

**MINUTES OF THE JOINT MEETING
OF THE BOARDS OF TRUSTEES
OF
THE RESERVE FUND**

September 15, 2008

A meeting of the Board of Trustees of The Reserve Fund (the "Trust") was convened by telephone at 8:00 AM on September 15, 2008. Participating were Bruce R. Bent, Santa Albicocco, Ronald J. Artinian, Edwin Ehlert, Jr., William Montgoris, Frank J. Stalzer and William Viklund, constituting a majority of the Trustees of the Trust, and by invitation of the Board, Bruce Bent II, Arthur T. Bent III, Catherine Crowley, Christina Massaro, Patrick Farrell and Patrick Ledford of Reserve Management Company, Inc. ("RMCI"), the investment adviser of each series of the Trust, certain of whom are also officers of the Trust. Also participating were Rose DiMartino and Joel Goldberg of Willkie Farr & Gallagher LLP, counsel to the Trusts, Stuart Strauss of Clifford Chance, counsel to the Trustees who are not interested persons of the Trust (the "Independent Trustees") and Sean McKee of KPMG, LLP, the independent auditors of the Trusts.

The meeting was called in order for the Trustees to consider the impact on the Reserve Primary Fund of the bankruptcy filing by Lehman Brothers Holdings, Inc. ("Lehman"), at approximately 1:30 AM on September 15th. RMCI advised the Board that the Primary Fund, a series of The Reserve Fund, held in its portfolio debt securities issued by Lehman with a face value of \$785 million as of the close of business on Friday, September 12, 2008. The debt securities were unsecured and consisted of both commercial paper and medium term notes issued by Lehman. In response to a question from the Trustees, Mr. Ledford stated that the Lehman debt represented approximately 1.18% of the Primary Fund's assets under management of \$62.5 billion as of the close of business on Friday, September 12, 2008. Ms. DiMartino discussed with the Board the implications under Rule 2a-7 of a security becoming bankrupt, informing them that because the Lehman debt exceeded more than one half of one percent of the Primary Fund's total assets, the SEC would have to be notified promptly of that fact and the Board's determination as to whether or not it was in the best interest of the Fund to dispose of the Lehman securities. The maturities of the Lehman securities and their position in the capital structure were described.

The Board discussed the information then available concerning the Lehman bankruptcy filing and noted that the filing indicated that Lehman had total debt outstanding of \$613 billion and total assets of \$630 billion. In response to a question from the Board, Mr. Ledford stated that the Lehman debt would be priced at par by the Primary Fund, using the amortized cost method of accounting unless the Board did not consider that price to represent fair value. The Board then discussed with Sean McKee of KPMG and outside counsel the actions that would have to be taken to price the Lehman debt held in the Primary Fund at a value other than par. The Board was advised that it would have to change the accounting methodology used to value assets held in the Primary Fund from the amortized cost method to the fair value method if it concluded that using the amortized cost method did not result in a price per share that fairly approximates the market value of the holdings. There then ensued a discussion of the pricing of the Lehman debt. RMCI indicated that it was not prepared at that time to recommend a price for the Lehman debt as the Lehman bankruptcy announcement had occurred that morning

and it needed time to digest available information and consider the appropriate value. In particular, RMCI wished to defer a recommendation until it could evaluate all indicators of value including, among other things, what the bids were for Lehman securities and what prices pricing services were quoting, among other things. The Board was advised of its responsibility to fair value portfolio holdings, as determined in good faith based on all relevant factors.

The Board inquired as to whether any other series of any Trust that was a money market fund held Lehman securities and was advised that they did not.

At approximately 8:40 AM, the Trustees agreed to adjourn the meeting and reconvene at 9:30 AM after RMCI had an opportunity to review market events and pricing activity with respect to the Lehman debt.

9:30 AM

The Trustees reconvened the Board meeting at 9:30 AM. All of the participants from the 8:00 AM call participated in the 9:30 AM call.

Mr. Ledford reported to the Trustees that while no trades in Lehman debt had occurred since the 8:00 AM meeting, there was indicative pricing in the market for the Lehman paper that was in a range of between \$0.45 to \$0.80 per dollar. Mr. Ledford stated that there were no bids for the securities and that these indicators were, in fact, third party analysts' conjectures as to what unsecured Lehman debt like that held by the Fund was likely to be received out of the bankruptcy process. Mr. Bent indicated that in his view, Lehman has assets and businesses that are valuable and that at the moment Lehman's assets exceed its liabilities. The Independent Trustees indicated that in their view, given that the securities are illiquid and not paying interest on a current basis, the securities needed to be valued at less than par. They discussed in this regard factors related to how much to discount the value of the securities. After consideration of all factors they considered relevant, the Trustees determined that the Lehman paper should be valued at a 20% discount to par. Mr. Bent indicated that he thought a 20% discount was conservative but not inappropriate. Mr. Farrell advised that if the Lehman holdings were priced at a 20% discount to par, the net asset value (NAV) of the Primary Fund would remain at \$1.00 per share. The impact on NAV at lower valuations was noted. Mr. Bent advised that it was still early in the trading day and that subsequent events could ensue to change its recommendation. RMCI agreed to continue to monitor developments and inform the Trustees of any facts that might affect the value of Lehman holdings.

As Ms. DiMartino had advised previously, under Rule 2a-7 the Board must consider whether it was in the best interest of the Fund to direct the disposition of Lehman securities. With regard to this matter, RMCI also recommended to the Trustees that the Lehman debt in the Primary Fund not be liquidated. Mr. Ledford stated that there was very limited liquidity in the markets at that time for virtually any debt securities other than U.S. Treasury securities and stated that, in his view, if the Primary Fund attempted to sell off all or part of the Lehman debt, it likely could only be done at fire sale prices. The Trustees discussed the impact of a sale on Fund shareholders and evaluated whether shareholder interests would be better served by retaining the securities until the status of Lehman becomes clearer and bids become available. After further discussion and consultation with Mr. Bent and Mr. Ledford, the Trustees

concluded that it would be in the best interests of the shareholders of the Primary Fund not to recommend an immediate disposition of the Lehman debt in light of the fact that holding the debt in the Primary Fund might allow the Primary Fund to obtain greater value for the shareholders upon the ultimate disposition of the debt, although this cannot be guaranteed.

Therefore, upon motion duly made and seconded, the Trustees, including the Independent Trustees, unanimously adopted the following resolutions:

RESOLVED, that because the Board of Trustees no longer believes that amortized cost fairly reflects the Fund's market-based net asset value per share, the accounting method for the Primary Fund be, and hereby is, changed from the amortized cost method in Rule 2a-7 to fair value; and further

RESOLVED, that, based on the recommendation of RMCI and in the absence of any bids for the Lehman holdings, the valuation of the Lehman debt securities held by the Primary Fund at \$.80 per each dollar of face value be and hereby is approved; and further

RESOLVED, that the disposition of Lehman debt securities is determined not to be in the best interest of the Fund and its shareholders.

The Trustees also instructed Willkie Farr to make the required notification to the Securities and Exchange Commission (the "Commission") as to the amount of the Lehman debt held by the Primary Fund.

The meeting adjourned at 10:15 AM. The Trustees agreed to reconvene the meeting at 1:00 PM on September 15 so that they could stay apprised of any further developments concerning the pricing of Primary Fund shares and redemption activity. They also instructed Ms. Crowley, the General Counsel of RMCI, to keep Mr. Strauss informed of any significant developments.

1:00 PM

The Board of Trustees reconvened the meeting at 1:00 PM. Mr. Artinian was not available to participate in this portion of the meeting but each of the other Trustees present earlier participated. The following people also participated in all or a portion of the call: Bruce Bent II, Arthur T. Bent III, Catherine Crowley, Christina Massaro, Patrick Farrell and Patrick Ledford. Also participating were Rose DiMartino and Joel Goldberg of Willkie Farr and Stuart Strauss of Clifford Chance. Mr. Bent II began by advising the Trustees that redemption requests from shareholders in the Primary Fund had continued unabated throughout the morning. As of the beginning of the 1:00 PM call, redemption requests from the Primary Fund were approximately \$16.5 billion. Mr. Farrell discussed the impact of further redemptions on the Fund's NAV at the current value of Lehman holdings and at lower valuations. Mr. Bent discussed the unprecedented illiquidity in the markets for high quality short term securities except for U.S. Treasury bills, and the likelihood that the Fund would be unable to sell holdings at par if forced to do so to meet redemption requests. The potential impact on the Fund's NAV was discussed. The credit quality of the Fund's holdings was discussed, with Mr. Bent emphasizing that the difficulty related to illiquidity rather than creditworthiness.

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Bent II told the Trustees that in order to address what appeared to be a run on the Primary Fund, RMCI would like authorization from the Board to approach the SEC to inquire about putting a credit support arrangement in place for the Fund. Under the terms of the proposal, RMCI would commit to provide capital to the Primary Fund to protect its NAV from falling below \$1.00 per share. The Trustees questioned management respecting whether RMCI had sufficient capital to provide credit support to the Primary Fund and Mr. Bent represented that sufficient capital could be made available for this purpose.

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Trustees agreed that providing credit support to the Primary Fund would be in the best interests of the shareholders and agreed that Ms. DiMartino and Mr. Goldberg should contact the staff of the Commission to inquire about implementing a credit support arrangement for the Primary Fund. There was a discussion that this was becoming a matter of urgency and that putting such an arrangement in place could result in a reduction of redemptions. After further discussion, upon motion duly made and seconded, the Trustees adopted the following resolution:

RESOLVED, that the Board determines that it is in the best interest of the Fund and its shareholders to enter into a Credit Support Agreement with RMCI with respect to the Primary Fund, subject to review and approval of requisite documentation.

Other Business

There being no further business to come before the Meeting, it was adjourned at approximately 2:00 PM. The Board agreed to meet the next day, Tuesday, September 16, 2008 at 10:00 AM.

Respectfully submitted,

Catherine Crowley
Secretary