



Financial Summary Report

ERCOT Board of Directors
20 January 2009

Steve Byone,
Vice President and Chief Financial Officer

Base Operating Revenue Requirements

- ERCOT expects to end the year with an excess of revenues over expenses; preliminary unaudited results indicate a slightly favorable variance of less than \$1 million. Final 2008 results will not be available until the financial audit is completed.

Nodal Surcharge

- ERCOT has entered into a Stipulation Agreement which, if approved would establish an interim Nodal Surcharge rate of \$0.226 per MWh beginning February 1, 2009.

Investments

- The 4th quarter Summary of Investment Results is attached for your review. Investment results will be reviewed during the Finance and Audit committee meeting.
- As of December 31, 2008, ERCOT has received \$99.3 million of the \$195.8 million invested with The Reserve. An additional cash distribution of approximately \$86.5 million is expected in January 2009. After distribution, ERCOT's investment in the US Government fund is expected to be fully redeemed and a balance of approximately \$10.5 million will remain outstanding in the Primary fund.

2009 Base Operating Budget

- Management has submitted for Board approval a revised 2009 Base Operating budget which holds the System Administration Fee flat at \$0.4171 per MWh.

Electric Reliability Council of Texas, Inc.
Summary of Investment Results
Fourth Quarter 2008
(in 000's)

Investment Funds	Balance at Dec 31	Average Bal for Qtr	Interest 4th Qtr	Yield 4th Qtr	% of portfolio at Dec 31
Federated Fund 068 Treasury Obligations Fund (Note 1)	110,026	40,669	25	0.24%	30.9%
Federated Fund 0125 US Treasury Cash Reserves Fund (Note 1)	70,630	25,598	29	0.46%	19.8%
JP Morgan Chase US Treasury Plus MM Fund (Note 1)	80,959	55,177	34	0.24%	22.7%
The Reserve Primary Fund (Note 2)	9,348	26,814	-	0.00%	2.6%
The Reserve US Government Fund (Note 3)	86,436	113,005	-	0.00%	24.3%
Sub-Total	357,399	261,263	88		100%
Other cash net of outstanding checks (Note 4)	(1,185)				
Total cash and cash equivalents (est)	356,215	261,263	88		100%

Benchmark data (Note 5)

Not Available

Notes

Note 1: In October 2008, new money market funds investing in Treasury and Treasury backed securities were set up at JP Morgan Chase and Federated Investors.

Note 2: The Reserve is liquidating this fund. This balance is net of \$.7 million estimated losses recorded by ERCOT based on information from The Reserve. Since September 16, 2008, this fund has returned \$37.8 million of the principal.

Note 3: The Reserve is liquidating this fund; since September 16, 2008, this fund has returned \$61.5 million of the principal.

Note 4: All other cash, net of outstanding checks, held by ERCOT in bank accounts as of December 31, 2008. The balance is negative due to outstanding checks that have not yet been funded.

Note 5: Given the current market situation, all investments are held in Treasury or Treasury backed funds. iMoneyNet.com does not provide benchmark data on Treasury funds. ERCOT will look for new options for benchmark information.

Note 6: No individual securities held at December 31, 2008.

Statement of Compliance

Upon a review of the investment activity for the 3 month period ended December 31, 2008, I have no knowledge of any ERCOT action that does not comply with that required by the Investment Standard. However, investments in The Reserve Primary and US Government funds do not comply with the objectives in the ERCOT Investment Standard for the period from September 16, 2008 to December 31, 2008. ERCOT has issued valid redemption requests for all investments held in these funds but has not yet received the full proceeds. This out of compliance condition is expected to continue until final distributions are received from the The Reserve Primary and US Government Funds.

Signature On File
Cheryl Yager, Treasurer

Signature On File
Steve Byone, Chief Financial Officer

Electric Reliability Council of Texas, Inc.
Summary of Investment Results
Balance as of December 31, 2008
(in 000's)

	<u>Operating</u>		<u>Market</u>		<u>Total</u>	<u>Comments</u>
	<u>ISO</u>	<u>TRE</u>	<u>Collateral/ Restricted Cash</u>	<u>TCR Revenue/ Prepaid Settlements</u>		
Federated Fund 068 Treasury Obligations Fund	757	3,541	17,937	87,790	110,026	For detail of fund holdings as of December 31, 2008, please see "Attachment A"
Federated Fund 0125 US Treasury Cash Reserves Fund			50,630	20,000	70,630	For detail of fund holdings as of December 31, 2008, please see "Attachment B"
JP Morgan Chase US Treasury Plus MM Fund	488		70,294	10,177	80,959	For detail of fund holdings as of January 8, 2009, please see "Attachment C"
The Reserve Primary Fund	1,778	640		6,930	9,348	For detail of fund holdings as of January 2, 2009, please see "Attachment D"
The Reserve US Government Fund			86,436		86,436	For detail of fund holdings as of January 2, 2009, please see "Attachment E"
Sub Total Investments	<u>3,023</u>	<u>4,181</u>	<u>225,297</u>	<u>124,897</u>	<u>357,399</u>	
Other cash net of outstanding checks	(1,185)				(1,185)	
Total cash and cash equivalents (est)	<u>1,839</u>	<u>4,181</u>	<u>225,297</u>	<u>124,897</u>	<u>356,215</u>	

TREASURY OBLIGATIONS FUND

Federated

WORLD-CLASS INVESTMENT MANAGER[®]

PORTFOLIO AS OF DECEMBER 31, 2008 CURRENT NET ASSETS – \$ 34,105,319,678

Principal Amount or Shares		Value
REPURCHASE AGREEMENTS—68.7%		
\$ 1,038,000,000	BNP Paribas Securities Corp., 0.005%, dated 12/31/2008, due 1/2/2009	\$ 1,038,000,000
698,000,000	BNP Paribas Securities Corp., 0.010%, dated 12/31/2008, due 1/2/2009	698,000,000
860,000,000	(1) BNP Paribas Securities Corp., 0.050%, dated 12/29/2008, due 1/28/2009	860,000,000
1,950,000,000	Barclays Capital, Inc., 0.020%, dated 12/31/2008, due 1/2/2009	1,950,000,000
90,000,000	(1) Barclays Capital, Inc., 2.100%, dated 8/13/2008, due 2/9/2009	90,000,000
250,000,000	CIBC World Markets Corp., 0.020%, dated 12/31/2008, due 1/2/2009	250,000,000
750,000,000	Calyon Securities (USA), Inc., 0.040%, dated 12/31/2008, due 1/2/2009	750,000,000
2,558,000,000	Citigroup Global Markets, Inc., 0.010%, dated 12/31/2008, due 1/2/2009	2,558,000,000
2,058,000,000	Credit Suisse First Boston LLC, 0.030%, dated 12/31/2008, due 1/2/2009	2,058,000,000
271,000,000	(1) Credit Suisse First Boston LLC, 2.040%, dated 8/20/2008, due 1/21/2009	271,000,000
800,000,000	Deutsche Bank Securities, Inc., 0.020%, dated 12/31/2008, due 1/2/2009	800,000,000
881,000,000	Goldman Sachs & Co., 0.000%, dated 12/31/2008, due 1/2/2009	881,000,000
1,450,000,000	ING Financial Markets LLC, 0.020%, dated 12/31/2008, due 1/2/2009	1,450,000,000
1,058,000,000	ING Financial Markets LLC, 0.020%, dated 12/31/2008, due 1/2/2009	1,058,000,000
1,500,000,000	J.P. Morgan Securities, Inc., 0.010%, dated 12/31/2008, due 1/2/2009	1,500,000,000
4,454,104,000	J.P. Morgan Securities, Inc., 0.030%, dated 12/31/2008, due 1/2/2009	4,454,104,000
308,000,000	Mizuho Securities USA, Inc., 0.020%, dated 12/31/2008, due 1/2/2009	308,000,000
900,000,000	Mizuho Securities USA, Inc., 0.020%, dated 12/31/2008, due 1/2/2009	900,000,000
500,000,000	Morgan Stanley & Co., Inc., 0.010%, dated 12/31/2008, due 1/2/2009	500,000,000
196,000,000	UBS Securities LLC, 0.040%, dated 12/31/2008, due 1/2/2009	196,000,000
863,000,000	(1) UBS Securities LLC, 0.070%, dated 12/29/2008, due 1/5/2009	863,000,000
TOTAL REPURCHASE AGREEMENTS		23,433,104,000
U.S. TREASURY—31.4%		
160,000,000	(2) United States Treasury Bills, 0.000%, 1/2/2009	160,000,000
50,000,000	(2) United States Treasury Bills, 0.005%, 2/12/2009	49,999,708
1,058,000,000	(2) United States Treasury Bills, 0.250% - 2.295%, 7/2/2009	1,052,155,623
3,557,000,000	(2) United States Treasury Bills, 0.320% - 1.945%, 1/15/2009	3,555,784,183
898,900,000	(2) United States Treasury Bills, 0.420%, 1/22/2009	898,679,768
300,000,000	(2) United States Treasury Bills, 0.970% - 1.000%, 10/22/2009	297,574,498
300,000,000	(2) United States Treasury Bills, 0.990%, 5/15/2009	298,894,500
1,275,000,000	(2) United States Treasury Bills, 1.100%, 4/16/2009	1,270,909,369
653,000,000	(2) United States Treasury Bills, 1.600% - 2.425%, 6/4/2009	647,725,928
895,000,000	(2) United States Treasury Bills, 1.885% - 1.920%, 2/26/2009	892,355,983
237,500,000	United States Treasury Notes, 4.000%, 8/31/2009	241,592,677

Principal Amount or Shares		Value
311,750,000	United States Treasury Notes, 4.500%, 3/31/2009	313,787,862
62,000,000	United States Treasury Notes, 4.625%, 7/31/2009	63,550,159
224,000,000	United States Treasury Notes, 4.875%, 1/31/2009	224,568,018
91,500,000	United States Treasury Notes, 4.875%, 5/15/2009	92,347,691
137,500,000	United States Treasury Notes, 4.875%, 5/31/2009	138,986,238
498,800,000	United States Treasury Notes, 4.875%, 8/15/2009	512,665,290
TOTAL U.S. TREASURY		10,711,577,495
TOTAL INVESTMENTS		\$ 34,144,681,495

- (1) Although the repurchase date is more than seven days after the date of purchase, the Fund has the right to terminate the repurchase agreement at any time with seven-days' notice.
- (2) Discount rate at time of purchase.

Note: The categories of investments are shown as a percentage of net assets (\$34,105,319,678) at the close of business on December 31, 2008, and may not necessarily reflect adjustments that are routinely made when presenting net assets for formal financial statement purposes.

The following acronym is used throughout this portfolio:

LLC --Limited Liability Corporation

Note: An investment in money market funds is neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although money market funds seek to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in these funds.

Portfolio holdings are shown as of the date indicated and are unaudited. Since market conditions fluctuate suddenly and frequently, the portfolio holdings may change and this list is not indicative of future portfolio composition. These portfolio holdings are not intended to be and do not constitute recommendations that others buy, sell, or hold any of the securities listed.

For more complete information on the fund, visit www.FederatedInvestors.com for a prospectus. You should consider the fund's investment objectives, risks, charges, and expenses carefully before you invest. Information about these and other important subjects is in the fund's prospectus, which you should read carefully before investing.

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Federated Securities Corp., Distributor
12/08

68-TOF

US Treasury Cash Reserves

Federated

WORLD-CLASS INVESTMENT MANAGER[®]

PORTFOLIO AS OF DECEMBER 31, 2008
CURRENT NET ASSETS — \$49,671,300,551

Principal Amount or Shares		Value
U.S. TREASURY — 100.9%		
\$ 264,114,000	U.S. Treasury Inflation Protected Note, Series A-2009, 3.875%, 1/15/2009	\$ 262,695,132
900,000,000	(1) United States Treasury Bills, 0.000% - 0.080%, 2/5/2009	899,990,764
3,384,000,000	(1) United States Treasury Bills, 0.000% - 1.240%, 1/29/2009	3,381,488,111
8,365,900,000	(1) United States Treasury Bills, 0.000% - 1.250%, 1/22/2009	8,363,580,710
7,744,045,000	(1) United States Treasury Bills, 0.000% - 2.060%, 1/2/2009	7,743,931,699
250,000,000	(1) United States Treasury Bills, 0.000%, 2/12/2009	250,000,000
1,136,100,000	(1) United States Treasury Bills, 0.010% - 0.150%, 2/26/2009	1,135,914,757
578,000,000	(1) United States Treasury Bills, 0.010% - 0.210%, 2/19/2009	577,910,466
1,600,000,000	(1) United States Treasury Bills, 0.010% - 0.530%, 5/15/2009	1,598,349,195
5,954,000,000	(1) United States Treasury Bills, 0.010% - 1.650%, 1/8/2009	5,952,568,180
400,000,000	(1) United States Treasury Bills, 0.010%, 5/14/2009	399,985,222
133,000,000	(1) United States Treasury Bills, 0.015% - 0.020%, 5/21/2009	132,990,297
635,000,000	(1) United States Treasury Bills, 0.020% - 0.710%, 3/5/2009	634,757,581
125,000,000	(1) United States Treasury Bills, 0.035% - 0.070%, 3/12/2009	124,989,792
762,000,000	(1) United States Treasury Bills, 0.040% - 0.120%, 3/26/2009	761,878,807
3,592,700,000	(1) United States Treasury Bills, 0.045% - 0.050%, 3/19/2009	3,592,316,956
218,000,000	(1) United States Treasury Bills, 0.070%, 6/4/2009	217,934,721
425,000,000	(1) United States Treasury Bills, 0.100% - 0.370%, 4/29/2009	424,639,444
730,000,000	(1) United States Treasury Bills, 0.210% - 0.250%, 7/2/2009	729,127,342
4,793,500,000	(1) United States Treasury Bills, 0.340% - 1.950%, 1/15/2009	4,791,365,727
605,000,000	(1) United States Treasury Bills, 0.525%, 5/28/2009	603,703,031

250,000,000	(1) United States Treasury Bills, 0.830%, 4/2/2009	249,475,486
115,045,000	(1) United States Treasury Bills, 1.050%, 7/30/2009	114,340,349
526,000,000	United States Treasury Notes, 2.625%, 3/15/2009	528,114,118
2,192,550,000	United States Treasury Notes, 3.000% - 4.500%, 2/15/2009	2,202,313,891
50,000,000	United States Treasury Notes, 3.125%, 4/15/2009	50,388,060
125,000,000	United States Treasury Notes, 3.250%, 1/15/2009	125,151,910
616,650,000	United States Treasury Notes, 3.875% - 5.500%, 5/15/2009	626,086,444
389,000,000	United States Treasury Notes, 4.500%, 3/31/2009	392,975,577
350,000,000	United States Treasury Notes, 4.500%, 4/30/2009	354,355,972
1,046,000,000	United States Treasury Notes, 4.750%, 2/28/2009	1,053,476,431
1,153,906,000	United States Treasury Notes, 4.875%, 1/31/2009	1,157,795,115
659,000,000	United States Treasury Notes, 4.875%, 5/31/2009	671,607,514
TOTAL		50,106,198,801
TOTAL INVESTMENTS		\$50,106,198,801

(1) Discount rate at time of purchase.

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NOT FDIC INSURED NO BANK GUARANTEE MAY LOSE VALUE

Federated Securities Corp., Distributor
12/08

JPM US Treasury Plus Money Market Fund - 148020

Attachment C

Data as at

8-Jan-09

Security ID	Instrument Name	Coupon	Effective Maturity Date	Moody's Quality	S&P Quality	Instrument Type	Par	Currency	% of fund	
USD	US DOLLAR	0.00	2009-01-09			Cash	992.23	USD	0.0	0.0
0BAR09P4	BARCLAYS CAPITA REPO	0.0600	2009-01-09	P-1	A-1+	Repo	2,600,000,000.00	USD	9.7	
0CTG01XH	CITIGROUP INC. REPO	0.0400	2009-01-09	P-1	A-1+	Repo	1,500,000,000.00	USD	5.6	
0CSF08KG	CREDIT SUISSE F REPO	0.0500	2009-01-09	P-1	A-1	Repo	2,500,000,000.00	USD	9.4	
0DBS10P8	DEUTSCHE BANK S REPO	0.0500	2009-01-09	P-1	A-1+	Repo	1,540,217,000.00	USD	5.8	
0DBS10PB	DEUTSCHE BANK S REPO	0.0700	2009-01-09	P-1	A-1+	Repo	200,000,000.00	USD	0.7	
0GOL16F6	GOLDMAN SACHS & REPO	0.0100	2009-01-09	P-1	A-1+	Repo	150,000,000.00	USD	0.6	
0GCM09CA	GREENWICH CAPIT REPO	0.2500	2009-01-15	P-1	A-1+	Repo	700,000,000.00	USD	2.6	
0HSB06NQ	HSBC SECURITIES REPO	0.0500	2009-01-09	P-1	A-1	Repo	3,400,000,000.00	USD	12.7	
0MLG10DY	MERRILL LYNCH G REPO	0.0600	2009-01-09	P-1	A-1	Repo	1,450,000,000.00	USD	5.4	
0UBS14M7	UBS WARBURG LLC REPO	0.0500	2009-01-09	P-1	A-1+	Repo	750,000,000.00	USD	2.8	55.4
US912795T926	CASH MGMT BILL	0.00	2009-04-29	P-1	A-1+	Treasury Bills	1,400,000,000.00	USD	5.2	
US912795V328	CASH MGMT BILL	0.00	2009-05-15	P-1	A-1+	Treasury Bills	500,000,000.00	USD	1.9	
US912795U254	CASH MGMT BILL	0.00	2009-06-24	P-1	A-1+	Treasury Bills	250,000,000.00	USD	0.9	
US912795J778	TREASURY BILL	0.00	2009-01-15	P-1	A-1+	Treasury Bills	12,000,000.00	USD	0.0	
US912795J851	TREASURY BILL	0.00	2009-01-22	P-1	A-1+	Treasury Bills	950,000,000.00	USD	3.6	
US912795J935	TREASURY BILL	0.00	2009-01-29	P-1	A-1+	Treasury Bills	250,000,000.00	USD	0.9	
US912795K347	TREASURY BILL	0.00	2009-02-12	P-1	A-1+	Treasury Bills	600,000,000.00	USD	2.2	
US912795K594	TREASURY BILL	0.00	2009-02-26	P-1	A-1+	Treasury Bills	350,000,000.00	USD	1.3	
US912795K677	TREASURY BILL	0.00	2009-03-05	P-1	A-1+	Treasury Bills	150,000,000.00	USD	0.6	
US912795K750	TREASURY BILL	0.00	2009-03-12			Treasury Bills	500,000,000.00	USD	1.9	
US912795K834	TREASURY BILL	0.00	2009-03-19	P-1	A-1+	Treasury Bills	500,000,000.00	USD	1.9	
US912795L410	TREASURY BILL	0.00	2009-04-16	P-1	A-1+	Treasury Bills	400,000,000.00	USD	1.5	
US912795L584	TREASURY BILL	0.00	2009-04-23	P-1	A-1+	Treasury Bills	200,000,000.00	USD	0.7	
US912795L667	TREASURY BILL	0.00	2009-04-30	P-1	A-1+	Treasury Bills	1,150,000,000.00	USD	4.3	
US912795Q799	TREASURY BILL	0.00	2009-06-04	P-1	A-1+	Treasury Bills	1,125,000,000.00	USD	4.2	
US912795M400	TREASURY BILL	0.00	2009-06-11	P-1	A-1+	Treasury Bills	1,400,000,000.00	USD	5.2	
US912795Q872	TREASURY BILL	0.00	2009-07-02	P-1	A-1+	Treasury Bills	200,000,000.00	USD	0.7	
US912795Q955	TREASURY BILL	0.00	2009-07-30	P-1	A-1+	Treasury Bills	500,000,000.00	USD	1.9	
US912795S365	TREASURY BILL	0.00	2009-09-24	P-1	A-1+	Treasury Bills	250,000,000.00	USD	0.9	
US912795S449	TREASURY BILL	0.00	2009-10-22	P-1	A-1+	Treasury Bills	650,000,000.00	USD	2.4	
US912795S282	TREASURY SEC.	0.00	2009-08-27	P-1	A-1+	Treasury Bills	230,000,000.00	USD	0.9	43.3
US9128275G32	US TREASURY N/B	5.50	2009-05-15	Aaa	AAA	Treasury Notes	125,000,000.00	USD	0.5	
US912828CL25	US TREASURY N/B	4.00	2009-06-15	NR	NR	Treasury Notes	50,000,000.00	USD	0.2	
US912828GY00	US TREASURY N/B	4.63	2009-07-31	Aaa	AAA	Treasury Notes	75,000,000.00	USD	0.3	
US912828HB97	US TREASURY N/B	4.00	2009-08-31	Aaa	AAA	Treasury Notes	100,000,000.00	USD	0.4	1.4
<u>Total Fund</u>							<u>26,707,217,992.23</u>			

This unofficial report of the above fund is based on information available as at the date indicated in the report. We make no representations as to the accuracy of any of the information contained in this unofficial report. Therefore, the information in this unofficial report should not be relied upon for investment decisions, or used to evaluate the fund's performance in lieu of information provided in your official fund statements or other reports on the fund. J.P. Morgan Asset Management (Europe) S. a r.l nor any of its affiliates accept any liability for any losses, costs, liabilities or expenses (including, without limitation, loss of profits) which may arise from any inaccuracies in this unofficial report. Any discrepancies in this information provided in this unofficial report should be discussed with your relationship manager prior to any actions regarding your fund shares. Please note that fund investments are subject to change at any time.

We are providing this unofficial list of the fund investments as a service to the fund shareholders for your information only. We, therefore, request that you do not share this unofficial report with anyone else.

**Schedule of Investments**

(January 2, 2009 Unaudited)

Fund Name: PRIMARY

<u>DESCRIPTION</u>	<u>MATURITY DATE*</u>	<u>COUPON RATE (%)</u>	<u>UNITS (US\$)</u>	<u>PCT OF PORTFOLIO</u>
Bank Notes				
BANK AMER N A CHARLOTTE NC	02/27/2009	0.4712	75,000,000	0.68%
HSBC USA INC	08/14/2009	2.5325	200,000,000	1.82%
ROYAL BK SCOTLAND PLC	10/09/2009	2.3962	390,000,000	3.54%
SOCIETE GENERALE EXTENDIBLE	09/04/2009	2.6200	150,000,000	1.36%
Total Bank Notes			815,000,000	7.41%
Certificate of Deposit - Variable Rate				
ABBAY NAT'L TREASURY	08/28/2009	2.5312	300,000,000	2.73%
ANZ NATNL INT LMTD	08/28/2009	2.5712	250,000,000	2.27%
BARCLAYS BANK PLC	09/16/2009	2.3712	200,000,000	1.82%
BRANCH BANKING & TR	09/03/2009	2.6200	200,000,000	1.82%
CREDIT SUISSE NY	08/14/2009	2.4525	100,000,000	0.91%
CREDIT SUISSE NY	04/08/2009	4.5688	150,000,000	1.36%
SWEDBANK (SPARBANK)	01/14/2009	1.3650	100,000,000	0.91%
SWEDBANK (SPARBANK)	01/12/2009	1.8050	100,000,000	0.91%
UBS AG STAMFORD BRAN	03/17/2009	2.1212	75,000,000	0.68%
Total Certificate of Deposit - Variable Rate			1,475,000,000	13.41%
Commercial Paper				
ASB FINANCE LTD.	08/25/2009	2.5675	500,000,000	4.54%
NATIONAL AUSTRALIA BK LTD	10/06/2009	2.4225	100,000,000	0.91%
Total Commercial Paper			600,000,000	5.45%
Commercial Paper - Discount				
FORTIS FUNDING LLC	03/09/2009	3.0800	200,000,000	1.82%
FORTIS FUNDING LLC	01/12/2009	2.9700	125,000,000	1.14%
LEHMAN BRTHRS HLDG INC	10/29/2008	3.7100	185,000,000	1.68%
LEHMAN BRTHRS HLDG INC	10/27/2008	3.2900	200,000,000	1.82%
LEHMAN BRTHRS HLDG INC	10/10/2008	3.0000	150,000,000	1.36%
MORGAN STANLEY	01/23/2009	3.1100	175,000,000	1.59%
Total Commercial Paper - Discount			1,035,000,000	9.41%
Floating Rate Note				
AMERICAN EXPRESS BK FSB	02/20/2009	0.5075	40,000,000	0.36%
AMERICAN EXPRESS BK FSB MED	05/11/2009	2.1388	250,000,000	2.27%
BANK SCOTLAND PLC TREAS DIV	04/06/2009	2.9162	300,000,000	2.73%
CITIGROUP FDG INC	05/08/2009	3.6725	250,000,000	2.27%
DEUTSCHE BANK AG NY	10/21/2009	1.7350	250,000,000	2.27%
GENERAL ELEC CAP CORP	09/24/2009	0.5012	200,000,000	1.82%
GOLDMAN SACHS GROUP INC	01/15/2009	3.8750	125,000,000	1.14%
HSBC USA INC	10/15/2009	5.2188	275,000,000	2.50%
LEHMAN BROS HLDGS INC	03/20/2009	0.0000	250,000,000	2.27%
LLOYDS TSB GROUP PLC	08/07/2009	2.8065	275,000,000	2.50%
MERRILL LYNCH + CO INC	05/20/2009	4.0175	140,000,000	1.27%
MERRILL LYNCH + CO INC	01/30/2009	3.5550	66,000,000	0.60%
MERRILL LYNCH CO INC	03/27/2009	1.0700	500,000,000	4.54%

DESCRIPTION	MATURITY DATE*	COUPON RATE (%)	UNITS (US\$)	PCT OF PORTFOLIO
MORGAN STANLEY	01/15/2009	3.8750	125,000,000	1.14%
NORDEA BK EXTENDIBLE SHORT	09/24/2009	3.8912	275,000,000	2.50%
SVENSKA HANDELSBANKEN AB	08/25/2009	3.8850	222,000,000	2.02%
WACHOVIA BK NATL ASSN	08/04/2009	4.6075	350,000,000	3.18%
WACHOVIA BK NATL ASSN	01/09/2009	2.9644	150,000,000	1.36%
Total Floating Rate Note			4,043,000,000	36.75%
Repurchase Agreement				
MORGAN STANLEY TRI PARTY REPO	09/15/2009	0.5200	1,300,000,000	11.82%
Total Repurchase Agreement			1,300,000,000	11.82%
Time Deposit				
BRANCH BANKING + TRUST COMPANY	01/05/2009	0.0200	475,000,000	4.32%
DEUTSCHE BANK	01/05/2009	0.0400	475,000,000	4.32%
TIME DEPOSIT BNP PARIBAS PARIS	01/05/2009	0.0500	475,000,000	4.32%
Total Time Deposit			1,425,000,000	12.95%
Investment Total			10,693,000,000	97.19%
Cash Held at Custodian Bank*			309,475,583	2.81%
Portfolio Total			11,002,475,583	100.00%
Average Weighted Maturity				30 Days

*To determine the cash that is available for eventual distribution, add time deposits and securities maturing in one day to cash held at custodian bank. A negative cash number represents an overdrawn balance.

*The maturities of the securities shown are the earliest date that the Fund would be able to realize the value of the investment, which could be the instrument's stated maturity, the date on which the Fund has the right to put the securities to the issuer, the date which the issue has been called or the date on which the security is scheduled to be pre-refunded.

Portfolio composition is subject to change at any time. If securities are sold with a delayed settlement date, the above portfolio listing will not reflect those securities. However, the securities are still assets of the fund and will continue to earn interest until the trade settles.

On September 16, 2008, the Lehman Brothers securities in the fund were valued at zero, where they remain. These securities are included in the line item "Portfolio Total" at their face value.

This data is unaudited and provided for informational purposes only and is not intended for trading purposes.

An investment in a money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although money market funds seek to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in a money market fund. You should carefully consider the investment objectives, risks and charges and expenses of the Fund before investing. The Fund's Prospectus contains this and other information about the Fund. The Fund's Prospectus may be obtained by writing to The Reserve, 1250 Broadway, New York, New York 10001-3701 or by calling 1-800-637-1700 and pressing "0." You should read the Prospectus carefully before you invest.

This information is for the use of U.S. residents only. The investment products and services referred to should not be considered a solicitation to buy products or an offering of any investment products to investors residing outside the United States or to any person in any jurisdiction in which such offers, solicitations, purchases or sales would be

**Schedule of Investments**

(January 2, 2009 Unaudited)

Fund Name: US GOVERNMENT

<u>DESCRIPTION</u>	<u>MATURITY DATE*</u>	<u>COUPON RATE (%)</u>	<u>UNITS (US\$)</u>	<u>PCT OF PORTFOLIO</u>
Fannie Mae				
FANNIE MAE	10/07/2009	0.3400	200,000,000	3.15%
FANNIE MAE	01/23/2009	1.5600	200,000,000	3.15%
FEDERAL NATL MTG ASSN	09/03/2009	0.3800	375,000,000	5.90%
FEDERAL NATL MTG ASSN	01/09/2009	2.1000	875,000,000	13.77%
Total Fannie Mae			1,650,000,000	25.97%
Federal Farm Credit Bank - Floating Rate				
FED FARM CREDIT	03/11/2009	1.0300	100,000,000	1.57%
FEDERAL FARM CR BKS	02/23/2009	1.0000	200,000,000	3.15%
FEDERAL FARM CR BKS CONS SYST	03/17/2009	0.2900	250,000,000	3.93%
FEDERAL FARM CREDIT BANK	11/16/2009	1.0600	500,000,000	7.87%
Total Federal Farm Credit Bank - Floating Rate			1,050,000,000	16.53%
Federal Home Loan Bank				
FEDERAL HOME LN BK CONS DSC NT	01/05/2009	0.0010	25,000,000	0.39%
FEDERAL HOME LN BKS	11/23/2009	1.9680	200,000,000	3.15%
FEDERAL HOME LN BKS	11/20/2009	2.0380	200,000,000	3.15%
FEDERAL HOME LN BKS	08/07/2009	1.1200	250,000,000	3.93%
FEDERAL HOME LN BKS	04/21/2009	1.6650	100,000,000	1.57%
FEDERAL HOME LN BKS	02/20/2009	1.1300	250,000,000	3.93%
FEDERAL HOME LN BKS	01/30/2009	1.0600	500,000,000	7.87%
FEDERAL HOME LN BKS	01/30/2009	1.0600	200,000,000	3.15%
Total Federal Home Loan Bank			1,725,000,000	27.15%
Federal Home Loan Mortgage Corp				
FEDERAL HOME LN MTG DISC NTS	02/20/2009	1.0200	100,000,000	1.57%
Total Federal Home Loan Mortgage Corp			100,000,000	1.57%
Repurchase Agreement				
DEUTSCHE NG TRI PARTY	01/05/2009	0.0800	50,000,000	0.79%
Total Repurchase Agreement			50,000,000	0.79%
Investment Total			4,575,000,000	72.01%
Cash Held at Custodian Bank*			1,778,660,111	27.99%
Portfolio Total			6,353,660,111	100.00%
Average Weighted Maturity				3 Days

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