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Sent: Monday, September 15, 2008 8:01-PM

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Subject: Primary Fund
Attach: Reserve Insights.pdf

September 15, 2008



The Reserve *Insights*

Views from your cash management experts.

Statement regarding recent events with Lehman Brothers and Merrill Lynch

In response to the historic events on Wall Street this past weekend, The Reserve is reaching out to its clients and partners to proactively communicate our position on current events, their impact, if any, on our portfolios and what our next steps will be over the coming weeks. We want to reaffirm The Reserve's commitment to carefully monitoring the situation and to providing information regarding the investment strategies of our fund offerings.

As the world's most experienced money fund managerSM, we view our role as your resource, partner and investment manager. We hope the information below is of value and please do not hesitate to contact your sales consultant or call 800-637-1700 with any additional questions, comments and requests for information.

Lehman Brothers and Merrill Lynch — What has happened?

Lehman Brothers Holdings Inc. has filed a Chapter 11 bankruptcy petition. No other Lehman Brothers' U.S. subsidiaries or affiliates, including the broker-dealer and investment management subsidiaries, are included in the filing. Additionally, Bank of America Corp., the nation's largest U.S. consumer bank, agreed to acquire Merrill Lynch and Company for approximately \$50 billion in stock.

How does this affect The Reserve's Primary Fund

The Reserve is committed to a \$1.00 NAV for its Primary Fund. Reserve Management Company, Inc. (RMCI) intends to enter into support agreements with the Primary Fund to support

the value of Lehman credit held in the Fund. RMCI is the investment adviser to the Fund and has provided investment advice to investment companies within The Reserve family of funds since November 15, 1971. We have discussed with the SEC that our intent is to mitigate any decline in value of the Lehman debt so that it will not result in a decrease to the NAV of the Fund:

We are submitting appropriate documentation to the SEC today, September 15, 2008.

The Reserve's exposure to Lehman debt in the Primary Fund is less than 1.2%. The Fund has approximately 1.1% exposure to Merrill Lynch.

What happens to the Lehman and Merrill positions, and why don't they have material impact on the portfolios?

The majority of the Lehman Brothers' senior debt will be coming due over the next several weeks. Based on the current valuations of these holdings, we believe that the holdings will mature at par value. Due to the small exposure as well as par value at maturity, the NAV is not negatively impacted. Furthermore, our support agreements ensure the integrity of a \$1.00 NAV.

Additionally, it is our view that the existing Merrill Lynch paper represents minimal credit risk, remains fundamentally strong, and is further backed by Bank of America. We are confident that there will be no shareholder impact as the portfolios are structured to ensure principal protection and provide daily liquidity.

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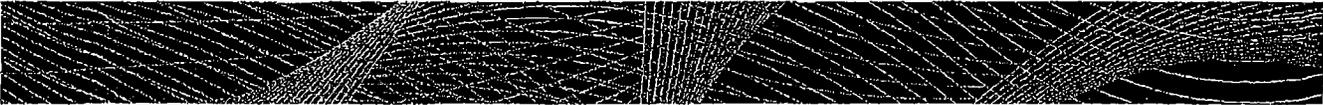
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The Reserve's Commitment

Although these are indeed historic and volatile times, we believe knowing and understanding the facts are always in everyone's best interests. We remain confident in the underlying credit strength and quality of the securities in all of our money market funds, which are prudently managed within the requirements of Rule 2a-7.

Based on this view, we continue to remain focused on the basic tenets of the money fund: safety of principal protection, liquidity and a reasonable rate of return. This is the same conservative approach The Reserve has utilized in successfully managing cash since our creation of the money market mutual fund nearly four decades ago.

About The Reserve

Founded in 1970, The Reserve is the world's most experienced money fund managerSM and global cash and liquidity specialist serving the brokerage, banking and institutional marketplace. In addition to launching the world's first money market fund, The Reserve has developed a full suite of innovative cash management solutions, including the industry's first FDIC-insured money market sweep program, diverse money market fund offerings, unique bank cash sweep services and cutting-edge cash plus products. Today, The Reserve manages more than \$100 billion for individuals, banks and institutional clients.

We thank you for the opportunity and privilege to serve your cash management and liquidity needs. ■

For further questions, please contact your sales consultant at The Reserve or our Client Service Team at 800-637-1700.

To learn more about how these insights may impact your cash management strategy, or to obtain more information about The Reserve's cash management products, services and solutions, please contact your regional consultant, or the appropriate contact listed below:

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Having created the money fund in 1971, there is no other company in the world that has managed money market funds longer than The Reserve, the largest investment manager dedicated solely to cash and liquidity management.

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

You should carefully consider the investment objectives, risks and charges and expenses of a fund before investing. A fund's prospectus, which contains this and other information, may be obtained by calling 800-637-1700 and pressing "0," or writing The Reserve, 1250 Broadway, New York, New York 10001-3701, or visiting www.TheR.com. You should read the prospectus carefully before you invest.

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