



IMMEDIATE RELEASE

Reserve U.S. Government Fund Enters into Agreement with the U.S. Treasury

New York, November 20, 2008 – The Reserve and the Board of Trustees of the Reserve Fund (the “Trust”) are pleased to announce that the Reserve U.S. Government Fund is covered by Treasury’s Temporary Guarantee Program for Money Market Funds (the “Program”). In addition to entering into a Guarantee Agreement under the Program, the Fund has entered into an agreement (“Letter Agreement”) pursuant to which it will use its best efforts to sell all of its portfolio securities by January 3, 2009. The sale price cannot be less than amortized cost absent approval by the Treasury. The Treasury through the Exchange Stabilization Fund (“ESF”) has agreed to purchase any securities remaining in the Fund on January 3, 2009 at a purchase equal to the aggregate amortized cost of such securities as defined in the Letter Agreement. The proceeds from the sale to ESF (net of accrued Fund expenses) will be distributed on a pro rata basis to all investors in the Fund. The proceeds resulting from the sale will be distributed within three business days of the payment of the proceeds by the Treasury unless the Treasury agrees to an extension. Net income, after actual and anticipated costs, will be paid to investors along with the final distribution.

“Because of this agreement the Government Fund will be able to return all of the Fund’s money to investors early next year,” said Bruce R. Bent, president of Reserve Management Company Inc., the Fund’s adviser. “This agreement allows us to achieve our goal of preservation of capital but enables investors to get their money back sooner. I want to thank our investors for their patience and understanding during these past few months.”

The adviser has agreed to waive its comprehensive management fees going forward to the extent these fees exceed the income earned and received by the Fund since September 19, 2008 and if taking the fee would result in Fund shareholders not receiving distributions of at least \$1.00 per share. The Fund’s net asset value remains \$1.00 per share.

Currently the Fund’s assets are approximately \$6.3 billion, including \$231 million in cash. From now until January 3, the Fund will continue to accumulate cash as securities mature or are sold at or above amortized cost. As part of the agreement with the U.S. Department of the Treasury, the Fund will make an interim distribution to Fund shareholders when \$1 billion in cash has been accumulated, although the timing of this distribution may be deferred by the Board of Trustees until the accounts of the Fund shareholders have been reconciled to the extent necessary for a distribution. The Fund’s portfolio holdings and cash are held at the Fund’s custodian bank, as the Investment Company Act of 1940 requires. Additionally, the Fund’s portfolio holdings are available each day at www.TheR.com.

The obligation of the Treasury to purchase Fund portfolio securities through ESF is subject to certain conditions including: (1) The ESF having sufficient funds to pay the purchase price, (2) the Fund not having created a reserve to pay amounts other than permitted actual, anticipated and extraordinary Fund expenses, (3) the Fund having unencumbered title of the securities sold, and (4) a Guarantee Event (as defined in the Guarantee Agreement) has not occurred. If all conditions are not met or waived, the sale of Fund portfolio securities to ESF will not occur.

The Board decided on September 19 to liquidate the Government Fund as the result of unprecedented redemptions stemming in part from Lehman Brothers Holdings Inc.’s petition for bankruptcy protection on



September 15. While Lehman Brothers Holdings Inc. debt was not held by the Reserve U.S. Government Fund, it was held in the Reserve Primary Fund. During that week, the Government Fund started with approximately \$10 billion in total assets and ended the week with approximately \$6 billion in redemption requests.

Since then, The Reserve has been working diligently to return money to shareholders as expeditiously as possible consistent with a goal of preserving the Fund's \$1.00 net asset value. The Fund's first distribution to investors was approximately \$4.5 billion and occurred on November 13, 2008.

We will continue to provide periodic updates on our website.

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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