



**IMMEDIATE RELEASE**

### **Reserve Primary Fund Disbursement Update**

New York, October 15, 2008 - We targeted an initial distribution of approximately \$20 billion from the Primary Fund on or about October 13 on a pro rata basis as being in the best interest of treating all shareholders equally. We deeply apologize for the delay and would like to assure each one of you that your money is safe. We remain steadfast in our commitment to properly completing this complex task at the earliest possible date.

The Primary Fund was the world's third-largest money market mutual fund with many share classes and types of investors. It serves hundreds of large corporations as well as hundreds of brokerage firms across the U.S., which in turn serve several hundred thousand individual clients. The Fund also serves retail direct investors, stock and commodity exchanges and operates through the National Securities Clearing Corporation.

All of these clients are supported by complex technology at The Reserve as well as their own systems, which had to be adjusted due to the decline of the net asset value below \$1.00 on September 16. Since then we have been working diligently to enhance our existing software and add new programs to hasten the distribution process. Our broker dealer clients linked with our systems are also striving to quickly make modifications and adjustments to ensure prompt and accurate disbursements. We simply can't risk making mistakes that could result in your money going to the wrong person or the wrong place, nor do we want any of our broker dealer clients to receive data that they can't process and maintain on their technology platforms.

Throughout this entire process, we are continuing to manage your assets in a way that protects them in this extremely illiquid and volatile market. The Reserve is working diligently to complete the process of reconciling tens-of-thousands of individual transactions for all of our funds from September 15 until today. We are working aggressively to make sure that all of the accounts are in balance so that you may receive your money at the earliest possible time.

The cash position in the Primary Fund has been growing to the point where it is now about \$25 billion, representing about 40 percent of your outstanding balance.

Please be assured that The Reserve is working closely with the fund's auditors at KPMG as well as its custodian bank, State Street, to disburse the assets quickly. We pledge to keep you informed as we move forward by issuing daily updates on the status of the distributions. We are also adding more information detailing the status of your portfolio on our website, which includes the cash positions of all of our funds.

Bottom line: The Reserve is working non-stop to complete a proper distribution of your funds as soon as possible.

Please accept our deepest thanks for your patience as we work to resolve these issues.