



United States Department of Agriculture  
Rural Development

Rural Business-Cooperative Service • Rural Housing Service • Rural Utilities Service  
Washington, DC 20250

AUG 25 2003

SUBJECT: Rural Telephone Bank

TO: Rural Telephone Bank Stockholders

FROM: Hilda Gay Legg  
Governor  
Rural Telephone Bank

In my role as Governor of the Rural Telephone Bank (the Bank), I would like to take this opportunity to inform you of two very important, recent actions taken by the Bank's Board of Directors: 1) the annual Class C stock dividend rate; and 2) the retirement of the government's Class A stock. I would also like to invite you to participate in the Bank's biennial stockholders' meeting to be held on November 14, 2003 in Washington, D.C.



At the last regularly scheduled meeting of the Board of Directors of the Bank, the annual dividend rate on Class C stock was set by the Board at a rate of 4.20 percent. This dividend is payable to all Class C stockholders of record during fiscal year 2003 (which ends September 30) on the basis of one-twelfth of the annual dividend for each full month, or portion of a month, that the stock was held during fiscal year 2003. Payment of the dividend can be expected in December of this year.

The Board also, in accordance with Section 406(c) of the Rural Electrification Act, voted on the amount of Class A stock to be retired this fiscal year. The maximum amount eligible for retirement under current appropriations law is 5 percent of the total Class A stock outstanding, or approximately \$21.5 million. The Board voted to retire that amount, bringing the total percentage of Class A stock retired, to date, to 31 percent. Under its current authorizing legislation, the Bank will automatically privatize when 51 percent of the Class A stock is retired.

I would like to remind all stockholders that, in accordance with Article III, Section 3.1 of the Bank's Bylaws, a stockholders' meeting is required every odd numbered year. A quorum of 100 stockholders present in person or by proxy is required. I strongly encourage all stockholders to attend. This year's stockholders' meeting will be an important event as the Bank draws closer to privatization. **This meeting will provide stockholders with the opportunity to exercise their rights as stockholders of the Bank and participate in the discussion of many important privatization issues facing the Bank and its customers.**

Article III, Section 3.3 of the Bylaws also requires official notification to be delivered to all stockholders not less than 10 days nor more than 40 days before the date of the meeting, either personally or by mail. The official notice of the November 14 meeting will be delivered and published in the Federal Register within the appropriate timeframe.

For more information on the Bank, its Bylaws, the Board of Directors, and its quarterly meetings, please visit the Bank's website at:

[http://www.usda.gov/rus/telecom/rtb/index\\_rtb.htm](http://www.usda.gov/rus/telecom/rtb/index_rtb.htm)

I look forward to seeing you at the stockholders' meeting and will be sending more information detailing times, building and room location, and the agenda as it becomes available. If you need additional information, please do not hesitate to call or email Ms. Roberta Purcell, Assistant Governor, on (202) 720-9554 or [bpurcell@rus.usda.gov](mailto:bpurcell@rus.usda.gov).

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