The Reserve

Reserve U.S. Government Fund
First Distribution Q&A

1. **How was my portion of this distribution calculated?**
   In calculating each investor's pro rata share, we began with the number of shares each investor held as of September 14, which included the accrued dividends from September 1 through September 14. Then, all funded redemption requests and service transactions (debit cards, checks and ACH) processed through Monday, November 10, 2008 were deducted and subscriptions from September 15 and September 16 and interfund exchanges were added.

   The Reserve then divided this number, representing each investor's unfunded shares in the Government Fund, by the aggregate unfunded shares of all investors to arrive at an ownership percentage, which was used to calculate the pro rata distribution.

2. **How much of my current account balance will I receive in this initial distribution?**
   Approximately 40%, based upon the current total assets of the Fund (approximately $10.5 billion) and the amount of this distribution (approximately $4.5 billion).

3. **What is the current net asset value at the time of this distribution?**
   The net asset value for the Government Fund has always been $1.00 a share.

4. **Does this first distribution include any dividend or interest payment?**
   All assets of the Fund are invested and earning interest. Interest income earned from September 1 through September 14, 2008, has been credited to each shareholder's account. The distribution of earnings after that date will be pursuant to the Plan of Liquidation, when finalized.

5. **Will I realize a taxable loss in 2008?**
   No.

6. **How will I receive this distribution?**
   You will receive this distribution according to the settlement method specified in your account documents. For nearly every institutional investor, the distribution will be sent according to your wiring instructions on file. For the client who invests through a broker-dealer, the distribution will be wired to your broker-dealer, who will allocate your distribution amount to your account, or a check will be mailed to you if that payment method was requested in your account documents. For the retail direct investor, the distribution will be made via a check that is mailed to you or your bank, whichever is your address of record.

7. **I haven't made a redemption request. What happens to my money?**
   All investors are participants in the liquidation program and will receive their pro rated portion of this distribution.

8. **When is the next distribution going to be made?**
   We will make periodic distributions as cash accumulates in the Fund. We will notify you as soon as possible as to when the next distribution will be made. All distributions will be subject to the final Plan of Liquidation for the Fund.

9. **Who can I call if I have questions about my account and this distribution?**
   - Institutional Clients should call their sales representative at the Institutional Sales Department at The Reserve.
   - Customers who invested through a broker-dealer should call their broker-dealer.
   - Retail customers who invested in the Fund directly should call The Reserve Customer Service Desk at 800-637-1700.

   Please note that we may receive a heavy volume of calls. We will maintain extended hours to answer calls, but please be patient if you experience delays.

Note: The receipt of the distribution is without prejudice to any legal rights or remedies available to an investor.

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.

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