



IMMEDIATE RELEASE

Important Notice Regarding Reserve Primary Fund's Net Asset Value

New York, November 26, 2008 – The Fund is announcing today that, contrary to previous statements to the public and to investors, the Fund's net asset value per share was \$0.99 from 11:00 a.m. Eastern time to 4:00 p.m. Eastern time on September 16, 2008 and *not* \$1.00.

This change resulted from an administrative error in computing the Fund's NAV on September 16, 2008, and is not the result of any change in value of any portfolio holding, including Lehman Brothers Holdings, Inc., subsequent to 11:00 a.m. ET on September 16.

The facts are these: On the morning of Monday, September 15, the Board of Trustees "fair valued" the three securities of Lehman Brothers held by the Fund from par to \$.80 per \$1.00 of face value. These lowered values were used throughout Monday to compute the Fund's NAV and did not cause the Fund's NAV to decline below \$1.00. The Fund's NAV, as computed in accordance with Rule 22c-1 under the Investment Company Act of 1940, was \$1.00 per share throughout Monday, September 15.

On Tuesday, September 16, 2008, the Reserve's Fund Accounting Group was closely monitoring NAV per share as redemption orders were received throughout the day. Unfortunately, the Fund Accounting Group was computing the hourly NAVs using a spreadsheet showing the fair value of Fund assets that did not take the previous day's write-down of the three Lehman securities held by the Fund into account. Although the write-down had been reflected in the NAV calculations throughout the day on September 15, it had been inadvertently left out of the calculation of total net assets beginning on the morning of September 16. The result was that the net assets for the Fund were overstated by approximately \$170 million at the opening of business on September 16. Had these overstated values not been used, taking redemption orders into account, the Fund's NAV would have been calculated at \$.99 per share at 11:00 a.m., as well as at 12 noon, 1:00 p.m., 2:00 p.m. and 3:00 p.m. (all Eastern Time). This correction modifies and supersedes the information in any transaction confirmations for these times on September 16, 2008.

Neither management nor the Board of Trustees was aware of this error at the time. The error came to light on November 11 as a senior member of the Fund Accounting Group was reviewing Fund records. The error has been under review since then so that the facts surrounding the error could be fully explored by Reserve Management Company, Inc., the Trustees and regulators. After a thorough review, the Fund now confirms that the NAV per share calculated in accordance with Rule 22c-1 under the Investment Company Act of 1940 on September 15 was \$1.00 and remained at \$1.00 until the 11:00 a.m. NAV calculation on September 16, 2008. On September 16, the Fund's NAV per share was \$0.99, calculated in accordance with Rule 22c-1 under the Investment Company Act of 1940, from 11:00 a.m. until 4:00 p.m. Eastern time. The NAV from 4:00 p.m. through the end of September 16 was \$.97, as previously announced.

We reiterate that this change did not result from any change in the value of any Fund holding on a retrospective basis. Rather, it resulted solely from the inadvertent failure to take Monday's write-down of Lehman holdings into account when calculating Tuesday's NAVs.

We deeply regret that this error occurred.

An investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the fund. Money market yields may vary.

Resrv Partners, Inc., Distributor. Member FINRA. 11/08

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