

18/10/01

CERTIFIED TO BE A TRUE COPY

SIGNED: *Owen McGartoll*
COMPANY SECRETARY

26 NOVEMBER 2001

2792285

BARCHESTER HEALTHCARE PLC

-and-

MR OWEN McGARTOLL

SHARE OPTION AGREEMENT

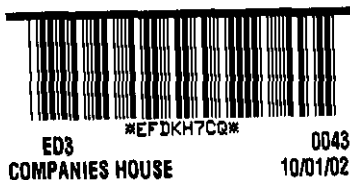


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THIS OPTION AGREEMENT made the 16th day of October 2001

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", 3,000 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 £810.00 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 27p 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.