



IMMEDIATE RELEASE

A Statement Regarding The Reserve Primary and U.S. Government Funds

New York, September 19, 2008 - The Reserve Fund, on behalf of two of its series, the Primary Fund and the U.S. Government Fund, today filed with the Securities and Exchange Commission ("SEC") an Application for an Order to suspend all rights of redemption from either fund and to postpone the date of payment of redemption proceeds for a period longer than seven days after the tender of shares for redemption. The Staff of the SEC has advised the Fund that it intends to recommend the issuance of such Order.

The filing of the Application, pursuant to Section 22(e) of the Investment Company Act of 1940, was precipitated by the extraordinary market conditions of the past several days including the filing, on September 15, 2008, by Lehman Brothers Holdings Inc. of a petition for bankruptcy protection. These conditions contributed to unprecedented requests for redemptions for each of these two funds. The Primary Fund, which had approximately \$62 billion in assets under management at the opening of business on September 15, 2008, has received redemption requests this week of approximately \$60 billion. The U.S. Government Fund, which had approximately \$10 billion in assets under management at the opening of business on September 15, 2008, has received redemption requests this week of approximately \$6 billion. With continued significant illiquidity in the markets, the Funds' investment adviser is unable to dispose of securities to fund redemptions without impairing the net asset value of each fund.

The issuance of the Order is intended to ensure an orderly liquidation of securities in each Fund and that all shareholders in both Funds are protected in the process.

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