

A MEETING OF THE COURT OF DIRECTORS

WEDNESDAY 19 JANUARY 2005

Present:

- Mr King, Governor
- Sir Andrew Large, Deputy Governor – Financial Stability
- Ms Lomax, Deputy Governor – Monetary Policy
- Sir David Cooksey, Chairman, NedCo
- Mr Barber
- Ms Blow
- Ms Fawcett
- Mrs Francis
- Sir Graham Hall
- The Hon Peter Jay
- Sir Andrew Likierman
- Mr McCarthy
- Sir Brian Moffat
- Sir William Morris
- Sir John Parker
- Dr Potter
- Mrs Powers-Freeling
- Ms Rabbatts

Absent:

- Ms O'Donovan

The Minutes of the Court of 15 December were approved.

MPC monthly report to Court

Court noted the submission of the monthly MPC report to Court for January.

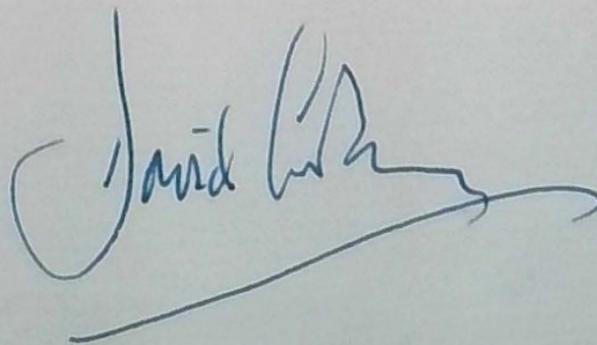
The Quarterly Financial Report, the Bank's Communications, Project Framework, and Reports from the Risk Policy and Audit Committees

Court noted the discussions in NedCo of the above items.

Any other business

None.

The meeting of Court was closed.



A MEETING OF THE COURT OF DIRECTORS

THURSDAY 17 FEBRUARY 2005

Present:

Mr King, Governor
Ms Lomax, Deputy Governor – Monetary Policy
Sir David Cooksey, Chairman, NedCo
Mr Barber
Ms Blow
Ms Fawcett
Mrs Francis
Sir Graham Hall
The Hon Peter Jay
Sir Andrew Likierman
Sir Brian Moffat
Sir William Morris
Sir John Parker
Dr Potter
Ms Rabbatts

Absent:

Sir Andrew Large, Deputy Governor – Financial Stability
Mr McCarthy
Ms O'Donovan
Mrs Powers-Freeling

Also attending:

Mr Bailey, Mr Bean, Mr Footman, Mr Jenkinson, Mr Tucker and Mr Wilkinson (observer).

The Minutes of the Court of 19 January were approved.

The Bank's Budget for 2005/06 and the Governor's letter to the Chief Secretary of HM Treasury

Court APPROVED the budget for 2005/06 and was content for the Governor to send the proposed letter to the Chief Secretary of HM Treasury in relation to the Bank's financial framework and specifically with respect to the level of cash ratio deposits.

The Securities Management Trust Ltd

Court APPROVED the following resolution to appoint Mr Andrew Wardlow as a director of The Securities Management Trust Ltd.

Court resolved that:

Consequent upon the impending retirement of MR G P SPARKES from the Bank and pursuant to Section 375 of the Companies Act 1985, as amended and extended by the Companies Act 1989, with immediate effect and until otherwise resolved by the Court of Directors:-

MR A R WARDLOW should become a Director of The Securities Management Trust Limited in place of MR G P SPARKES. The Board would then consist of MR T A CLARK (Chairman), MR P A C SMOUT, MR A J BAILEY and MR A R WARDLOW.

MR T A CLARK, or failing him, MR P A C SMOUT, or failing him, MR A J BAILEY, or failing him, MR A R WARDLOW be authorised to act as the representative of the Governor and Company of the Bank of England at any meeting of The Securities Management Trust Limited.

Monetary policy issues

Court noted the discussion in NedCo of the monthly MPC report to Court for February and the February Inflation Report, and the paper on MPC procedures.

Egon Zehnder review

Court noted the discussion in NedCo of the above item.

Sealing Committee Authorisations

The Governor invited Directors to view the Sealing Book if required.

[Ms Lomax, Mr Bean, Mr Clark, Mr Footman, Mr Jenkinson and Mr Tucker withdrew]

A Report from the Chairman of the Remuneration Committee

Sir William Morris, in his capacity as Chairman of the Remuneration Committee, introduced the Committee's recommendations in relation to the annual review of salaries for members of the Executive Team other than the Governor, Advisers to the Governor and external MPC members.

The recommendations, with effect from 1 March 2005, were:

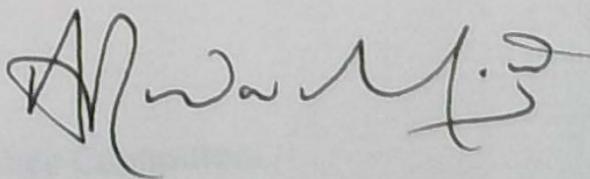
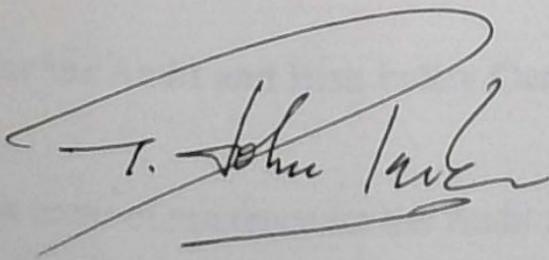
- 1. An increase for the Deputy Governors and external MPC members of 2.5%
- 2. An increase for Advisers to the Governor, Mr Clark and Dr Blejer, of [redacted]
- 3. With regard to Executive Directors, the Committee supported the Governor's proposal that a pot equivalent to 5.5% of aggregate salaries should be established and that high, medium and low increases should be awarded. On this basis, the following salary increases were recommended:
 - (a) Mr Bailey [redacted]
 - (b) Mr Bean [redacted]
 - (c) Mr Footman [redacted]
 - (d) Mr Tucker [redacted]
 - (e) Mr Jenkinson [redacted]

Court APPROVED the recommendations.

Sir William confirmed that the Committee had also reviewed the implications of the tax changes contained in the finance Act 2004 so far as they related to pension arrangements for members of the Court Pension Scheme and other senior Bank staff. Towers Perrin had also been commissioned to update their 2002 Report on the remuneration of the three Governors so that the Committee could resume consideration of appropriate levels when decisions had been taken about the Bank's future pensions provision.

Any other business

None.



The meeting of Court was closed.

A MEETING OF THE COURT OF DIRECTORS

WEDNESDAY 16 MARCH 2005

Present:

Mr King, Governor
Ms Lomax, Deputy Governor – Monetary Policy
Sir John Parker, Chairman, NedCo
Mr Barber
Ms Blow
Ms Fawcett
Mrs Francis
Sir Graham Hall
The Hon Peter Jay
Sir Andrew Likierman
Sir Brian Moffat
Sir William Morris
Ms O'Donovan
Dr Potter
Ms Rabbatts
Mr Wilkinson

Absent:

Sir Andrew Large, Deputy Governor – Financial Stability
Mr McCarthy
Mrs Powers-Freeling

Also attending:

Mr Bailey, Mr Bean, Mr Clark, Mr Footman, Mr Jenkinson and Mr Tucker.

The Minutes of the Court of 17 February were approved.

Payment to HMT in lieu of dividend

Court APPROVED the interim payment amounting to £19.5mn, in lieu of dividend for 2004/5, payable on 5 April.

Terms of reference for the Audit and Risk Policy Committees

Court APPROVED the terms of reference for the Audit and Risk Policy Committees.

Money Market Reform Implementation and Infrastructure Transformation programmes

Court APPROVED the projects:

- i) the Money Market Reform Implementation Programme with expenditure of £4.1-4.6mn;
- ii) the Infrastructure Transformation Programme with expenditure of £4.1mn.

Monetary policy issues

Court noted the submission of the monthly MPC report to Court for March and the paper detailing non-policy meetings of the MPC.

Pensions Working Group, International Financial Reporting Standards, Audit and Risk Policy Committees

Court noted the discussions in NedCo of the above items.

Any other business

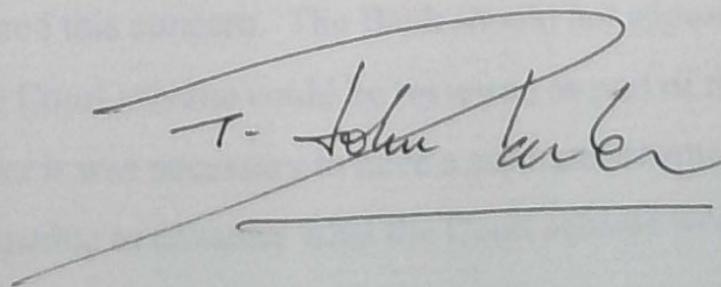
None.

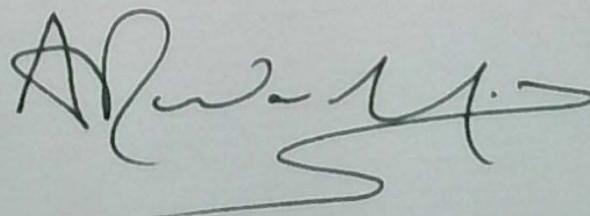
[Members of the Executive Team except Mr Footman withdrew; Sir John Parker, chaired]

Report from the Chairman of the Remuneration Committee

Minuted separately for non-executive members of Court only.

The meeting of Court was closed.





ANNEX TO MINUTES OF A MEETING OF THE COURT OF DIRECTORS

WEDNESDAY 16 MARCH 2005

Report from the Chairman of the Remuneration Committee

Members of the Executive Team except Mr Footman withdrew; Sir John Parker, chaired.

Sir William Morris summarised his report which considered the implications of forthcoming tax changes for the Court Pension Scheme.

Mr Footman declared his interest as a member of the Court Pension Scheme. He noted that he was not affected by the post-1989 arrangements.

Directors considered the six principles proposed to develop the Bank's response ahead of specific recommendations which would be brought for Court's approval in due course.

Mrs Francis said the treatment of members of the Court pension scheme was relevant to the wider discussion about future staff pensions. The response to the forthcoming tax changes should not be more generous than any contractual obligations required. She asked for clarification of contractual conditions and whether certain individuals would receive recompense for the tax changes.

Sir William Morris said there was strong legal opinion that the existing arrangements should be transferred to maintain expectations. Mr Footman said the 1989 cap affected four current executive members of Court. The Bank overrode the cap using the Unfunded Unapproved Retirement Benefit Scheme (UURBS) to provide pension benefits up to two-thirds of final salary. Benefits could be lower but not higher than two-thirds of salary. The arrangements were included and agreed in contractual letters to members of the scheme, and were disclosed in the Bank's Annual Report.

Mrs Francis said the position would have to be clear and defensible alongside potential future changes to staff pensions. Mr Barber said he shared this concern. The Bank should not appear to negate public policy judgements. He asked if the Court scheme could be reviewed as part of the work of the Pensions Working Group, and whether it was necessary to have a separate scheme for members of Court. Sir John Parker said it was sensible to consider what the Court scheme would look like in the future.

Sir Graham Hall noted a potential conflict with his role of Chair of the Trustees of the Court Pension Scheme. He said it was desirable to have one scheme for all staff, to achieve synergies and cost savings. Changing regulations might provide an opportunity to consider a merger.

Mr Jay asked for the principles to revert to his original suggestion, centred on three main principles – numbered 3, 4 and 1 in the report from the Remuneration Committee. The other principles were consequential tax judgements. He favoured phasing out UURBS. He agreed there should be no mitigation of public policy unless contractual obligations allowed otherwise. Ms O'Donovan said the use of a UURBS had been a common corporate response to the 1989 cap. She agreed that the principles should not compound the effect of having a UURBS in terms of public policy.

Sir Brian Moffat agreed with Mr Jay's preference for the three principles, ordered as he described.

Directors agreed with the revisions to the principles as a basis to model individual positions within the Court pension scheme.

A MEETING OF THE COURT OF DIRECTORS
WEDNESDAY 13 APRIL 2005

Present:

- Mr King, Governor
- Sir Andrew Large, Deputy Governor – Financial Stability
- Ms Lomax, Deputy Governor – Monetary Policy
- Sir John Parker, Chairman, NedCo
- Ms Blow
- Sir Graham Hall
- The Hon Peter Jay
- Sir Andrew Likierman
- Mr McCarthy
- Sir Brian Moffat
- Sir William Morris
- Ms O'Donovan
- Dr Potter
- Mrs Powers-Freeling
- Mr Wilkinson

Absent:

- Mr Barber
- Ms Fawcett
- Mrs Francis
- Ms Rabbatts

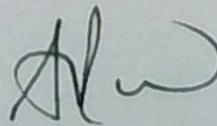
Also attending:

Mr Bailey, Mr Bean, Mr Clark, Mr Footman and Mr Jenkinson.

The Minutes of the Court of 16 March were approved.

Internal controls – Turnbull sign-off

Following the discussion in NedCo, Court was satisfied that the risks faced by the Bank had been reviewed and that appropriate controls were in place and ENDORSED the Turnbull paper which provided the basis for Directors to sign-off on internal controls.



Proposals for EEA charges 2005/06

Following the discussion in NedCo, Court APPROVED the proposal to suspend for one year full cost recovery of the Bank's charge to HMT for the management of the Exchange Equalisation Account.

Monetary Policy issues

Court noted the submission of the monthly MPC report to Court for April.

Strategy Implementation, Projects Quarterly Report, Quarterly Financial Report, draft Annual Report, Work of the Agents

Court noted the discussions in NedCo of the above items.

Any other business

None.

[Executive Directors and Mr Clark withdrew]

Appointments

The Governor advised Members that Mr Tucker's term of office as a member of the MPC, in his capacity as Executive Director, Markets, expired on 31 May 2005. After reference to the Chancellor, he wanted to re-appoint Mr Tucker to the MPC for a further three-year term, providing Directors had no objections. No objections were raised.

The meeting of Court was closed.

r. John Tucker

Al...

COURT OF DIRECTORS**Thursday 12 May 2005**Present:

Mr King, Governor
Sir Andrew Large, Deputy Governor – Financial Stability
Ms Lomax, Deputy Governor – Monetary Policy
Sir John Parker, Chairman, NedCo
Mr Barber
Ms Blow
Ms Fawcett
Mrs Francis
Sir Graham Hall
The Hon Peter Jay
Sir Andrew Likierman
Mr McCarthy
Sir Brian Moffat
Sir William Morris
Ms O'Donovan
Dr Potter
Mrs Powers-Freeling
Ms Rabbatts
Mr Wilkinson

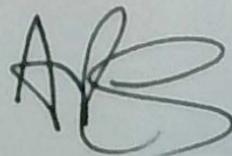
Also attending:

Mr Bailey, Mr Bean, Mr Clark, Mr Footman, Mr Jenkinson and Mr Tucker

The Minutes of the Court of 13 April were approved.

The Bank's Annual Report and Accounts and associated issues**Court APPROVED:**

- (i) the Annual Report and Accounts to be signed, printed and published;
- (ii) the proposed final payment amounting to £18.367mn, in lieu of dividend, to HMT;
- (iii) the giving of the Letter of Representation to PwC.



The sale of Bank Buildings

Following the discussion in NedCo, Court APPROVED the sale of Bank Buildings on the basis proposed.

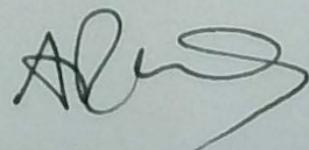
Court Pension Scheme – annual adjustment

The Governor declared his interest in the Court Pension Scheme together with that of other members of the Executive Team. As a routine annual adjustment, Court agreed that they need not withdraw. Mr Jay declared an interest via a member of his family.

Sir Graham Hall presented the recommendations contained within the report that:

- (i) the annual increase in payment to former Governors and executive Directors and allowances to the widows of former members of Court be increased, with effect from 1 July 2005, by the amount of the increase in the Retail Prices Index for the twelve months ended 31 May 2005;
- (ii) similar increases be granted from 1 July 2005 to:
 - (a) the ex-gratia allowances payable to Lord Richardson, Sir George Blunden, Lord Kingsdown, Lord George and Sir David Clementi;
 - (b) the ex-gratia payments awarded to widows of former members of Court who retired prior to 1978 and whose allowances were based on their spouses' pensions net of commutation;
 - (c) the deferred pensions payable at age 60 or later granted to [REDACTED]
- (iii) the annual allowance paid to Lord Richardson from the Court Pension Scheme under special arrangements which were approved by Court on 10 February 1983 be increased in accordance with those arrangements.

In addition, it was recommended that this matter should no longer be an annual decision for Court. Instead Court should provide a continuing authority to the Trustees of the Court Pension Scheme to instruct the scheme administrator to implement the annual RPI increase in pensions, deferred pensions and associated allowances from 1 July each year, unless the Trustees previously decide in any year that they wish Court to consider the increase prior to implementation.



Court APPROVED the recommendations.

It was noted that with regard to the latter recommendation, the annual RPI increase would be notified to Court retrospectively by the Chairman of the Trustees at the time of his annual report on the actuarial valuation and Scheme funding.

Internal auditor

In accordance with 'Matters Reserved to Court', the appointment of the new internal auditor – Stephen Brown – was APPROVED.

Monetary Policy issues

Court noted the discussion in NedCo of the monthly MPC report to Court for May and the May Inflation Report.

IFRS impact, new Quarterly Financial Report format, financial control systems, EEA review, NedCo/Court Action Plan.

Court noted the discussions in NedCo of the above items.

Any other business

The Governor noted that this was the last attendance at Court for Ms Blow, Ms O'Donovan, and Mrs Laurel Powers-Freeling. On behalf of Court, he expressed his appreciation for the valuable contributions they had made as Directors.

The meeting of Court was closed.

St. John Parker

M. J. ...

A MEETING OF THE COURT OF DIRECTORS

Wednesday 15 June 2005

Present:

- Mr King, Governor
- Sir Andrew Large, Deputy Governor – Financial Stability
- Sir John Parker, Chairman, NedCo
- Mr Barber
- Ms Fawcett
- Mrs Francis
- Sir Graham Hall
- The Hon Peter Jay
- Sir Andrew Likierman
- Sir Callum McCarthy
- Sir Brian Moffat
- Sir William Morris
- Mr Myners
- Dr Potter
- Ms Rabbatts
- Mr Sarin
- Mr Wilkinson

Absent:

- Ms Lomax, Deputy Governor – Monetary Policy

Also attending:

- Mr Bailey, Mr Bean, Mr Clark, Mr Footman, Mr Jenkinson and Mr Tucker

1. **Minutes – 12 May 2005**

Approved.

2. **Committees of Court – membership changes**

Court APPROVED the following changes:

- (i) Mr Sarin to join the Remuneration Committee;
- (ii) Mr Myners to join the Audit Committee;
- (iii) Mr Jay to become a Trustee of the Houblon Norman Fund.

3. **Monetary Policy issues**

Court noted the submission of the monthly MPC report for June.

4. **Review of processes in Central Services; strategy implementation progress report; IT functions and Audit Committee report.**

Court noted the discussions in NedCo of the above items.

5. **Any other business**

None.

[Members of the Executive Team, other than the Governor, withdrew.]

6. **Remuneration Committee report**

Sir William Morris, in his capacity as Chairman of the Committee, reported the recommendations of the Committee which had met earlier in the day. It was recommended that:

- (i) At the Bank's discretion, Ms Bell should receive remuneration, at her current rate, for a period of three months following her departure from the MPC on 30 June 2005, to recognise a period of purdah pending an opportunity for her to seek other employment;
- (ii) Mr Walton, who will replace Ms Bell on the MPC, should be paid the standard rate for MPC members working a three day week – i.e. £89,589 pa plus 15% in lieu of pension – on taking up his post on 1 July 2005;
- (iii) Mr Berkowitz should be paid the sum of [redacted] following his re-employment as the Governor's Legal Adviser on a one day per week basis;
- (iv) Mr Blejer's remuneration should be increased to [redacted] backdated with effect from 1 June 2005. In addition, he should be offered a three-year extension to his contract from 1 January 2006.

The recommendations were APPROVED.

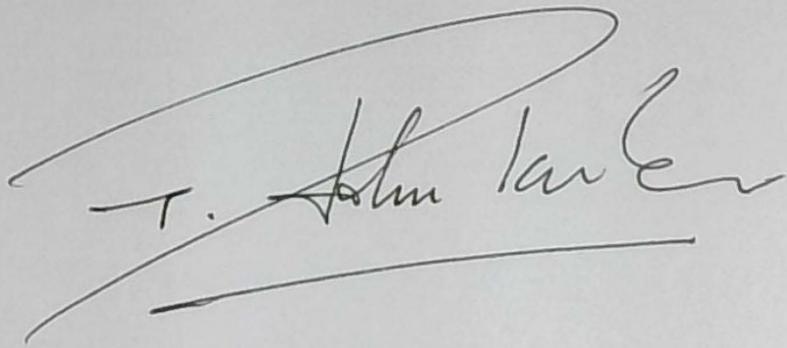
[The Governor withdrew; Sir John Parker chaired.]

The Remuneration Committee recommended that the Governor's salary be increased by 2.5% with effect from 1 July 2005, thus rising from £269,899 pa to £276,647 pa. This followed a formal appraisal of his performance by the Chairman of NedCo.

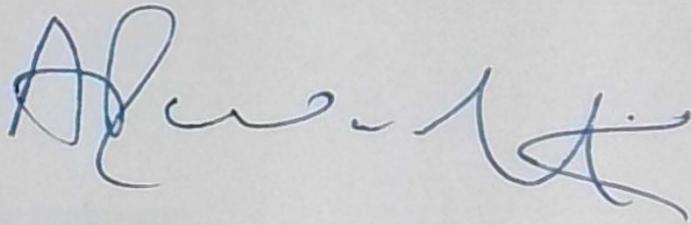
The Remuneration Committee would continue to consider the case for a revised salary structure for the position of Governor of the Bank.

The recommendation was APPROVED.

The meeting of Court was closed.



T. John Parker



Alfred H.

MEETING OF THE COURT OF DIRECTORS**Wednesday 13 July 2005**Present:

Mr King, Governor
Ms Lomax, Deputy Governor – Monetary Policy
Sir Andrew Large, Deputy Governor – Financial Stability
Sir John Parker, Chairman, NedCo
Mr Barber
Ms Fawcett
Mrs Francis
Sir Graham Hall
The Hon Peter Jay
Sir Andrew Likierman
Sir Callum McCarthy
Sir William Morris
Dr Potter
Mr Sarin
Mr Wilkinson

Absent:

Sir Brian Moffat, Mr Myners, Ms Rabbatts

Also attending:

Mr Bailey, Mr Bean, Mr Clark, Mr Footman and Mr Jenkinson.

1. Minutes – 15 June 2005

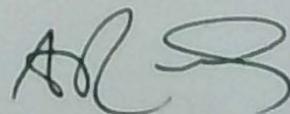
Approved.

2. Monetary Policy issues

Court noted the submission of the monthly MPC report for July.

3. Quarterly Financial Report; Bank Projects – quarterly report; Strategy Implementation – progress report; Financial Stability strategy; Customer Banking strategy update; Performance Management.

Court noted the discussions in NedCo of the above items.



4. Any other business

None.

The meeting of Court was closed.

T. John Parker

Alfred M. D.

14-09-05

MEETING OF THE COURT OF DIRECTORS

Thursday 11 August 2005

Present:

Mr King, Governor

Absent:

Sir Andrew Large, Deputy Governor – Financial Stability

Ms Lomax, Deputy Governor – Monetary Policy

Sir John Parker, Chairman, NedCo

Mr Barber

Ms Fawcett

Mrs Francis

Sir Graham Hall

The Hon Peter Jay

Sir Andrew Likierman

Sir Callum McCarthy

Sir Brian Moffat

Sir William Morris

Mr Myners

Dr Potter

Ms Rabbatts

Mr Sarin

Mr Wilkinson

The number of Directors was insufficient to form a quorum.

1 **Minutes – 13 July 2005**

To be resubmitted to the next meeting.

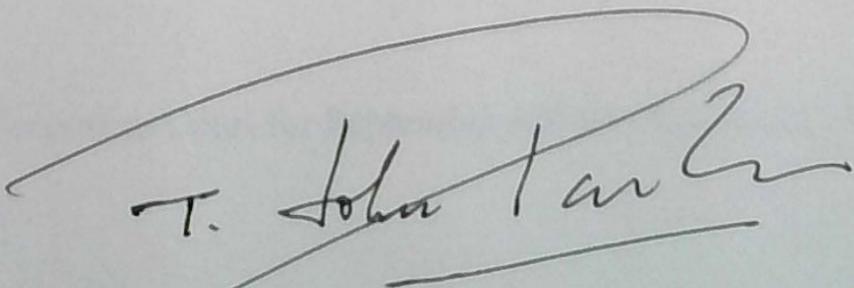
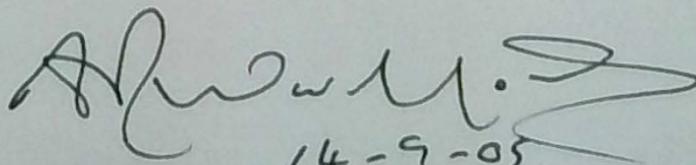
2 **MPC monthly report**

The MPC report for August had been circulated to Directors and would be discussed at the next meeting.

Any other business

None.

The meeting of Court was closed.



 14-9-05

MEETING OF THE COURT OF DIRECTORS

Wednesday 14 September 2005

Present:

- Mr King, Governor
- Ms Lomax, Deputy Governor – Monetary Policy
- Sir Andrew Large, Deputy Governor – Financial Stability
- Sir John Parker, Chairman, NedCo
- Ms Fawcett
- Sir Graham Hall
- The Hon Peter Jay
- Sir Andrew Likierman
- Sir Callum McCarthy
- Sir William Morris
- Dr Potter
- Ms Rabbatts
- Mr Sarin
- Mr Wilkinson

Absent:

Mr Barber, Mrs Francis, Sir Brian Moffat, Mr Myners

Also attending:

Mr Bailey, Mr Bean, Mr Clark, Mr Footman and Mr Jenkinson.

1. Minutes – 13 July and 11 August 2005

Approved.

2. Court Committees

Court approved the appointment of Mr Myners to the Risk Policy Committee, following discussion at the meeting of NedCo on 13 July.

3. Monetary Policy issues

Court noted the submission of the monthly MPC report to Court for September and the discussion of the August Inflation Report.

4. **Strategy review; Financial Stability strategy implementation; Delegations; Risk Policy
Committee report; Scottish and Northern Irish Banknotes.**

Court noted the discussions in NedCo of the above items.

5. **Any other business**

None.

6. **Report from the Chairman of the Trustees of the Court Pension Scheme**

Members of the Executive Team withdrew, with the exception of Mr Footman who remained at Sir Graham Hall's request to provide technical assistance.

Sir Graham reported on the results of the 2005 valuation of the Scheme's assets and liabilities. This revealed a deficit of £0.25mn and a funding level of 99.2%, compared with a surplus of £1.67mn and a funding level of 106.3% in 2004. The deterioration in the funding position was mainly attributable to stronger mortality assumptions, higher assumed inflation and lower yields.

The Trustees and the Executive had agreed with the Actuary that the deficit should be amortised over 8 years, the expected average working life of the active members of the Scheme, and Court should be invited to approve a recommendation that the Bank should make a contribution to the Scheme of 53.8% of pensionable salary in 2005/06 and should sign the relevant Schedule of Contributions for 2005/06.

Court approved the recommendation.

The meeting of Court was closed.

T. John Lawler
Alfred

MEETING OF THE COURT OF DIRECTORS

Wednesday 12 October 2005 (in Newcastle)

Present:

Mr King, Governor
Ms Lomax, Deputy Governor – Monetary Policy
Sir Andrew Large, Deputy Governor – Financial Stability
Sir John Parker, Chairman, NedCo
Mr Barber
Mrs Francis
Sir Graham Hall
The Hon Peter Jay
Sir Andrew Likierman
Sir Callum McCarthy
Sir Brian Moffat
Sir William Morris
Mr Myners
Dr Potter
Ms Rabbatts
Mr Sarin

Absent:

Ms Fawcett, Mr Wilkinson

Also attending:

Mr Bailey, Mr Bean, Mr Clark, Mr Jenkinson and Mr Tucker

1. **Minutes – 14 September 2005**

Approved

2. **Foreign Exchange Intervention Limit**

Court APPROVED the increase in the level of foreign exchange intervention that the MPC could undertake, up to a maximum of £1bn (sale or purchase) from the Bank's own resources; and that the limit would be reviewed again in 5 years time.

3. **Terms of Reference of the Audit, Remuneration and Risk Policy Committees**

Court APPROVED the terms of reference.

4. **Monetary Policy issues**

Court noted the submission of the monthly MPC report to Court for October.

5. **Strategy implementation; Monetary Analysis strategy; Bank Projects – the quarterly report and Money Market Reform; Pension issues; Quarterly Financial Report; Balance Sheet Remit; Risk Policy Framework.**

Court noted the discussions in NedCo of the above items.

[Ms Lomax and Executive Directors departed]

6. **Any other Business**

Directors were informed that Sir Andrew Large would leave the Bank in January. Discussions were underway regarding his successor.

[The Governor and Sir Andrew Large departed; Sir John Parker chaired]

7. **Report from the Chairman of the Remuneration Committee**

Sir William Morris introduced the Report which covered the treatment of Court Pension Scheme members who will be affected by the introduction of the lifetime allowance for tax-advantaged pension accrual that will come into effect on 6 April 2006 as part of a package of tax changes.

There was a discussion about how the proposed treatment compared for members of the scheme pre- and post-1989. It was not the intention to treat those members who joined the scheme after 1989 more favourably in view of the tax position. Equitable treatment was the principle behind the proposals. But the reality was that pension promises came in different forms and there were specific contractual obligations for individuals. The intention was to consider every individual case by case in order to ensure their positions were broadly unchanged. It was noted, however, that changes in the law had to be accommodated alongside the principle that promises would not be broken.

It was clarified that Court were being asked to agree the proposals to allow discussions to be taken forward with each individual. The special arrangements involved no new contractual obligations. Subsequent recommendations on individuals' treatment would then be brought back to Remco. It would be possible, at that stage, to revisit any issues that had been overlooked.

Court APPROVED the recommendations contained within the Report that:

- the Unapproved Unfunded Retirement Benefit Scheme (UURBS) rules be amended appropriately so that pension accrual in excess of the Lifetime Allowance (LTA) should, for each current post-1989 member, be within the UURBS rather than the Court Pension Scheme
- each of the pre-1989 members, once their accrued pension entitlements have reached the LTA, be offered a choice between (a) further accrual in the Court Pension Scheme up to the scheme maximum of two-thirds of pensionable salary, and (b) a non-pensionable salary supplement in lieu of any further accrual, calculated on a basis that is cost-neutral to the Bank.
- a standard 30% supplement is applied to all pre-1989 members who choose option (b).

The meeting of Court was closed.

T. John Lamb

Alan Up...

MEETING OF THE COURT OF DIRECTORS

Thursday 17 November 2005

Present:

Mr King, Governor
Ms Lomax, Deputy Governor – Monetary Policy
Sir Andrew Large, Deputy Governor – Financial Stability
Sir John Parker, Chairman, NedCo
Mr Barber
Ms Fawcett
Mrs Francis
Sir Graham Hall
The Hon Peter Jay
Sir Callum McCarthy
Sir Brian Moffat
Sir William Morris
Mr Myners
Dr Potter
Ms Rabbatts
Mr Wilkinson

Absent:

Sir Andrew Likierman
Mr Sarin

Also attending:

Mr Bailey, Mr Bean, Mr Clark, Mr Footman and Mr Tucker

1. **Minutes – 12 October 2005**

Approved

2. **Monetary Policy issues**

Court noted the submission of the monthly MPC report to Court for November and the discussion of the November Inflation Report.

- 3. Money Market Reform; Strategy towards processing financial market transactions; Audit Committee report; Review of Central Services processes; Market Intelligence strategy; Agents' issue.

Court noted the discussions in NedCo of the above items.

- 4. Any other business

None.

The meeting of Court was closed.

J. John Parker

Alway

1

[Redacted]

MEETING OF THE COURT OF DIRECTORS

Wednesday 14 December 2005

Present:

Mr King, Governor
Ms Lomax, Deputy Governor – Monetary Policy
Sir Andrew Large, Deputy Governor – Financial Stability
Sir John Parker, Chairman, NedCo
Ms Fawcett
Mrs Francis
Sir Graham Hall
The Hon Peter Jay
Sir Andrew Likierman
Sir Callum McCarthy
Sir Brian Moffat
Mr Myners
Dr Potter
Mr Sarin
Mr Wilkinson

Absent:

Mr Barber
Sir William Morris
Ms Rabbatts

Also attending:

Mr Bailey, Mr Bean, Mr Clark, Mr Footman, Mr Jenkinson and Mr Tucker

1. **Minutes – 17 November 2005**

Approved.

2. **Contribution to the Staff Pension Fund**

Directors were reminded of the discussion held in NedCo in October which had outlined the basis on which the Bank and the Pension Fund Trustees planned to finalise the triennial actuarial valuation as at 28 February 2005, and the consequences for the Bank's annual contributions to the Fund. Agreement in principle had been reached for a change in the Bank's contribution rate, and for the funding deficit to be amortised through up to ten annual payments. Formal approval was now being sought to pay both the annual contribution (£31mn, starting in 2005/06) and to

2

[redacted]

start a process of amortising the deficit. On a level basis, the latter would amount to £38mn per annum over ten years, but there were tax reasons for paying rather more in the early stages.

Court APPROVED the proposals subject to seeing a schedule of amortisation payments, which would be provided in January.

It was explained that the Bank was not exempt from paying the pensions insurance premium. The charge facing the Bank was around £200,000 in 2005/06 rising to £3-400,000 the following year.

3. **Sir John Gieve's remuneration – recommendation from the Remuneration Committee**

A recommendation for Sir John Gieve's remuneration was presented. Sir John would join the Bank on 1 January 2006 as Special Adviser to the Governor then take up his appointment as Deputy Governor with effect from 16 January. It was recommended that, with effect from 1 January, he should receive a salary of [redacted] per annum and be offered the choice between membership of the Court pension Scheme or having no Bank pension entitlement and receive a salary supplement of 30% in lieu, together with death-in-service life insurance if required.

Court APPROVED the recommendation.

4. **Monetary Policy issues**

Court noted the submission of the monthly MPC report to Court for December.

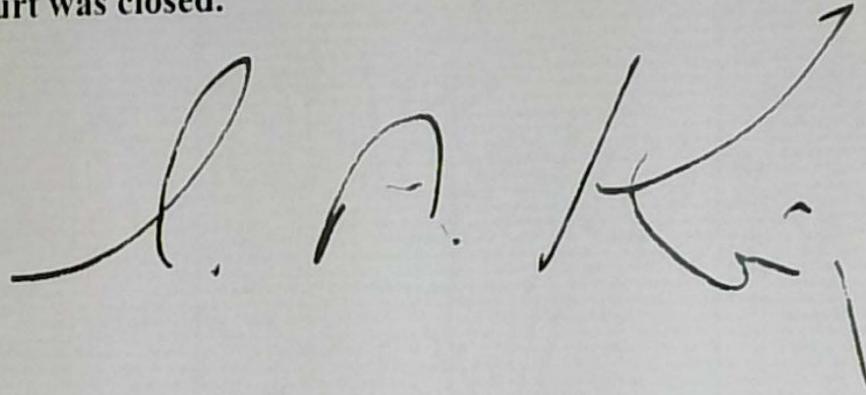
5. [redacted] ; **Financial Stability; Staff retirement benefits; Staff pay proposals; the Business Plan; the Bank's income; Business Continuity; Risk Standards.**

Court noted the discussions in NedCo of the above items.

Any other business

It was noted that it was Sir Andrew Large's last Court meeting. Sir Andrew was thanked for the contribution he had made to the Bank. A retirement dinner was planned for Tuesday 23 May to mark the departure of Sir Andrew and non-executive Directors.

The meeting of Court was closed.

A handwritten signature in black ink, appearing to read "L. A. King". The signature is written in a cursive style with a long, sweeping tail on the final letter.