

Additional Information Regarding the Primary Fund-In Liquidation ("Fund")

New York, July 29, 2011 --- This *Fund Update* is intended to provide investors with current information regarding the amount of

- (1) remaining assets of the Primary Fund-In Liquidation and
- (2) outstanding potential claims against the Fund

In the previous *Fund Update*, dated May 27, 2010 showing assets and outstanding claims as of that date, we noted that the Fund was engaged in litigation overseen by the U.S. District Court in SEC v. Reserve Management Company, Inc. et al. Since May 27, 2010, the Fund has made an additional distribution of approximately \$215 million and incurred on-going operating expenses which reduced the assets of the Fund. Shareholders should be aware that the Fund will continue to incur on-going operating expenses during the continuation of any legal proceedings, which will reduce the Fund's total assets. Please note that, since September 15, 2008, the Fund has distributed approximately \$50.7 billion, which represents 99.04% of Fund assets as of September 15, 2008.

It is important for shareholders to note that claims against the Fund are significant and are approximately equal to the amount of the Fund's total remaining assets.

Assets

Remaining Fund assets, as of May 13, 2011, are set forth in the table below. The amount of remaining Fund assets includes \$9.5 million in proceeds previously received from insurance coverages. Shareholders should note that another affiliated fund and other parties have claims against the proceeds, which could limit the portion of the insurance proceeds allocated to the Fund to offset claims against the Fund.

Claims

Information regarding claims presented to the Court and other expenses in the below table, in all likelihood, may be further revised as a result of Court determinations or as a result of changed circumstances.

Further Distributions

It is not possible to predict whether the Court will allow or disallow claims against the Fund in whole or in part. Until the claims and expenses described in the table are resolved in a manner that results in a substantial and permanent reduction of claims against Fund assets, it is anticipated that no further distributions will be made. As of this time, we do not know whether the Fund will make any further distributions.

The Fund's website provides current information regarding the Fund's investment in the State Street Institutional U.S. Government Money Market Fund-Institutional Class (GVMXX). Additional information regarding the Fund may, from time to time, be posted on the Fund's website. The Fund's website address is www.primary-yieldplus-inliquidation.com.

The information in the following table is as of May 13, 2011, and lists:

- Fund assets
- Major potential claims against Fund assets
- Reserves for Fund operating expenses and potential litigation payable in the ordinary course

PRIMARY FUND-IN LIQUIDATION
Statement Of Assets And Potential Liabilities As Of May 13, 2011

ASSETS		LIABILITIES	
Investment in State Street Institutional U.S. Govt Money Market Fund-Institutional Class (GVMXX)	\$101,309,098	<u>Claims Submitted by RMCI as of May 10, 2010</u>	
Insurance Policy ¹	9,500,000	Management Fees through September 9, 2009 (Net of Payments Made)	\$24,394,643
		Costs Incurred from September 10, 2009 to December 31, 2009	2,436,251
		Excluded Expenses	2,538,588
		12b-1 Fees	2,876,763
		Potential Indemnifiable Expenses ²	59,163,611
		<u>Claims Submitted by RMCI Since May 10, 2010</u>	
		Operating Costs Since September 1, 2010	2,252,930
		Reimbursement of Trustee Fees ³	855,573
		Interest on Management and 12b-1 Fees ⁴	*
		Costs Incurred from January 1, 2010 to August 31, 2010 ⁵	3,420,743
		<u>Fund Expenses/Potential Litigation Reserve</u>	
		Reserve for Fund Expenses ⁶	2,327,055
		State Street Litigation Reserve	2,500,000
		Trustees' Litigation Reserve	<u>4,158,998</u>
TOTAL ASSETS	\$110,809,098	TOTAL POTENTIAL LIABILITIES	<u>\$106,925,155</u>
		POTENTIAL SURPLUS	<u>\$3,883,943</u>

¹ The Fund, RMCI, and the Yield Plus Fund-In Liquidation have potential claims to the proceeds of a \$10 million insurance policy. This assumes Yield Plus will receive \$500,000, and Primary Fund will receive the balance. To the extent the Court awards RMCI a portion of the policy proceeds, RMCI's claim for potential indemnifiable expenses is expected to be reduced by a commensurate amount.

² RMCI has submitted requests for \$16,250,828 for legal expenses to date.

³ RMCI only recently submitted this request for reimbursement and thus did not request that the Fund reserve for, or hold back, these amounts before making distributions to Fund shareholders in the Spring and Summer of 2010.

⁴ RMCI has requested in Court filings that it be awarded interest at the rate of 9% on the amounts it is owed for management fees and certain other expenses.

⁵ RMCI has stated in Court filings that it seeks reimbursement of costs it has incurred in providing services to the Fund between January 1, 2010 and August 31, 2010, but has only quantified the costs from January 1, 2010 through June 30, 2010.

⁶ This Reserve for Fund Expenses has been used to pay for day-to-day operating expenses including payments made to Crederian, which became the Fund's service provider as of November 24, 2010.

Financial Statements

The Fund did not issue audited financial statements for the year ended May 31, 2010 and will not issue audited financial statements for the fiscal year ended May 31, 2011, because the Fund is in liquidation. However, the Fund will continue to retain KPMG LLP to perform “agreed upon procedures” in connection with any further distributions to shareholders as the Fund is liquidated.