

PROPOSED AMENDMENT OF EXECUTIVE SHARE SCHEME

On 22 March 2006, Abano Healthcare Group Limited implemented an Executive Share Scheme ("**Share Scheme**").

In this document, capitalised terms used, and not otherwise defined, in this letter have the meaning attributed to them in the Share Scheme.

It is proposed that the Share Scheme be amended by:

- (a) Inserting the following definition of "Gross Misconduct Provision" in clause 1.1:

"Gross Misconduct Provision" means:

- (a) in relation to Mr Clarke, clause 16.1 of his employment agreement;
 - (b) in relation to Mr Keys, clause 15.3 of his employment agreement; and
 - (c) in relation to Mr Tapper, clause 17.2 of his employment agreement,
- or any similar provision in any replacement employment agreement.

- (b) Inserting the following definition of "Pro-rata Shares" in clause 1.1:

"Pro-rata Shares" means, in relation to an Executive, such number of that Executive's Share Scheme Shares calculated in accordance with the following formula:

$$y = (a \times 1/3) \times (b / 365)$$

Where:

y = the number of the Executive's Pro-rata Shares.

a = the total number of Share Scheme Shares issued to the Executive on the Issue Date.

b = the number of days from (and including) 1 June 2007 until the date on which the Executive ceases to be employed by the Company, provided that the maximum value of b shall be 365 and provided also that where an Executive ceases to be employed by the Company on a date after the Board has signed the audited financial statements of the Company for the Accounting Period that ends on 31 May 2008 and the Group ROI target in clause 5.1(b)(iii) has not been met, the value of b shall be zero.

- (c) Inserting the following definition of "Qualified Shares" in clause 1.1:

"Qualified Shares" means Share Scheme Shares in respect of which the Board can no longer deliver a Notice of Exercise of Call Option under clauses 5.1(b)(i) 5.1(b)(ii) or 5.1(b)(iii).

- (d) Inserting the following definition of "Redundancy" in clause 1.1:

"Redundancy" means the situation where an Executive's employment is terminated by the Company and the termination is attributable to the fact that the position filled by the Executive is, or has become, superfluous to the needs of the Company.

- (e) Deleting clause 5.1(b)(iii) and replacing it with:

in accordance with clause 6.5.

(f) Inserting the following as new clauses 6.5, 6.6 and 6.7 and renumbering the existing clauses 6.5, 6.6 and 6.7 as clauses 6.8, 6.9 and 6.10 respectively:

6.5 **Call Option:** Subject to clause 6.6, the Company may deliver a Notice of Exercise of Call Option to an Executive in respect of all of the Share Scheme Shares held by that Executive, within 20 Business Days after the date that Executive ceases to be employed by the Company, if that Executive ceases to be employed by the Company during the Restricted Period in respect of those Share Scheme Shares.

6.6 **Termination by reason of certain events:** Subject to clause 6.7, if at any time during the Restricted Period an Executive ceases to be employed by the Company by reason of:

- (a) Redundancy; or
- (b) the Company terminating that Executive's employment other than in accordance with that Executive's Gross Misconduct Provision or by reason of the Executive becoming incapable of performing his duties by reason of mental or physical illness or incapacity,

then:

(c) the Board shall not exercise its right under clause 6.5 in respect of:

- (i) any of the Executive's Qualified Shares; and
- (ii) any of the Executive's Pro-rata Shares; and

(d) the Restricted Period for the Executive's Qualified Shares and Pro-rata Shares shall cease on the date on which the Executive ceases to be employed by the Company.

6.7 **Termination on a date within 20 Business Days after an anniversary of the Issue Date:** If an Executive ceases to be employed by the Company for the reasons set out in clause 6.6(a) or 6.6(b) on a date within 20 Business Days after an anniversary of the Issue Date, then:

- (a) the Board's rights under clause 6.5 (read subject to clause 6.6) shall not be exercised until the 21st Business Day after that anniversary of the Issue Date; and
- (b) the Restricted Period for the Executive's Qualified Shares and Pro-rata Shares shall not cease until 22nd Business Day after that anniversary of the Issue Date.