



**IMMEDIATE RELEASE**

**Reserve U.S. Government Fund Distributes Remaining Assets to Shareholders**

New York, January 16, 2009 – The Board of Trustees of the U.S. Government Fund, together with Reserve Management Company, Inc. (“RMCI”), is very pleased to announce that today began the final distribution to shareholders of the remaining approximately \$6.4 billion of assets of the Fund. As a result of this distribution, investors will receive a total of \$1.00 per share plus their proportionate share of the income earned by the Fund after payment of Fund expenses.

The assets being distributed to shareholders include the proceeds from the sale of the Fund’s remaining portfolio securities to the Exchange Stabilization Fund (“ESF”) of the U.S. Treasury Department on January 15, 2009. These securities were sold to the ESF for \$3,629,795,816 pursuant to a previously announced agreement with the Treasury Department. The sale price represents the amortized cost of the securities sold, plus accrued income in the amount of \$4,795,816. Prior to the sale of these securities, the Fund held cash and cash equivalents in the amount of \$2,735,251,317.

“Working with the U.S. Treasury, we have been able to return \$1.00 per share to investors more expeditiously than we otherwise could have,” said Bruce R. Bent, president of RMCI. “The past four months have been trying times for the markets and our investors. I want to thank our investors for their patience and forbearance during this process.”

“The Independent Trustees of The Reserve are working tirelessly to protect investors’ interests during this difficult period,” said trustee William Montgoris. “We regret the delay in the distribution of the assets from the U.S. Government Fund and deeply appreciate investors’ patience as this matter was resolved. The trustees also are grateful for the timely assistance of the U.S. Treasury, whose steadfast work helped investors receive their money far sooner than they would have without an agreement.”

Under the Fund’s Plan of Liquidation, this distribution is being made on a pro rata basis to all investors in the Fund, including those who submitted redemption orders that had not been funded and those who have not submitted redemption orders.

For more information regarding your specific account, please contact your financial advisor or our customer service department at 800-637-1700.

A summary of the Fund’s final assets and liabilities is included below. Amounts are rounded to the nearest whole dollar.

U.S. Government Fund	Totals as of 1/15/09	% of Assets as of 1/15/09
<b>Cash at Custodian Bank</b>	\$6,365,047,133	
<b>Accrued Fund Expenses<sup>1</sup></b>		
Trustees’ fees and expenses of the Fund’s chief compliance officer.....	\$94,646	0.00149%
Management fees <sup>2, 3</sup> .....	\$5,429,292	0.08530%
12b-1 fees <sup>2</sup> .....	\$2,706,782	0.04253%
Other expenses.....	\$963,567	0.01514%
<b>TOTAL</b>	<b>\$9,194,288</b>	<b>0.14445%</b>

<sup>1</sup> Accrued Fund Expenses are shown as an aggregate amount for the Fund, but can vary by class of shares.

<sup>2</sup> From September 15, 2008 through January 14, 2009



The Reserve

<sup>3</sup> This amount reflects a \$6,146,000 reduction in RMCI's contractual management fee, which was proposed by the Board of Trustees and agreed to by RMCI. The fee was established at a level designed to reimburse RMCI for its operating expenses and to cover contractual obligations related to the Fund.

*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. 01/09*

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