

September 22, 2008

Dear Client:

Today, the Securities and Exchange Commission granted the order requested by Reserve Funds to: (a) suspend temporarily the redemption of shares of the Reserve Primary Fund and the Reserve U.S. Government Fund and (b) allow these funds to postpone payment for redemptions that have been requested but not yet been paid. This Order is effective as of September 17, 2008. The Order makes clear that the SEC took these extraordinary actions so that the Reserve Funds may plan an orderly liquidation of assets, subject to SEC supervision, in order to meet redemption requests. The Order provides that it will remain in effect “until the markets are liquid to a degree that enables each Fund to liquidate portfolio securities without impairing the net asset value of each Fund” or until rescinded by the SEC.

Last week, the U.S. Treasury Department announced the establishment of a temporary guaranty program for the U.S. money market mutual fund industry. During the next year, the U.S. Treasury will insure the holdings of any publicly offered eligible money market mutual fund that pays a fee to participate in the program. This program was designed to provide coverage to shareholders for amounts held in such funds as of the close of business on September 19, 2008. We have not heard yet as to whether the Reserve Funds will participate in this program.

We understand the concerns of our clients invested in The Reserve Fund and are staying abreast of this difficult and unprecedented situation. We have made and continue to make efforts to redeem client assets from The Reserve Funds, however, The Reserve Funds are not accepting redemption requests or paying out funds as indicated above. We are in regular contact with JP Morgan, our custodian and clearing firm, as well as with the Reserve Fund. We will keep our clients informed as new information becomes available.