

Declaration in relation to assistance for the acquisition of shares.

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

Please do not write in this margin

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

3893502

Name of company

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

* Priory Specialist Health Division Limited

*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, ‡~~
- ~~(b) that of a person authorised under section 3 or 4 of the Insurance Companies Act 1982 to carry on insurance business in the United Kingdom, ‡~~
- (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 0072
COMPANIES HOUSE 21/01/03

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

Priory Healthcare Acquisition Co Limited

PRIORY HOUSE
RANDALLS WAY
LEATHERHEAD
SURREY KT22 7TP

The assistance will take the form of:

Please do not write in this margin

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

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

~~W~~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) ~~W~~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)

~~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 ~~w~~e 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 Prion House Romdally
Wing Leat Reshad Surly t 722

Declarants to sign below

Day Month Year

7TP

on

17	12	2002
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before me Andrew Pica

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

TAM STORES, SA.
A SOLICITOR EMPOWERED
TO ADMINISTER OATHS

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 SPECIALIST HEALTH DIVISION LIMITED
Company Number 3893502

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 SPECIALIST HEALTH DIVISION LIMITED
Company Number 3893502

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 SPECIALIST HEALTH DIVISION LIMITED
Company Number 3893502

Appendix 3 - Form 155(6)(a)

The execution, delivery and performance by Priory Specialist Health Division Limited (the "**Company**") of its obligations as Agent under:

- 1.1 [an accession agreement pursuant to which Priory Healthcare Acquisition Co Lintied agrees to become a party to the facility letter from Barclays Bank PLC under which, inter alia, Barclays Bank PLC provides an overdraft facility for utilisation under a composite accounting system ("CAS") to Group companies (the "**Facility Letter Accession Agreement**")];
- 1.2 an accession agreement pursuant to which Priory Healthcare Acquisition Co Lintied agrees to become a party to the master agreement dated 18 October 2000 between certain Priory Group companies and Barclays Bank PLC for a CAS arrangement (the "**Master Agreement Accession Agreement**"); and
- 1.3 an accession agreement pursuant to which Priory Healthcare Acquisition Co Lintied agrees to become a party to the cross-guarantee dated 18 October 2000 (the "**Cross-Guarantee Accession Agreement** ").

PRIORY SPECIALIST HEALTH DIVISION LIMITED
Company Number 3893502

Appendix 4 - Form 155(6)(a)

In this Appendix 4, unless the context otherwise requires:

"the **Bank**" means Barclays Bank PLC.

"**Cross-Guarantee**" means the cross-guarantee dated 18 October 2000 in favour of the Bank relating to the Priory Group obligations under the Master Agreement and Facility Letter.

"**Facility Letter**" means a facility letter from Barclays Bank PLC under which certain Priory Group companies named in it or subsequently acceding as parties were offered an overdraft facility for utilisation under a composite accounting system.

"**Master Agreement**" means, the agreement dated 18 October 2000 between certain Priory Group companies and Barclays Bank PLC for a CAS arrangement.

Terms used but not defined above have the meaning given to such term in the relevant agreement.

1. By executing the Cross-Guarantee Accession Agreement and Master Agreement Accession Agreement as Agent the Company, inter alia, agrees to become Agent for Priory Healthcare Acquisition Co Limited in relation to the Barclays Bank facility and duly to perform all its obligations as Agent with effect from the date on which Priory Healthcare Acquisition Co Limited's accession as a party to the Cross-Guarantee and Master Agreement becomes effective.

The Directors
Priory Specialist Health Division Limited
Priory House
Randalls Way
Leatherhead
Surrey
KT22 7TZ

17 December 2002

Dear Sirs

**Auditors' report to the directors of Priory Specialist Health Division Limited
pursuant to Section 156(4) of the Companies Act 1985**

We have examined the attached statutory declaration of the directors of Priory Specialist Health Division Limited ("the Company") dated 17 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