



London, 6th of June 2008

To the kind attention of Mrs Angela Knight
Chief Executive of the British Banking Federation
105-108 Old Broad Street
London EC2N 1EX

Dear Angela,

Many thanks for accepting our request for a meeting to discuss in person the view of the members of Euribor ACI regarding the libor issues. We are grateful for the participation of John Ewan at the workshop in Vienna, although it was unfortunate that his trip didn't permit him to actually attend the meeting.

As you have already received the feedback of the Vienna meeting, my visit on Thursday June 5th together with the Presidents of ACI UK and ACI Denmark clearly shows the mutual interest of both parties in finding a solution to the problems expressed by many in the banking community regarding libor, in particular the USD libor settings.

The Euribor ACI Money Market and Liquidity Working Group (MMLWG) has discussed the fixings of the Euro under the EBF umbrella i.e. Euribor and will report back to the Euribor Steering Committee through the usual channels.

The members of Euribor ACI have expressed a clear desire for the continuation of the service provided by the indexes for various currencies organized by the BBA. We acknowledge that the only way forward is for a constructive dialogue.

We take note of your recent press release announcing a review of the governance of the index. Clearly the libor fixings have an international dimension and extensive work by your internal advisors and legal council will be necessary.

Euribor ACI strongly suggests the BBA to consider widening the panel of banks, in particular in the USD index to reflect the importance of the continental based financial institutions. Adding the majority of banks currently composing the daily Euribor rate fixings to the USD libor fixings would increase the credibility of the index. As suggested at our meeting a one month trial run of contribution of these banking institutions on an anonymous basis to the USD fixings would possibly show already an improvement in the rate setting. I understand that you expressed a restriction for banks actively quoting to be based in London. However, as you are a member of the European Banking Federation an acceptable compromise should be found that serve the European Union banking system, while also acknowledging the global use of your indexes. In that respect I will copy this letter to Mr Guido Ravoet as Secretary General of the EBF and hope to continue the dialogue on this matter from a European perspective.

We look forward to a possible statement in due course informing all market participants of the additional measures the BBA will take in order to preserve the credibility of the libor fixings.

Sincerely yours

Godfried De Vidts
President of Euribor ACI