 December 2002

Our ref: NJH/3.6aA

Dear Sirs

Auditors' report to the directors of Priory Hospitals Limited pursuant to Section 156(4) of the Companies Act 1985

We have examined the attached statutory declaration of the directors of Priory Hospitals Limited ("the Company") dated 23 December 2002 in connection with the proposal that the Company should give financial assistance for the purchase of the following shares of the Company's holding company, Priory Healthcare Holdings Limited:

- 86,031,339 A ordinary shares;
- 30,412,224 special shares;
- 13,593,413 ten per cent cumulative preference shares; and
- 10 B non-voting deferred shares.

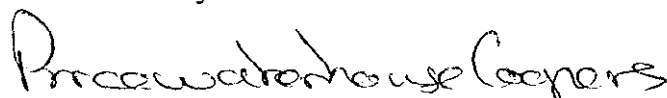
Basis of opinion

We have enquired into the state of the Company's affairs in order to review the bases for the statutory declaration.

Opinion

We are not aware of anything to indicate that the opinion expressed by the directors in their declaration as to any of the matters mentioned in Section 156(2) of the Companies Act 1985 is unreasonable in all the circumstances.

Yours faithfully

**PricewaterhouseCoopers**