

From: Bruce Bent II
Sent: Tuesday, September 16, 2008 1:47 AM (GMT)
To: John Drazhal; Eric Lansky
Cc: Bruce Bent <BBent@TheR.com>; Arthur Bent <ABent@TheR.com>
Subject: Re: When on train

That's a nice summary, thank you very much.

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----- Original Message -----

From: John Drazhal
Sent: 09/15/2008 08:33 PM EDT
To: Eric Lansky; Bruce Bent II
Subject: Re: When on train

Eric,

Completely up to Bruce how/if the below is used.

Here is my perspective (without the beer!)

The announcement of Lehman filing chapter 11 caused a knee jerk reaction of money market investors. Any fund holding Lehman was subject to a high degree of redemption activity from institutional holders. 2 other funds (evergreen and russell) held positions in Lehman (that we are aware of).

Our redemption queue filled quickly and many of our clients redeemed their entire positions. Some clients moved to Govt or Treasury.

The market traded thinly due to the uncertainty, and many issues in good standing were thinly (if at all) bid.

At approx midday, the reserve (via RMC) established a posture that it would "protect" the nav of the primary fund. The client base reacted positively to this news and the redemption activity slowed greatly.

By 3 pm (ish) the redemption activity reached \$20 plus billion. Purchases were in the \$2 plus billion range. Our net for the day was approx (\$17.7) billion in flows.

As the market was not trading in an orderly fashion, our pm team exercised diligence in the liquidation of securities. Through maturities and liquidation, we were able to raise \$3.8 billion.

This situation left us in a daylight overdraft situation. State Street extended us \$10 billion in od, leaving us short for 60 clients. For these clients, their redemptions were processed, but wires were not sent.

This is my non technical representation. I am a little tired, so my numbers are somewhat suspect, but they are close.

John

----- Original Message -----

From: Eric Lansky

Sent: 09/15/2008 07:40 PM EDT

To: John Drahzal

Subject: When on train

And before drink the beer

Can you email to me quick explanation of why unable to send out wires-i just want to be prepared in case media calls and asks if in fact true some clients didn't get money out. Want to think of a stmt to prepare.

Thanks sir