

Rural Telephone Bank
Minutes of the 155th Board Meeting
November 3, 2005

Time and Place of Meeting

The 155th meeting of the Board of Directors (Board) of the Rural Telephone Bank (Bank) was held November 3, 2005, in Conference Room 104-A, U.S. Department of Agriculture, Washington, D.C., pursuant to a notice published in the Federal Register on October 25, 2005. Chairman Thomas Dorr called the meeting to order immediately following the Shareholder's meeting at approximately 9:30 a.m.

Attendants

Directors present were: Thomas Dorr, Gilbert Gonzalez, James House, Tim Ryan, Curtis Sampson, Michael Jensen, David Crothers, Larry Sevier, and Kent Rodgers.

Directors absent were: Christine Olsen, Clay Davis, Roberto Salazar and John McAllister.

Among others present were Acting Governor and Deputy Governor Curtis Anderson, Acting Assistant Governor and Assistant Secretary Jonathan Claffey and Assistant Treasurer Kenneth Ackerman as well as Terence Brady, Georgann Gutteridge, and David Grahn from the Office of the General Counsel.

Action on the Minutes

On motion duly made and seconded, the minutes of the August 4, 2005, board meeting were adopted.

Secretary's Report

As the report was addressed in the Shareholder's meeting immediately preceding, no report was necessary.

Treasurer's Report

As the report was addressed in the Shareholder's meeting immediately preceding, no report was necessary.

Status Report on liquidation of the Bank

As the report was addressed in the Shareholder's meeting immediately preceding, no report was necessary.

Consideration of Resolution to address allocation of restricted capital

On motion duly made and seconded, the following resolution was passed:

Resolution No. 2005-9

Whereas, the Rural Telephone Bank ("Bank") is in the process of liquidation and dissolution;

Whereas, in accordance with the plan of liquidation and dissolution the Bank is conducting no further business other than what is necessary to wind up its affairs; and

Whereas, the Bank is no longer conducting business which would result in losses due to interest rate fluctuation;

THEREFORE, IT IS RESOLVED:

That the reserve account for losses due to interest rate fluctuation not be funded during the process to liquidate and dissolve the Bank.

Consideration of Resolution to reduce the FY 2005 class C stock dividend due to statutory restrictions

On motion duly made and seconded, the following resolution was passed:

Resolution No. 2005-10

WHEREAS, it is the responsibility of the Board of Directors to annually review and declare the Class C stock dividend;

WHEREAS, on August 4, 2005, the Board approved Resolution No. 2005-7, setting the Class C stock dividend rate for fiscal year 2005 at 6.00 percent; and

WHEREAS, the dividend by law (Sec. 406(e) of the RE Act) may not exceed the average interest rate on the Rural Telephone Bank debt due to Treasury which was 6.07 percent at the time that the Board passed Resolution No. 2005-7 but as of the end of fiscal year 2005, had dropped to 5.74 percent;

NOW, THEREFORE BE IT RESOLVED, That a revised 5.74 percent annual dividend rate be declared on the Class C stock of the Rural Telephone Bank payable December 2005 to the Class C stockholders of record during fiscal year 2005 on the basis of one-twelfth of the annual dividend for each full month, or portion of a month, the stock was held during fiscal year 2005.

Establishment of dates for 2006 meetings

The following dates were established for the 2006 staff briefings and board meetings:

February 22-23; May 10-11; August 9-10; and November 8-9

Adjournment

Whereupon motion to adjourn was made, and the meeting was adjourned at 9:45 a.m.

Secretary