

CERTIFIED TO BE A TRUE COPY

SIGNED : Owen Mc Gartoll

COMPANY SECRETARY
26 November 2001

2-7-2285

BARCHESTER HEALTHCARE PLC

-and-

MR OWEN McGARTOLL

SHARE OPTION AGREEMENT



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THIS OPTION AGREEMENT made the 8th day of July 2001

BETWEEN:

BARCHESTER HEALTHCARE PLC
having its registered office at
Suite 201, The Chambers,
Chelsea Harbour,
London SW10 OXF
(hereinafter called "the Company")



-and-

MR OWEN McGARTOLL
2 Knapton Lawn
Monkstown
Co. Dublin
Ireland
(hereinafter referred to as "the Optionee")

WHEREAS:

A. The Company was incorporated in England on 22nd February 1993 under Registered Number 2792285 and has an authorised share capital of £21,775,000 divided into 87,100,000 Ordinary Shares of 25p each of which 50,768,467 ordinary shares of 25p each have been issued and are fully paid up.

B. The parties hereto have agreed to enter into these presents for the purpose of providing for the grant of an option to the Optionee to subscribe for new shares in the capital of the Company.

NOW THIS AGREEMENT WITNESSETH that in consideration of the mutual covenants, conditions, agreements, warranties and payments hereinafter set forth or provided for the parties hereto respectively covenant with each other as follows:-

SECTION 1.0 - INTERPRETATION

1.1 **Definitions.** In this Agreement the following expressions shall unless the context otherwise requires have the meanings following:-

- (a) "the Board", the Board of Directors of the Company;
- (b) "Business Day", a full working week-day on which banks are open for business in London (not being a Saturday);
- (c) "Ordinary Shares", ordinary shares of 25p each in the capital of the Company;

- (d) "the Option", the option granted by the Company to the Optionee pursuant to the provisions of Section 2.1;
- (e) "the Option Period", the period commencing on the date of execution hereof and expiring on the earlier of the fifth anniversary of the date hereof or the day upon which the Ordinary Shares are first listed on a recognised stock exchange;
- (f) "the Option Price", the meaning given to such expression by Section 2.2;
- (g) "the Option Shares", 29,656 Ordinary Shares which shall, at the date of exercise of the Option, have an aggregate subscription price (at a subscription price per share equal to the Option Price) of £13,152.44 and for this purpose fractions of a share shall be disregarded;
- (h) "Subsidiary" bears the meaning ascribed thereto by Section 736 of the Companies Act, 1985 (as amended by the Companies Act 1989).

1.2 Further Definitions

- (a) Any reference to any provision of any legislation shall include any modification, amendment, re enactment or extension thereof.
- (b) Words such as "hereunder", "hereto", "hereof", and "herein" and other words commencing with "here" shall unless the context clearly indicates to the contrary refer to the whole of this Agreement and not to any particular Section thereof.
- (c) Save as otherwise provided herein any reference to a Section, paragraph or sub-paragraph shall be a reference to a Section, paragraph or sub-paragraph (as the case may be) of this Agreement and any reference in a Section to a paragraph or sub-paragraph shall be a reference to a paragraph or sub paragraph of the Section or paragraph in which the reference is contained unless it appears from the context that a reference to some other provision is intended.

1.3 Headings and Captions. The Section headings and captions in this Agreement are inserted for convenience of reference only and shall not be considered a part of or affect the construction or interpretation of this Agreement.

WHEREBY IT IS AGREED as follows:

SECTION 2.0 - GRANT OF OPTION

- 2.1 **Grant.** In consideration of the payment of £1 now made by the Optionee to the Company (the receipt whereof the Company hereby acknowledges), the Company hereby grants to the Optionee an option to subscribe for and be allotted the Option Shares subject to due exercise of this option in accordance with the terms and conditions of this Agreement.
- 2.2 **Option Price.** The issue price payable by the Optionee in respect of each Option Shares (the "Option Price") shall be a price of £0.4435p per Option Share.
- 2.3 **Share Rights.** All Option Shares allotted by the Company pursuant to any exercise of the Option shall carry such rights and restrictions as are for the time being ascribed to Option Shares by the Articles of Association.

SECTION 3.0 - EXERCISE OF THE OPTION

- 3.1 **Mode of Exercise.** Each exercise of the Option shall be by notice from the Optionee to the Company in accordance with the provisions of Clause 5.2. The Option shall be deemed to be exercised in respect of the number of Option Shares referred to in such notice at the date of receipt thereof by the Company together with a remittance in the amount of the subscription price payable in respect of the number of Option Shares referred to in such notice.
- 3.2 **Allotment of Shares.** Subject to due compliance with the provisions of Section 3.1 and to the due receipt of the appropriate subscription price, the Company shall allot the Option Shares in respect of which the Option has been exercised within seven days of such exercise and shall furnish to the Optionee a share certificate in respect of such number of Option Shares.
- 3.3 **Condition.** Subject to Section 4.4 and unless otherwise agreed in writing by the Board, the Option shall, if the Optionee shall have resigned or shall have been dismissed as a Director of the Company or any subsidiary of the Company, not be exercisable in whole or in part after the expiry of a period of six months from the date of such resignation or dismissal.

SECTION 4.0 - TERMS OF THE OPTION

- 4.1 **Maintenance of Capital.** The Company hereby undertakes with the Optionee, at all times during the currency of the Option, to maintain sufficient unissued share capital to satisfy any exercise of the Option.
- 4.2 **Alteration of Capital.** Each of the parties agrees that, in the event of any capitalisation or any consolidation, subdivision or other variation of the issued share capital of the Company, the number of shares being the subject of the Option shall be adjusted, but during the period only while the Optionee is an employee of Company or any subsidiary of the Company, to take account thereof so that the number of Option Shares shall bear the same proportion to the entire equity share capital of the Company after such capitalisation, consolidation, subdivision or variation as they did prior thereto and the Option Price shall be adjusted in such a way as the Board, for the time being at the date of any exercise thereof, shall determine, such determination to be final and binding save in the case of manifest error.
- 4.3 **Take over.** Notwithstanding any other provision hereof, if at any time while the Option is partly or wholly unexercised, an offer shall be made to acquire the entire issued share capital of the Company, the Company, on becoming aware of the making of such an offer, shall forthwith notify the Optionee of the same. The Company may, by notice to the Optionee, require that the Option shall lapse on such date as shall be fourteen days after the date of the notice or, if it shall be later, the date on which any such offer shall become unconditional (such period being herein referred to as "the relevant Period") unless prior to such date the Optionee shall give notice to the Company that the Optionee shall exercise the Option in whole or in part conditionally upon the offer becoming unconditional. If the Optionee shall give such notice to the Company, the Company shall, on the expiry of the Relevant Period, issue to the Optionee the number of shares in respect of which he/she shall have exercised the Option. If the Optionee shall give such notice prior to the expiry of the Relevant Period but shall give such notice in respect of part only of the Option Shares, the Option (to the extent that it has not been so exercised) shall on the expiry of the Relevant Period lapse and be of no further effect.
- 4.4 **Death of Optionee.** If the Optionee shall die while the Option or any part thereof shall be capable of being exercised and shall not have been exercised, the Option or any part thereof may be exercised by his personal representatives within six months of the date of his/her death (or such longer period as, at the request of the personal representatives of the Optionee, may be agreed upon by the Board) provided that:-
- (a) the said personal representative shall exercise the Option on one occasion only notwithstanding that such exercise shall be in respect of some only of the Option ~~Shares~~;

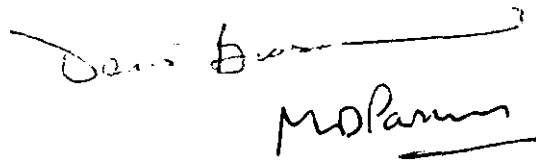
- (b) such exercise shall be made in accordance with the terms of this Agreement on or before the expiry of the Option Period (or the expiry of the Relevant Period under Section 4.3, if the provisions of such Section shall come into effect);
- (c) the Company shall be entitled to refuse to accept any purported exercise of the Option otherwise than in accordance with the provisions of this Section.

SECTION 5.0 - GENERAL PROVISIONS

- 5.1 Assignment. Subject to the provisions of Section 4.4, this Option shall be personal to the Optionee and shall not be assignable.
- 5.2 Notices. Any notice given hereunder shall be in writing and shall be delivered or sent by pre-paid post to the address set out herein for the party to whom such notice shall have been addressed (or such other address as he/she may designate from time to time to the other party hereto).
- 5.3 Binding of Successors. This Agreement shall ensure to the benefit of and be binding upon the respective parties hereto and their respective successors and personal representatives.

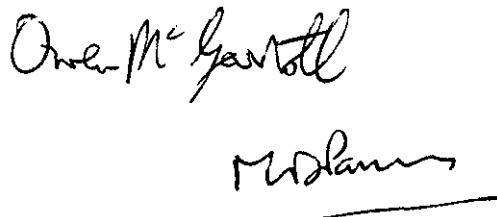
IN WITNESS whereof these presents have been entered into the day and year first herein written.

EXECUTED by
a duly authorised officer
on behalf of the Company
in the presence of:-


MOParman

1, Britten Street
London SW3 3TY

SIGNED as a DEED
and DELIVERED
by the Optionee
in the presence of:-


MOParman

1, Britten St
London SW3 3TY