

MASTER OPERATING LEASE AGREEMENT

This Agreement is made on 31st January 2002

PARTIES

In this Agreement we are Citibank International plc (registered number 1088249) registered office 336 Strand, London WC2R 1HB (the "Lessor") and you are Dorset Fire Authority of Service Headquarters, Colliton Park, Dorchester, Dorset DT1 1FB (the "Lessee").

LETTING

1.1 We agree to let and you agree to take on lease for the purpose of your business the assets (including all replacements and additions to them) (together the "Assets" and individually an "Asset") specified in each schedule to this Agreement (a "Schedule" which expression includes all attachments to a schedule and any document whereby the letting of the relevant Asset is extended in accordance with Clause 1.3) starting on the Commencement Date specified in the relevant Schedule (the "Commencement Date") for the period (the "Primary Period") ending on the date specified in the relevant Schedule (the "Primary Period End Date").

1.2 During the period of letting of any Asset pursuant to this Agreement, we will not interfere with your use, possession and quiet enjoyment of that Asset on the terms of this Agreement and the relevant Schedule.

1.3 If you wish to extend the letting of any Asset for a period (the "Extension Period") beyond the applicable Primary Period, you will give us no less than 3 months' prior written notice (to expire no later than the applicable Primary Period End Date) and any such extension acceptable to and agreed by us in our absolute discretion will be on the same terms and conditions as this Agreement and the relevant Schedule, except that the rental for the Extension Period will be as agreed between us, but in any event no less than the amount that would reasonably be regarded, at the beginning of the Extension Period, as the open market rental for that period as certified by us. In the event that you do not wish to extend the letting of any Asset beyond the applicable Primary Period End Date, such letting will terminate on the applicable Primary Period End Date.

YOUR OBLIGATIONS

You will:

Payment of Rental

2.1 pay the rental specified for each Asset in the relevant Schedule subject to adjustment by the applicable variation factor specified in the relevant Schedule (or relevant fraction or multiple thereof) if there is any difference between our assumed cost of funds as specified in the relevant Schedule and our actual cost of funds at or about 11.00am on the Commencement Date (or such other date as we and you may agree in writing) as notified by us to you in writing (the rental as so adjusted being the "Rental"), together with an amount in respect of any applicable Value Added Tax ("VAT"). The Rental will be payable in equal instalments punctually in advance without previous demand, in cleared funds, to no-one but us without our prior written consent and if payment is made by post it will be at your risk. The first instalment of Rental and applicable amount in respect of VAT at the then current rate will be payable on the Commencement Date and subsequent instalments will be payable at the intervals specified in the relevant Schedule, with each instalment being due and payable on the same date in each successive period unless there is no such date, when it will be due and payable on the last Business Day (as defined below) of the relevant period. Punctual payment of each Rental together with amounts in respect of VAT and any other sums due under this Agreement, the Schedules, the return conditions appendix attached to this Agreement (the "Return Conditions Appendix") and all documentation executed by you or on your behalf at any time in connection with any of them (together the "Leasing Documents") is of the essence of this Agreement. If a payment is due on a day other than a day (not being a Saturday or Sunday) on which banks are open for general business in London (a "Business Day"), the relevant payment will be due and payable on the preceding Business Day. All payments to be made under the Leasing Documents will be made by you free from all set-off, claims, counterclaims and demands against us and free and clear of, and without deduction for or on account of any taxes, deductions or withholdings, restrictions or conditions of any nature except as required by law;

Use of Assets

2.2 (a) allow the Asset only to be used for the permitted use (the "Permitted Use") specified in the Return Conditions Appendix (the "Return Condition Requirements");

(b) use each Asset in a careful and proper manner and in accordance with all operating instructions and service manuals issued by its supplier and/or manufacturer;

(c) not permit any Asset to be overloaded or to be used for any illegal purpose (including, without limitation, in violation of the Immigration and Asylum Act 1999) or for any purpose for which it is not designed or reasonably suitable and, if any Asset is a vehicle, only for your and your employees' business, social, domestic and pleasure purposes and not for racing or rallying nor for driving tuition or the carriage of persons or property for hire or reward without our prior written consent;

(d) ensure that the Assets are used or operated by properly skilled and authorised personnel and, if any Asset is a vehicle, by persons holding an appropriate, valid and current United Kingdom driving licence;

(e) keep the Assets in good repair and condition and in working order and at your own expense make good all damage to the Assets and replace all lost, stolen, worn or damaged parts with parts of the standard and quality of the original components;

(f) procure that the Assets are properly serviced and maintained through an approved repairer and in accordance with the recommendations of the supplier and/or manufacturer and properly discharge any repairer's lien;

(g) keep up to date records of the servicing, repairing and maintenance of the Assets;

(h) procure that there are obtained and effected and kept effective all permissions, licences, registration documents, certificates and permits which may be required in connection with each Asset and/or the premises in which it is kept and if any Asset is a vehicle, it is validly licensed, has a current Department of Transport Test Certificate and complies with all other requirements as to inspection, testing, plating, insurance and otherwise as for the time being required by law;

(i) deliver to us the relevant records, certificates and other documents referred to in paragraphs (b), (g) and (h) above, together with all original keys, including master keys, when any Asset is returned to us;

(j) comply with all regulations and statutory obligations relating to the possession and/or use of each Asset and at your own expense add to or install on each Asset any safety or other equipment required by any applicable law or regulation to be so added or installed for the lawful use or operation of that Asset, it being hereby agreed that title and property in all replacements of and additions to

any Asset (as referred to in paragraph (e) above and this paragraph (j)) will forthwith vest in us or, if we are not the owner of the Equipment, the owner (we or such other owner being the "Owner");

(k) not permit any Asset to be used in contravention of any patents or other intellectual property rights of third parties;

(l) before using any Asset and at all times during the letting of that Asset procure that all necessary tests and examinations are made to ensure that the Asset is designed, constructed and operated so as to be safe and without risks to the health and safety of employees or others;

(m) use the Assets for a qualifying purpose throughout the required period, all as within the meaning of Chapter 11 of Part 2 of the Capital Allowances Act 2001; and

(n) notify us immediately if any hubodometer, odometer, hour clock or similar usage measuring device attached to or incorporated in any Asset fails temporarily or permanently or is replaced.

Modification of Equipment

2.3 not (except in the case of alterations or modifications which you are liable to carry out under Clause 2.2) carry out any major alterations or modifications to any Asset nor alter, except by way of suitable replacement, any part of any Asset in either case without our prior written consent, which will not be unreasonably withheld;

Inspection and Identification

2.4 permit us, the Owner, any prospective purchaser or our respective agents to inspect any Asset at any reasonable time and for such purpose to have access to any premises where that Asset may be situated;

2.5 if required by us at any time, affix to any Asset (or any separate component or part of any Asset) a plate or plaque in a form and size approved by us indicating that the Asset is held on lease and not remove or alter any such plate or plaque or any other identification marks or serial numbers on any Asset;

Sale, etc Prohibited

2.6 have no right, title or interest in any Asset except for quiet possession and the right to use that Asset upon the terms and conditions set out in this Agreement and the relevant Schedule, but keep each Asset in your sole legal possession and not without our prior written consent remove it, or permit it to be removed, from the United Kingdom for periods in excess of 30 days on any one occasion and advise us of its location at any time we so require and not allow the levy of any distress or execution against any Asset (or any analogous procedure in any jurisdiction) nor sell, assign, pledge, mortgage, charge, or permit to subsist any other lien (other than a repairer's lien) or security interest over, any Asset or any interest in it or the benefit of any of the Leasing Documents, nor sub-let any Asset unless the sub-lessee is a UK Incorporated company or other UK public body, the terms of the sub-letting are not inconsistent with this Agreement and the relevant Schedule and you receive our prior written consent, which will not be unreasonably withheld;

Damage and Loss

2.7 be responsible for the loss of or any damage to or caused by any Asset, protect our interest in and the Owner's title to each Asset against all parties, ensure that no Asset is attached to any land or premises in such a way that it may become or be deemed to become a fixture and notify us immediately you become aware of any loss of or significant damage to any Asset or any threat to any Asset or our interest in and/or the Owner's title to any Asset;

Insurance

2.8 insure and maintain insurance at your own cost and expense in respect of any Asset and/or against any liability which may be incurred by any person in respect of the death of or injury to any person or any loss or damage to any property of whatever nature and howsoever arising in connection with any Asset, in each case as may be required by applicable law including, if any Asset is a vehicle, insurance in respect of third party risks complying with the requirements of the Road Traffic Act 1988;

2.9 provide us promptly upon request with a copy of any insurance certificates relating to any insurance maintained by you pursuant to Clause 2.8;

Indemnities

2.10 fully and effectually indemnify us, the Owner, any member of our group, any member of the Owner's group, and our and their respective agents, including without limitation any of their respective directors, officers or employees (each indemnified person being an "Indemnitee") against all taxes, rates, charges and duties (including amounts in respect of any applicable VAT thereon) arising out of the use or possession of any Asset and further indemnify and hold each Indemnitee harmless from and against any breach by you of any of the terms, conditions and undertakings contained in the Leasing Documents and against all actions, judgements, claims, proceedings, losses, damages, costs and expenses suffered or incurred by such Indemnitee because of any third party claim (including without limitation a claim by another Indemnitee) howsoever arising, directly or indirectly, out of the state, condition, letting, use, possession or transportation of any Asset or arising out of loss or damage to any Asset, howsoever caused;

2.11 in the event that you use or allow any Asset to be used for a substantially different usage from the Permitted Use or the mileage/usage allowance for any Asset specified in the relevant Schedule (the "Mileage/Usage Allowance") is significantly exceeded, then if, in our sole opinion, this has significantly diminished the value of the Asset in comparison to the value which we expected to achieve on its return, you will pay to us on demand a sum that compensates us for that diminution in value;

2.12 if you do not punctually perform or discharge any of your obligations under the Leasing Documents and we perform or discharge such obligations on your behalf in such manner as we think fit, on demand forthwith repay to us such sums as may have been expended by us in performing or discharging such obligations, together with interest on overdue sums at FHBR plus 4 per cent per annum on a day-to-day basis from the due date until the date of payment, after as well as before judgement. "FHBR" means Finance House Base Rate as from time to time published or, in default of publication, such alternative equivalent base rate as may be agreed between us or, failing such agreement, fixed by the President for the time being of the Institute of Chartered Accountants in England and Wales, or his nominee acting as an expert;

Return of Assets

2.13 return each Asset at your own cost and expense to us (or to such other person as we may specify) and at such location as is specified in the Return Conditions Appendix, on the expiry or termination of the letting or, if we so request, on expiry of a period specified by us not exceeding 60 days from expiry or termination of the letting;

2.14 ensure that on return to us each Asset is in a condition consistent with the due and complete performance by you of all your obligations under the Leasing Documents, complies with the Return Condition Requirements and complies with the following conditions:

- (a) that the Asset is in good condition with all damage repairs properly completed, any necessary parts fitted, any sign writing or other identification removed and paintwork reinstated;
- (b) that immediately prior to its return, if applicable, the Asset has been thoroughly steam cleansed and the interior valeted;
- (c) that the Asset has been kept in and is in good repair, has been maintained in strict accordance with the manufacturer's recommended service schedule (if any) and (if none) has been kept and is in full working order, condition and repair and all damage repaired immediately with all parts and lubricants used being as recommended by the manufacturer and has otherwise been maintained in accordance with good working practice applicable from time to time;
- (d) that the Asset complies with all legal and safety requirements and is, where appropriate, fit for use on the roads in the United Kingdom where such Asset has previously been used by you on such roads;
- (e) where the Asset is registered for use on roads in the United Kingdom and/or where required by law, that the Asset has a current valid Department of Transport Test Certificate appropriate for its class (including, without limitation, any ATP or TIR Certification) and which, at the date of return of the Asset, has a minimum of three months remaining until expiry; and
- (f) that the Asset complies with the requirements of the Health and Safety at Work etc., Act 1974 and all other applicable statutes and regulations;

2.15 If we make any such request as is referred to in Clause 2.13 in relation to any Asset, store the relevant Asset and keep it maintained in a suitable place and in securely protective conditions for the relevant period at your expense and continue to comply with all your obligations under the Leasing Documents in respect of the Asset and not use, modify or in any way interfere with the Asset other than to comply or procure compliance with those obligations, to return it to us or otherwise as we may have specified;

Excess Use

2.16 forthwith upon receiving written demand from us following the return of any Asset on termination of the letting (however arising) pay us by way of additional rental a sum calculated by reference to the excess mileage/usage rate specified in the Return Conditions Appendix (the "Excess Mileage/Usage Rate"), which will be calculated by reference to the Excess Mileage/Usage Rate in respect of each mile, hour or other unit usage (as relevant) in excess of the Mileage/Usage Allowance (or, in the case of early termination of the letting, the proportion of the Mileage/Usage Allowance applicable from the Commencement Date until such early termination) and for the purposes of this clause, we will determine whether there has been excess use of any Asset having regard to the recorded use as indicated on the hubodometer, odometer, hour clock or similar usage measuring device attached to or incorporated in the Asset, provided that if for any reason we are not able to obtain a reading or have reasonable grounds to believe that any recording taken may be inaccurate then we will be entitled to estimate actual usage and such estimation shall be conclusive;

Payment of Duties and Taxes

2.17 pay all documentary, registration or other like duties imposed on or in connection with the Leasing Documents and pay all licence duties, fees, charges, taxes and impositions of whatever nature payable in respect of any Asset, your possession of any Asset, its use and the letting of it, excepting only any taxes on or assessed by reference to the Owner's profits and any VAT which the Owner is able to reclaim from H.M. Customs and Excise and indemnify us and the Owner against any loss, damage, fine, charge or demand arising by reason of any delay or omission by you to pay such duties or tax;

Authorisations and Functions

2.18 produce to us on signature of this Agreement, each Schedule and at such other times as we may request, certified copies of all resolutions, standing orders or committee minutes and/or other documentary evidence approving and authorising your entry into this Agreement, the relevant Schedule and any other Leasing Document;

2.19 produce to us at all such times as we may request for submission to the Inspector of Taxes such information as may be legally required to be so submitted about the letting of any Asset or the use to which any Asset is being or has been put;

Accounts

2.20 supply to us within 7 days of our written request your most recent audited financial statements; and

Notification of Default

2.21 notify us of any event of default under Clause 4.3 (and the steps, if any, being taken to remedy it) promptly upon becoming aware of its occurrence.

TAXATION

3.1 If any of the assumptions specified in Clause 3.2 at any time ceases to be correct in respect of any Asset, the Rental and any Termination Sum (as defined in Clause 4.4) relating to the Asset will be increased or decreased by such an amount as we conclusively certify in writing to be necessary to maintain the same net after-tax rate of return on the Owner's investment in the acquisition and letting of the Asset as the Owner would have obtained if such assumption(s) had continued to be correct. If the applicable Primary Period (or any Extension Period) has expired and/or the letting of the Asset has terminated, you will pay to us by way of additional rental (or you will be entitled to receive from us by way of rebate of Rental) a sum sufficient to maintain the Owner's net after-tax rate of return as aforesaid. In the event of any dispute as to any such adjustment, the matter will be referred to auditors nominated by us for resolution and whose findings will, in the absence of manifest error, be binding. Any such reference will be at the cost of the party against which any such findings are made.

3.2 The assumptions referred to in Clause 3.1 in relation to each Asset are that:

- (a) the rate of capital allowances available to the Owner on a reducing balance basis in respect of the whole of the original cost of the Asset for each accounting period beginning with the accounting period in which the Commencement Date falls is as set out in the relevant Schedule provided that, in the case of cars costing in excess of £12,000 which are not marked as police or fire department cars, the capital allowances will be restricted to £3,000 in any accounting period;
- (b) the capital allowances referred to in paragraph (a) above will not be withdrawn in whole or in part, no charge will be made under sections 111 to 114 of the Capital Allowances Act 2001 in respect of the Asset and no disposal value will be brought into account for capital allowances purposes in respect of the original cost until the letting of the Asset terminates;
- (c) the rate of corporation tax applicable to the taxable profits of the Owner in relation to each of its accounting periods in which any of the capital allowances referred to in paragraph (a) above are available to it will be as set out in the relevant Schedule;

- (d) the Owner will be entitled to a tax deduction as a trading expense for corporation tax purposes for interest paid on loans and any payments made in respect of similar financing taken out by it to fund the original cost and its continuing investment in the leasing of the Asset;
- (e) any losses arising to the Owner in respect of the capital allowances or any other tax deduction in respect of the leasing of the Asset will be available for offset against other profits under section 393A(1) of the Income and Corporation Taxes Act 1988 or for surrender by way of group relief;
- (f) the Owner's taxable income arising from the letting of the Asset in any of its accounting periods will be calculated as the aggregate of:
 - (i) the relevant Rental for that accounting period, calculated by apportioning the Rental on a daily basis over the period to which the Rental relates; and
 - (ii) any relevant Termination Sum receivable in such accounting period;
- (g) the provisions of Schedule 12 to the Finance Act 1997 will not be applied to adjust the Owner's taxable income in any accounting period from the basis referred to in paragraph (f) above;
- (h) the Owner will be liable to pay corporation tax on its taxable income at the appropriate time in accordance with the provisions of the Finance Act 1998;
- (i) the Owner will not be required by law to draw up its accounts for any period other than a period of twelve months and/or as at any date other than the date to which it makes up its accounts at the date of the relevant Schedule;
- (j) you are not required by law to make any deduction or withholding from any payments to be made by you under any Leasing Document;
- (k) any payment that is or becomes payable by you under any Leasing Document by way of indemnity or reimbursement will be taxable in the Owner's hands;
- (l) the Asset will be sold immediately upon termination of its letting for a sum which, excluding amounts in respect of applicable VAT, is not less than its tax written down value in the books of the Owner;
- (m) the letting of the Asset will continue until the applicable Primary Period End Date (or the end of any Extension Period) as the case may be;
- (n) no change will occur after the date of this Agreement in the law and practice (as generally applied) in relation to corporation tax or VAT or in standard accounting practice; and
- (o) all other additional assumptions set out in the relevant Schedule, if any, are correct.

FURTHER STIPULATIONS

Late Payment

4.1 If you are late in paying any sum due to us under any Leasing Document (including any payment under Clause 4.4), you will pay us on demand (notwithstanding that punctual payment is of the essence of each Leasing Document and without prejudice to any other right or remedy which we may have) any cost or expense incurred by us in obtaining payment, together with interest on overdue sums at FHBR plus 4 per cent per annum on a day-to-day basis from the due date until the date of payment, after as well as before judgement.

Representations, Warranties and Conditions

4.2 (a) You will be entitled (so far as we are able to transfer the same) to the benefit of all conditions, warranties or other terms, express or implied, relating to any Asset given to the Owner by its supplier and/or manufacturer but we do not let any Asset subject to any condition, warranty or other term, whether express or implied by statute or otherwise, all of which are hereby excluded so that, without prejudice to the generality of the foregoing, there is excluded any condition about the quality of any Asset or its fitness for any particular purpose.

(b) It is expressly acknowledged by you that you will have specified the configuration of each Asset and will have selected each Asset (and its manufacturer and/or supplier and, if applicable, maintenance contractor) without any reliance on any condition, warranty or representation of any nature whatsoever, whether express or implied, given by us, the Owner or our respective representatives or agents.

(c) Neither we nor the Owner will be liable for any claim, damage, loss, costs or expense of any nature whatsoever arising out of the state or condition of any Asset, any deficiency or defect in any Asset or any repairs to any Asset, except that we do not exclude or restrict our or the Owner's liability for death or personal injury resulting from our or the Owner's respective negligence and you will not be entitled to any abatement or refund of Rental in respect of any period during which you are unable to use any Asset and we will not be liable to provide you with any replacement Asset during such period.

(d) No one other than our employees has any authority to make on our behalf any representation concerning any Asset and you acknowledge that you have not relied upon any such representation except to the extent that it is recorded in this Agreement or the relevant Schedule.

(e) In order to induce us to enter into this Agreement, you hereby represent and warrant (such representations and warranties to survive the execution and delivery of this Agreement and to be deemed repeated on the date of each Schedule in relation to the Assets specified in that Schedule and on the relevant Commencement Date) that:

- (i) you have and will continue to have full power and authority to enter into this Agreement, each of the Schedules and each other Leasing Document and to assume all of your obligations under the Leasing Documents (whether monetary or otherwise);
- (ii) the performance and observance of all your covenants, duties and obligations under the Leasing Documents will be within your capacity and powers and the Leasing Documents constitute or when executed will constitute legal, valid and binding obligations fully enforceable against you in accordance with their terms;
- (iii) neither the entering into of the Leasing Documents nor the enforcement by us of any of their terms does or will infringe any legal, contractual or administrative regulation binding on you or your constitution or any provisions of English law or of any charge, trust deed, contract or other instrument to which you are at any time party or which is at any time binding upon you or your assets;

(iv) all actions, resolutions, requirements and procedures necessary to approve and authorise the entering into by you of each of the Leasing Documents have been taken and/or complied with or will have been taken and/or complied with prior to you entering into the relevant Leasing Document nor is or will it be necessary to obtain any further permissions or authorisations to enable you to perform your covenants, duties and obligations and/or to make any payments to us under the relevant Leasing Documents once entered into;

(v) all licences, consents, registrations or approvals (governmental or otherwise) necessary on your part in connection with the execution, delivery, performance, validity and enforceability of the Leasing Documents have been obtained or effected and are and will remain in full force and effect;

(vi) no event of default under Clause 4.3 (nor any other condition, event or act which, with the giving of notice or lapse of time or both, would constitute an event of default) has occurred and is continuing;

(vii) you have entered into this Agreement and will enter into each other Leasing Document in the course of a trade and you will not be dealing as a consumer with us in relation to any Asset;

(viii) there are no outstanding disputes, claims or proceedings relating to or arising from the condition, possession or operation of any Asset with any manufacturer, supplier or other person;

(ix) to the extent that any Asset is an asset which we have bought from and leased back to you, the original cost of the Asset will not exceed the lesser of (1) its open market value and (2) the price paid by you, or any person connected with you within the meaning of section 839 of the Income and Corporation Taxes Act 1988, on your or that person's acquisition of such Asset;

(x) you are registered for VAT purposes and the representations (if any) relating to VAT set out in each Schedule are true; and

(xi) if any Asset is a vehicle previously purchased by you, when you purchased the vehicle, you intended to sell it to a leasing company or to use it primarily for the purposes of your business (within the meaning of Article 7(2) of the VAT (Input Tax) Order 1992) and if any Asset is a motor car, it is a qualifying motor car within the meaning of Article 7(2A) of the VAT (Input Tax) Order 1992.

Default and Termination

4.3 This Agreement and each other Leasing Document will be deemed to have been repudiated by you and we may give you notice terminating the letting of each Asset under this Agreement and the Schedules (whereupon you will cease to be in possession of the Assets with our consent so that we may then repossess them) at any time after the occurrence of any of the following events of default:

(a) a default by you in the payment in full of any money due under any Leasing Document within 7 days of its due date for payment (unless we elect in our absolute discretion to accept payment after this date);

(b) you fail to comply with any provision of any Leasing Document (other than as referred to in Clause 4.3(a)) except that no default will occur if the failure to comply is capable of remedy and is remedied within 14 days of our giving notice to you or you becoming aware of the failure to comply;

(c) any of your financial indebtedness owed to a Citigroup company is not paid when due (or within any originally applicable grace period) or is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described);

(d) any act or omission by you causes us in our absolute discretion to consider that our rights under any Leasing Document and/or in any Asset may be prejudiced or put in jeopardy and you fail to perform, cure or remedy such act or omission to our satisfaction within 30 days of being given written notice to do so;

(e) any representation, confirmation or statement made or deemed to be made by you in any Leasing Document is or proves to have been incorrect or misleading in any material respect when made or deemed to be made;

(f) it is or becomes unlawful for you to perform any of your obligations under any of the Leasing Documents;

(g) any security created by any debenture, mortgage or charge given by you becomes enforceable;

(h) you cease, or state your intention or resolve to cease, to carry on your business;

(i) you permit, suffer or allow any execution or distress against any Asset, or any of your assets, or the same are seized under or affected by any execution or distress or other legal process or remedy exercised against you;

(j) you transfer or dispose of, or state your intention or resolve to transfer or dispose of, all or a substantial part of your assets;

(k) you are unable or fail to repay your borrowings and/or an application is made by any party to a court for the appointment of a receiver, and/or such a receiver is appointed, pursuant to section 47 of the Local Government and Housing Act 1989; or

(l) possession or control of all or a material number of the Assets and/or your rights and/or obligations under any of the Leasing Documents is or are transferred (whether pursuant to any statutory provision or governmental regulation, assignment, transfer or otherwise, other than with our prior written approval) to any other party, whether or not that party becomes liable to perform your obligations under the relevant Leasing Documents.

4.4 On any termination pursuant to Clause 4.3 you will pay to us immediately, with any amount in respect of VAT due, a termination sum (a "Termination Sum") calculated as the aggregate of the following:

(a) all arrears of Rental and other amounts due and payable by you under or pursuant to the Leasing Documents;

(b) the aggregate amount of all Rentals (adjusted in accordance with Clause 3.1) which would, but for such termination or repudiation, have fallen due for payment during the remainder of each applicable Primary Period and/or any Extension Period (as the case may be) discounted at 5 (five) per cent per annum;

(c) damages for any breach of any Leasing Document and all expenses incurred by us following the retaking of possession of the Assets and/or enforcing our rights, including any legal or administration costs incurred by us in relation to the termination and any storage, transportation and insurance charges;

(d) if applicable, any loss arising by reason of our non-realisation of sale proceeds and/or any diminution (as certified by us, which certificate will be binding on you in the absence of manifest error) in the residual value of any Asset (as calculated by us at the Commencement Date, the "Residual Value") arising out of any loss or damage to any Asset if not covered by insurance; and

(e) such amount as may be necessary to indemnify us and the Owner fully against all costs, expenses and losses incurred by us in liquidating, or employing for the balance of each Primary Period and/or any Extension Period (as the case may be) the proceeds of, any fixed rate funding or other financial arrangement raised by either of us for the purposes of funding our respective investment in the Assets.

4.5 No forbearance or delay by us in enforcing any provision of, or any of our rights or remedies in respect of, any Leasing Document and no grant of time or indulgence by us will prejudice or diminish such rights or remedies nor will any waiver by us of any breach by you, operate as a waiver of any subsequent or continuing breach.

4.6 Following any event of default under Clause 4.3 we may, without notice to you, set-off any obligation owed by you under any of the Leasing Documents to us against any obligation (whether or not matured) we owe to you.

Partial Termination

4.7 The letting of any Asset will terminate immediately if:

(a) that Asset is damaged so as to become in our opinion or in the opinion of any insurer beyond repair or is lost, stolen, seized or confiscated or if any circumstances whatsoever (whether similar to the foregoing or otherwise) come into existence during the applicable Primary Period (or any Extension Period) which frustrate this Agreement as regards that Asset; or

(b) you voluntarily choose to terminate the letting of that Asset having given us not less than 60 days' notice in writing (whereupon you will cease to be in possession of the relevant Asset with our consent so that we may then repossess it at any time).

4.8 In the event of any early termination of the letting of any Asset pursuant to Clause 4.7:

(a) a Termination Sum will be payable by you to us in respect of that Asset, which will be calculated in accordance with Clause 4.4, except that if applicable, the Termination Sum will be reduced by such amount (as certified by us, which certificate will be binding on you in the absence of manifest error) as reflects any increase in the Residual Value of the Asset by reason of its early return to us, compared with its Residual Value as at the applicable Primary Period End Date (or the end of the Extension Period, as the case may be); and

(b) where the early termination relates to some of the Assets only, the Rental payable in respect of the Assets remaining on lease will be recalculated by us to reflect such early termination (and to reflect the adjusted Residual Value profile of the remaining Assets) whereupon your obligations under the Leasing Documents will apply to the Assets remaining on lease and to the recalculated Rental.

4.9 If you request us to calculate a Termination Sum in contemplation of a partial termination pursuant to Clause 4.7, we reserve the right to charge an administration fee of £200 plus an amount in respect of VAT to cover the administration costs of processing each such request.

Disclosure, Notices and Interpretation

4.10 Each of the indemnities given by you under the Leasing Documents will survive and continue in full force and effect notwithstanding the termination of the letting of any Asset, the termination of any Leasing Document or the disposal of any Asset.

4.11 You acknowledge that we may exchange with any Citigroup company or the Owner information about you and the Assets for credit and risk assessment purposes and that we may disclose information about the Leasing Documents for administration, fraud prevention and financing purposes and that you may receive from us details of facilities or products that we think may interest you.

4.12 Any notice or communication served under the Leasing Documents in relation to any Asset will be sufficiently served if sent by first class prepaid post or by facsimile transmission to the relevant address or facsimile number set out below or to such other address or facsimile number as is notified by the relevant party to the other and will be deemed to have been received in the case of a facsimile, upon receipt by the sender from the recipient of a confirmation of receipt and in the case of a letter, when delivered:

if to us, to:

Citibank International plc
5th Floor
Citigroup Centre
33 Canada Square
Canary Wharf
London E14 5LB

Contact: Mrs Hazel Hayward
Telephone: 020-7986 4665
Facsimile: 020-7986 4698

or if to you, to the address specified in the relevant Schedule.

4.13 Reference in this Agreement to a statutory provision is to be construed as a reference to that provision as from time to time amended or re-enacted.

4.14 You may not assign any of your rights, benefits and obligations under the Leasing Documents but, provided always that your right to quiet possession of the Assets is not adversely affected (whilst you are not in breach of any of the terms of the Leasing Documents), we may assign or transfer all or any of our rights, benefits and obligations under them or act as agent for a principal and references to us will include any such assignee or principal and accordingly, we may disclose to any person to (or through) whom we assign or transfer (or may potentially assign or transfer) all or any of the rights, benefits and obligations under any of the Leasing Documents any information about you, the Assets and/or the Leasing Documents as we consider appropriate (providing the person to whom the information is to be given has entered into a confidentiality undertaking).

4.15 Headings appear for ease of reference only and do not affect the construction of this Agreement.

4.16 The Leasing Documents contain all the terms of the letting of the Assets agreed between us. No variation of any of the Leasing Documents will be effective unless recorded in writing and signed by or on behalf of both of us.

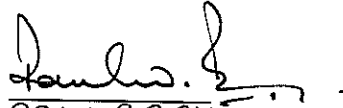
4.17 This Agreement and each Schedule (and the other related Leasing Documents) will be deemed to form a separate agreement for the letting of the Assets specified in the relevant Schedule but so that any breach of any such agreement will be deemed to be a breach of all of them.

4.18 Nothing in this Agreement will oblige us to enter into any Schedule.

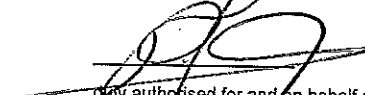
4.19 The Lessor and the Lessee do not intend that any term of this Agreement should be enforceable, by virtue of the Contracts (Rights of Third Parties) Act 1999, by any person who is not a party to this Agreement.

4.20 This Agreement and each other Leasing Document will be governed by and construed in accordance with English law and the parties hereby submit to the exclusive jurisdiction of the High Court of Justice of England and Wales.

Signed:


PAUL BRAY
 duly authorised for and on behalf of the Lessor

Signed:


 duly authorised for and on behalf of the Lessee

Position:

DTA

Signature of Witness:



Address:

Dorset Fire & Rescue Service
Service Headquarters
Dorchester
DT1 1AB

RETURN CONDITIONS APPENDIX

Reference No:

Lessee: Dorset Fire Authority

Commencement Date:

1. The letting of the Assets will expire, unless terminated earlier, on the last day of the applicable Primary Period or Extension Period (as appropriate).
2. On expiry of the letting of any of the Assets the Lessee shall forthwith return the Assets to the Lessor at the Lessee's own risk and cost to such address in the United Kingdom (within 100 miles of the boundaries of Dorset Fire Authority) as the Lessor shall require together with all manufacturer's operating instructions, service manuals, copies of maintenance and service records and any registration, licence, plating and certification documents and all keys, including master keys.
3. On expiry or termination of the letting of any of the Assets the Lessee shall ensure that the Assets are in good working order and condition (fair wear and tear only excepted) consistent with the performance of the Lessee's obligations hereunder.
4. On expiry or termination of the letting of any Assets the Lessee shall in addition to and without prejudice to its other obligations under the Leasing Documents (including without limitation the obligations set out in Clause 3 above) ensure that they are free of accident damage, in a roadworthy condition, fully maintained and serviced, comply with all laws and regulations for use on the road in the United Kingdom for the purpose for which they were designed and in particular:
 - (i) where applicable, to have a valid Department of Transport Test Certificate VTG5 or equivalent valid for not less than three months commencing on the date of return;
 - (ii) have current certification required for legal operation;
 - (iii) have tyres of radial quality with at least the minimum legal depth of tread plus 2 mm;
 - (iv) are complete to the original specification as at the commencement of the Primary Period, with no modifications other than those required or authorised pursuant to the Leasing Documents;
 - (v) have no body or cab damage (fair wear and tear excepted), and have uniform paintwork of good quality with all livery or similar markings removed;
 - (vi) have no mechanical damage (fair wear and tear excepted), and no parts requiring immediate replacement;
 - (vii) any tail-lift, refrigeration equipment, crane or other ancillary equipment is complete and in full working order;
 - (viii) in the case of an insulated vehicle, have no damage to the body insulation which impairs the efficiency of temperature control;
 - (ix) in the case of a tanker, the tanks(s) are clean, purged and gas-free; and
 - (x) all windows, windscreens, lenses and gauge glasses shall be present, undamaged, correctly fitted and fully functioning.
5. The total mileage allowance for each classification of Asset shall be as specified on the Asset Schedule calculated from the date of first registration with the Driver and Vehicle Licensing Agency to the date on which each Asset is returned on a pro rata basis. If the pooled total mileage exceeds the aggregate mileage for each Asset classification the Lessee shall pay an excess mileage charge at the rate of 5 pence per mile.
6. The Assets will be examined by an engineer employed or nominated by the Lessor, together with an engineer employed or nominated by the Lessee with each party being responsible for their own costs. The Lessee acknowledges that the signature of such employee or nominee of the Lessee agreeing and accepting any faults that may be determined at such examination will be binding upon the Lessee.
7. In the event of a dispute as to the condition of the Assets, an independent engineer will be appointed to examine the Assets with the costs being shared equally between the Lessor and Lessee. The decision of the independent adviser will be binding upon both parties.
8. In the event that on expiry or termination of the letting of any Asset, that Asset is not in a condition which complies with the provisions of Clause 3 above and, if applicable, Clause 4 above, the Lessee shall pay to the Lessor a sum which in the Lessor's reasonable opinion compensates the Lessor for the Lessee's failure to meet the return conditions provided for in such clauses.
9. On expiry or termination of the letting of any of the Assets or on the return of any of the Assets to the Lessor under this Return Conditions Appendix the Lessee shall upon request by the Lessor provide to the Lessor such evidence as the Lessor may reasonably require to enable the Lessor to identify the Assets.
10. The Permitted Use of the Assets will be general Fire Service usage for operational, demonstration and training purposes.

Signed: 

duly authorised for and on behalf of the Lessor

Signed: 

duly authorised for and on behalf of the Lessee

Date: 28/1/02

WITNESS:

Signed: 

Name: IAN LOTTER

Address: DORSET FIRE & RESCUE SERVICES
SERVICE HEADQUARTERS
COLLITON PARK
DORCHESTER DT1 1FB

Occupation:

FINANCIAL SERVICES MANAGER