

**Reserve Municipal Money-Market Trust II  
(the “Trust”)**

**Plan of Liquidation and Distribution of Assets**

The Board of Trustees (the “Board”) of the Trust, on behalf of its series, Interstate Tax-Exempt Fund (the “Fund”), has adopted the following Plan to effect the orderly liquidation and distribution of assets of the Fund in a fair and equitable manner. The Plan will be implemented subject to the supervision of the Securities and Exchange Commission (the “Commission”), as required by the terms of an exemptive order issued by the Commission on October 24, 2008, which was made effective as of October 8, 2008 (the “Order”).

**PREAMBLE**

The circumstances leading to this Plan are linked to the unprecedented market turmoil, which began with the filing on September 15, 2008 by Lehman Brothers Holdings, Inc. (“LBHI”) of a petition for bankruptcy protection under Chapter 11 of the U.S. Bankruptcy Code. The bankruptcy filing by LBHI prompted the board of trustees of the Reserve Primary Fund, another fund in the same fund complex as the Fund, to revalue its holdings in LBHI debt securities. As a result, the Interstate Fund also experienced significant redemptions (or redemption requests) that necessitated the Order. The Fund has been closed to new investments (other than through dividend reinvestment) as of September 18, 2008. To the extent that the Fund has paid redemptions to requesting shareholders up to the date of the issuance of the Order, the Fund has done so on a first come, first serve basis (except for certain de minimis amounts paid in connection with debit card transactions, ACH transactions or check redemptions written against an investor’s account). The Fund’s last funded redemption request was received on September 19, 2008 and paid on October 7, 2008. The Fund has not made redemption payments since October 7, 2008 (except for certain de minimis amounts paid in connection with debit card transactions, ACH transactions or check redemptions written against an investor’s account). Certain redemption requests submitted prior to October 8, 2008 have not been fully paid.

Given these developments, the Board, including Trustees who are not interested persons of the Trust, unanimously determined on October 8, 2008 that it was in the best interest of the Fund and its shareholders to liquidate the assets of the Fund. The Board, including Trustees who are not interested persons of the Trust, determined on February 20, 2009 to distribute the Fund’s assets to shareholders on a pro rata basis. This Board made this determination after finding that: 1) a pro rata distribution was in the best interest of the Fund; and 2) Fund shareholders that should have been redeemed pursuant to section 22(e) of the Investment Company Act of 1940 will receive an aggregate distribution under a pro rata approach that is not materially different from what they would have received if the Fund redeemed such shareholders within seven days of their redemption requests.

## **DISTRIBUTION APPROACH**

Reserve Management Company, Inc. (“RMCI”), as investment adviser to the Fund, has accumulated assets of the Fund either (1) through the receipt of proceeds upon maturity of Fund holdings, including interest thereon or (2) by sale of Fund assets. RMCI did not dispose of securities at prices below amortized cost. To the extent that a portfolio holding could be liquidated at or above amortized cost through exercise of a contractual right (e.g., demand or other liquidity feature), RMCI has exercised that right at the earliest practical date.

The Board has directed that, except as provided in the next sentence or as otherwise directed by the Board, RMCI shall not dispose of securities at prices below amortized cost except where two or more securities are sold at an aggregate price equal to or greater than the sum of the amortized cost of these securities. The Board has monitored RMCI’s progress in accumulating cash, and it reserved the right to permit the disposition of assets at prices below amortized cost based on all relevant factors, particularly the time period remaining until certain securities mature.

In taking the approach described in the previous paragraph, the Board noted that the two aspects of the Fund’s investment objective -- capital preservation and liquidity -- were in conflict because of the market conditions affecting Fund holdings. The Board was of the view, after consultation with RMCI, that sales of Fund holdings at available market prices would result in a material loss of principal. At that time, the Board did not believe that it was in the best interest of the Fund’s shareholders to sell Fund holdings at available prices in order to provide liquidity. Rather, the Board believed it is in the best interest of the Fund’s shareholders to accumulate cash in a manner that maximizes the amount received by the Fund on the disposition/maturity of assets.

All of the Fund’s holdings have been liquidated and as of March 13, 2009, the Fund had cash in the aggregate amount of \$21,029,951. Thus, all of the Fund’s assets were available for distribution.

All accumulated cash had been invested only in U.S. Treasury bills with a maturity not to exceed 30 days, overnight time deposits of U.S. or non-U.S. banks whose short-term debt securities were rated A-1/P-1, eligible municipal securities, and overnight repurchase agreements “collateralized fully” (within the meaning of Rule 2a-7 under the Investment Company Act of 1940) by U.S. government securities or eligible municipal securities. RMCI has not purchased any other investments for the Fund. In investing accumulated cash in other than overnight investments, RMCI selected maturities that do not extend beyond the next anticipated distribution date.

All Fund assets, including cash accumulated pursuant to this Plan or already accumulated in connection with the liquidation of Fund assets, remained with the Fund’s custodian, as required by the Investment Company Act of 1940, until paid to the Distributees.

In seeking a fair distribution of assets, this Plan provides that all of the Fund’s net assets (calculated as of the day of payment), including any accrued but unpaid net income, were distributed in a fair and equitable manner to the Distributees (each such distribution, a

“Distribution”). In making each Distribution, all Distributees received \$1.00 per share, plus an equal per share amount of any accrued income (after taking into account fund expenses), regardless of when or if they tendered the redemption orders to the Fund. No investor has lost his or her principal investment in the Fund, and income has exceeded expenses incurred by the Fund since October 8, 2008.

As requested by the Board, an independent registered public accounting firm was engaged to perform agreed-upon procedures to assist the Board and the Fund’s management in their evaluation of the accuracy of the Distributions pursuant to the approach as contemplated herein. The Board and the Fund’s management are responsible for each Distribution. The agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board and the Fund’s management. The performance of these agreed-upon procedures is not an examination by the independent registered public accounting firm, the objective of which would be an expression of an opinion as to the accuracy of the Distribution. Thus, the independent registered public accounting firm will not express such an opinion. The report issued by the independent registered public accounting firm will be solely for the information and use of the Board and the Fund’s management, and is not intended to be and should not be used by anyone other than these specified parties.

## **DISTRIBUTIONS**

Cash was distributed to Distributees in the following manner:

The Fund has made an initial Distribution to shareholders. On January 26, 2009, the Fund made an initial Distribution of approximately \$354 million to shareholders.

On March 13, 2009, the Fund distributed all remaining assets to Distributees in the manner described above.

Each Distribution was accompanied by a public statement on the Fund’s website stating the value of the assets distributed and the number of shares redeemed for which redemption proceeds have been paid to Distributees.

Amounts payable to Distributees that have received redemption proceeds through ACH wires, debit card transactions, check-writing or ordinary redemptions reduced dollar-for-dollar the amounts paid to them.

Each Distribution was made in cash.

## **REPORTING**

The Fund will provide the following information on the Fund’s website by March 31, 2009:

1. Accrued Fund expenses, in aggregate dollar amount and as a percentage of the Fund's net assets
2. Amount of undistributed net income

RMCI will also provide the Board with appropriate reporting upon request.

**DEFINITION**

For purposes of this Plan, the following definition applies:

Distributees are Fund investors that have not redeemed shares or whose redemption orders have not been funded as of the dates of distribution under this Plan.

**AMENDMENT**

This Plan can be amended from time to time by the Board, in its absolute discretion, provided that notice of any material changes shall be provided to Distributees and to the Commission prior to implementation.