

Dear Ministry of Defence,

On 27/03/2008, the MOD closed a procurement deal for the purchase of a new generation of mid-air refuelling tanker aircraft in a £2.68 billion Private Finance Initiative (PFI) deal with EADS, Rolls Royce, Thales and VT Group.

The PFI contract signed contains complex financial swaps and derivatives products which are referenced to LIBOR, the London Interbank Offered Rate manipulated by UK and global banks from at least 2005, until 2012.

As the PFI contract is referenced against LIBOR, it is necessary to understand the particular mechanics of the PFI deal agreed by MOD in order to determine if taxpayer losses may have arisen as a result of illegal manipulation by the banks.

Therefore please provide:

1. A copy of the original FSTA PFI business case, including any references to LIBOR as a benchmark, for swaps and derivatives, or management fees.
2. Details/ copies of any advice the MOD has sought, or received in relation to LIBOR and its impact on PFI contracts which reference the manipulated LIBOR rate, and from whom.
3. Confirmation of any actions the MOD has, or intends to take in future to determine MOD exposure to the LIBOR scandal, and possible grounds to recoup taxpayer losses from LIBOR rigging banks.

Yours faithfully,

