

SECURITIES AND EXCHANGE COMMISSION

FORM 485BPOS

Post-effective amendments [Rule 485(b)]

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FILER

VANGUARD MONEY MARKET RESERVES INC

CIK: **106830** | IRS No.: **236607979** | Fiscal Year End: **1130**
Type: **485BPOS** | Act: **33** | File No.: **002-52698** | Film No.: **94514010**

Business Address
*1300 MORRIS DR
P O BOX 2600
VALLEY FORGE PA 19482
2156691000*

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form N-1A

REGISTRATION STATEMENT (NO. 2-52698) UNDER THE
SECURITIES ACT OF 1933
Pre-Effective Amendment No. X
Post-Effective Amendment No. 43 X

and

REGISTRATION STATEMENT UNDER THE INVESTMENT COMPANY ACT OF 1940
Amendment No. * X
VANGUARD MONEY MARKET RESERVES, INC.
(Exact Name of Registrant as Specified in Charter)

P.O. Box 2600, Valley Forge, PA 19482
(Address of Principal Executive Office)
Registrant's Telephone Number (610) 669-1000
Raymond J. Klapinsky, Esquire
P.O. Box 876
Valley Forge, PA 19482

It is proposed that this Amendment become effective on March 4, 1994, pursuant to paragraph (b) of Rule 485 of the Securities Act of 1933.

Approximate Date of Proposed Public Offering: As soon as practicable after this Registration Statement becomes effective*.

Registrant elects to register an indefinite number of shares pursuant to Regulation 24f-2 under the Investment Company Act of 1940. Registrant filed its Rule 24f-2 Notice for the period ended November 30, 1993 on January 25, 1994.

VANGUARD MONEY MARKET RESERVES, INC.
CROSS REFERENCE SHEET

FORM N-1A	ITEM NUMBER	LOCATION IN PROSPECTUS
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	Item 3.	Condensed Financial Information -- Financial Highlights
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	Item 5.	Management of the Fund -- Directors and Officers; Management of the Fund; The Vanguard Group
	Item 6.	Capital Stock and Other Securities -- Opening an Account and Purchasing Shares; Selling Your Shares; The Share Price of Each Portfolio; Dividends and Taxes; General Information
	Item 7.	Purchase of Securities Being Offered -- Cover Page; Opening an Account and Purchasing Shares
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	Item 9.	Pending Legal Proceedings -- Not Applicable
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	Item 13.	Investment Objective and Policies -- Investment Objectives and Policies; Investment Limitations
	Item 14.	Management of the Fund -- Management of the Fund
	Item 15.	Control Persons and Principal Holders of Securities -- Management of the Fund
	Item 16.	Investment Advisory and Other Services -- Management of the Fund
	Item 17.	Brokerage Allocation -- Not Applicable
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	Item 21.	Underwriters -- Not Applicable
	Item 22.	Calculations of Yield Quotations of Money Market Fund -- Calculation of Yield.
	Item 23.	Financial Statements -- Financial Statements

THE VANGUARD GROUP
OF INVESTMENT
COMPANIES
Vanguard Financial Center
P.O. Box 2600
Valley Forge, PA 19482

INVESTOR INFORMATION
DEPARTMENT:
1-800-662-7447 (SHIP)

CLIENT SERVICES
DEPARTMENT:
1-800-662-2739 (CREW)

TELE-ACCOUNT FOR
24-HOUR ACCESS:
1-800-662-6273 (ON-BOARD)

TELECOMMUNICATION SERVICE
FOR THE HEARING-IMPAIRED:
1-800-662-2738

TRANSFER AGENT:
The Vanguard Group, Inc.
Vanguard Financial Center
Valley Forge, PA 19482

P R O S P E C T U S
MARCH 4, 1994

=====
A Member of The Vanguard Group
=====

PROSPECTUS -- MARCH 4, 1994

NEW ACCOUNT INFORMATION: INVESTOR INFORMATION DEPARTMENT--1-800-662-7447 (SHIP)

SHAREHOLDER ACCOUNT SERVICES: CLIENT SERVICES DEPARTMENT--1-800-662-2739 (CREW)

INVESTMENT OBJECTIVE AND POLICIES

Vanguard Money Market Reserves, Inc. (the "Fund") is an open-end, diversified investment company known as a money market fund. The Fund offers three separate Portfolios. The objective of each Portfolio is to provide the maximum current income that is consistent with the preservation of capital and liquidity by investing in specified money market instruments. Each Portfolio seeks to maintain, but does not guarantee, a constant net asset value of \$1.00 per share. ALTHOUGH EACH PORTFOLIO INVESTS IN HIGH QUALITY INSTRUMENTS, AN INVESTMENT IN THE PORTFOLIOS IS NEITHER INSURED NOR GUARANTEED BY THE U.S. GOVERNMENT AND THERE CAN BE NO ASSURANCE THAT EACH PORTFOLIO WILL BE ABLE TO MAINTAIN A STABLE NET ASSET VALUE OF \$1.00 PER SHARE.

OPENING AN ACCOUNT

To open a regular (non-retirement) account, please complete and return the Account Registration Form. If you need assistance in completing this Form, please call the Investor Information Department. To open an Individual Retirement Account (IRA), please use a Vanguard IRA Adoption Agreement. To obtain a copy of this form, call 1-800-662-7447, Monday through Friday, from 8:00 a.m. to 8:00 p.m. (Eastern time). The minimum initial investment is \$3,000 per Portfolio (\$500 for Individual Retirement Accounts and Uniform Gifts/Transfers to Minors Act accounts). The Fund is offered on a no-load basis (i.e., there are no sales commissions or 12b-1 fees). However, the Fund incurs expenses for investment advisory, management, administrative and distribution services.

ABOUT THIS PROSPECTUS

This Prospectus is designed to set forth concisely the information you should know about the Fund before you invest. It should be retained for future reference. A "Statement of Additional Information" containing additional information about the Fund has been filed with the Securities and Exchange Commission. This Statement is dated March 4, 1994, and has been incorporated by reference into this Prospectus. A copy may be obtained without charge by writing to the Fund or by calling the Investor Information Department.

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THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

HIGHLIGHTS

OBJECTIVE AND POLICIES

Vanguard Money Market Reserves, Inc. (the "Fund") is an open-end, diversified investment company known as a money market fund. The Fund offers three separate Portfolios. The objective of each Portfolio is to provide the maximum current income that is consistent with the preservation of capital and liquidity by investing in specified money market instruments.

Each Portfolio seeks to maintain a constant net asset value of \$1.00 per share. In pursuit of this objective, each Portfolio will invest in securities that mature in less than 13 months, and each Portfolio will maintain an average weighted maturity of 90 days or less.

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THREE SEPARATE PORTFOLIOS

Investors may choose from three separate Portfolios, each of which invests in specified money market instruments:

PRIME PORTFOLIO -- invests in high quality money market obligations issued by financial institutions, nonfinancial corporations, and the U.S. Government, state and municipal governments and their agencies or instrumentalities, as well as repurchase agreements collateralized by such securities. The Prime Portfolio also invests in Eurodollar obligations (dollar-denominated obligations issued outside the U.S. by foreign banks or foreign branches of domestic banks) and Yankee obligations (dollar-denominated obligations issued in the U.S. by foreign banks).

FEDERAL PORTFOLIO -- invests in securities issued by the United States Government or its agencies and instrumentalities, and repurchase agreements collateralized by such securities. A portion of the U.S. Government securities held by the Federal Portfolio may not be backed by the full faith and credit of the U.S. Government.

U.S. TREASURY PORTFOLIO -- invests in securities backed by the full faith and credit of the U.S. Government.

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RISK CHARACTERISTICS

The three Portfolios of the Fund differ primarily in terms of credit risk. Credit risk is the possibility that an issuer of securities held by a Portfolio will fail to make timely payments of either interest or principal. The credit risk of a Portfolio is a function of the credit quality of its underlying securities. All other things being equal, money market instruments with greater credit risk offer higher yields. Although each Portfolio invests in high quality instruments, money market portfolios, unlike federally-insured bank deposits, are not insured or guaranteed.

In absolute terms, the credit quality of each Portfolio is very high. In relative terms, the U.S. Treasury Portfolio, which invests in full faith and credit obligations of the U.S. Government, offers the lowest credit risk and therefore usually the lowest yield. The Federal Portfolio includes U.S. Government securities that are not backed by the full faith and credit of the U.S. Government, and so potential credit risk and yield are somewhat higher. The Prime Portfolio, although of a very high credit quality in general, invests in the money market obligations of private financial and nonfinancial corporations. It therefore offers the highest relative credit risk and yield of the three Portfolios.

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 THE VANGUARD GROUP

The Fund is a member of The Vanguard Group of Investment Companies, a group of 32 investment companies with 77 distinct investment portfolios and total assets in excess of \$130 billion. The Vanguard Group, Inc. ("Vanguard"), a subsidiary jointly owned by the Vanguard Funds, provides all corporate management, administrative, distribution and shareholder accounting services on an at-cost basis to the Funds in the Group. Page 10

 INVESTMENT ADVISER

The Fund receives investment advisory services on an at-cost basis from Vanguard's Fixed Income Group. As a result, the Fund receives its investment advisory services at a substantially lower cost than would be possible if the Fund paid an investment advisory fee to an external investment adviser. Page 11

 DIVIDEND POLICY

Each Portfolio declares a dividend each business day based on its ordinary income. Dividends are paid monthly and may be received in cash or reinvested in additional shares. Page 12

 PURCHASING SHARES

You may purchase shares by mail, wire or exchange from another Vanguard Fund. The minimum initial investment is \$3,000 per Portfolio; the minimum for subsequent investments is \$100. There are no sales commissions or 12b-1 fees. Page 15

 SELLING SHARES

You may redeem shares of each Portfolio by mail, telephone, wire or check. There is no charge for redemption, except for wire withdrawals under \$5,000, which are subject to a \$5 charge. Your bank may also assess a fee for incoming wires. Page 18

 SERVICES TO SHAREHOLDERS

The Fund offers free checkwriting services (minimum \$250 per check) for easy access to your account balance. Page 18

The Fund also offers two special services: Fund Express, for electronic transfers between the Fund and your bank account; and Tele-Account, for around-the-clock telephone access to your Fund account. Page 23

 FUND EXPENSES

The following table illustrates ALL expenses and fees that you would incur as a shareholder of the Fund. The expenses set forth below are for the 1993 fiscal year.

SHAREHOLDER TRANSACTION EXPENSES

 Sales Load Imposed on Purchases..... None
 Sales Load Imposed on Reinvested Dividends..... None
 Redemption Fees*..... None
 Exchange Fees..... None

<TABLE>
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ANNUAL FUND OPERATING EXPENSES	PRIME PORTFOLIO	FEDERAL PORTFOLIO	U.S. TREASURY PORTFOLIO
<S>	<C>	<C>	<C>
Management & Administrative Expenses.....	0.25%	0.25%	0.25%
Investment Advisory Fees.....	0.01	0.01	0.01
12b-1 Fees.....	None	None	None
Other Expenses			
Distribution Costs.....	0.04	0.04	0.04
Miscellaneous Expenses.....	0.02	0.02	0.02
Total Other Expenses.....	0.06	0.06	0.06
	----	----	----
TOTAL OPERATING EXPENSES.....	0.32%	0.32%	0.32%
	====	====	====

<FN>
 *Wire redemptions of less than \$5,000 are subject to a \$5 processing fee.

</TABLE>

The purpose of this table is to assist you in understanding

the various expenses that you would bear directly or indirectly as an investor in the Fund.

The following example illustrates the expenses that you would incur on a \$1,000 investment over various periods, assuming (1) a 5% annual rate of return and (2) redemption at the end of each period. As noted in the table above, the Fund charges no redemption fees of any kind.

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	1 YEAR	3 YEARS	5 YEARS	10 YEARS
<S>	<C>	<C>	<C>	<C>
Prime Portfolio.....	\$3	\$10	\$18	\$41
Federal Portfolio.....	\$3	\$10	\$18	\$41
U.S. Treasury Portfolio.....	\$3	\$10	\$18	\$41

</TABLE>

THIS EXAMPLE SHOULD NOT BE CONSIDERED A REPRESENTATION OF PAST OR FUTURE EXPENSES OR PERFORMANCE. ACTUAL EXPENSES MAY BE HIGHER OR LOWER THAN THOSE SHOWN.

FINANCIAL HIGHLIGHTS

The following financial highlights for a share outstanding throughout each period, insofar as they relate to each of the five years in the period ended November 30, 1993, have been audited by Price Waterhouse, independent accountants, whose report thereon was unqualified. This information should be read in conjunction with the Fund's financial statements and notes thereto, which are incorporated by reference in the Statement of Additional Information and this Prospectus, and which appear, along with the report of Price Waterhouse, in the Fund's 1993 Annual Report to Shareholders. For a more complete discussion of the Fund's performance, please see the Fund's 1993 Annual Report to Shareholders, which may be obtained without charge by writing to the Fund or by calling our Investor Information Department at 1-800- 662-7447.

<TABLE>
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PRIME PORTFOLIO										
YEAR ENDED NOVEMBER 30,										
	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
NET ASSET VALUE, BEGINNING OF YEAR.....	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
INVESTMENT OPERATIONS										
Net Investment Income.....	.030	.038	.062	.080	.090	.072	.063	.066	.079	.101
Net Realized and Unrealized Gain on Investment Securities.....	--	--	--	--	--	--	--	--	--	--
TOTAL FROM INVESTMENT OPERATIONS.....	.030	.038	.062	.080	.090	.072	.063	.066	.079	.101
DISTRIBUTIONS										
Dividends from Net Investment Income.....	(.030)	(.038)	(.062)	(.080)	(.090)	(.072)	(.063)	(.066)	(.079)	(.101)
Distributions from Realized Capital Gains.....	--	--	--	--	--	--	--	--	--	--
TOTAL DISTRIBUTIONS.....	(.030)	(.038)	(.062)	(.080)	(.090)	(.072)	(.063)	(.066)	(.079)	(.101)
NET ASSET VALUE, END OF YEAR....	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
TOTAL RETURN.....	3.02%	3.89%	6.39%	8.32%	9.40%	7.47%	6.49%	6.78%	8.20%	10.58%
RATIOS/SUPPLEMENTAL DATA										
Net Assets, End of Year (Millions).....	\$12,367	\$12,638	\$13,496	\$13,579	\$11,067	\$6,863	\$4,088	\$2,186	\$1,725	\$1,498
Ratio of Expenses to Average Net Assets.....	.32%	.30%	.30%	.30%	.28%	.33%	.37%	.48%	.51%	.48%
Ratio of Net Investment Income to Average Net Assets.....	2.98%	3.82%	6.20%	8.06%	9.05%	7.28%	6.30%	6.60%	7.90%	10.10%

</TABLE>
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FEDERAL PORTFOLIO

	YEAR ENDED NOVEMBER 30,									
	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
NET ASSET VALUE, BEGINNING OF YEAR.....	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
INVESTMENT OPERATIONS										
Net Investment Income.....	.029	.038	.060	.078	.088	.070	.061	.064	.077	.097
Net Realized and Unrealized Gain on Investment Securities.....	--	--	--	--	--	--	--	--	--	--
TOTAL FROM INVESTMENT OPERATIONS.....	.029	.038	.060	.078	.088	.070	.061	.064	.077	.097
DISTRIBUTIONS										
Dividends from Net Investment Income.....	(.029)	(.038)	(.060)	(.078)	(.088)	(.070)	(.061)	(.064)	(.077)	(.097)
Distributions from Realized Capital Gains.....	--	--	--	--	--	--	--	--	--	--
TOTAL DISTRIBUTIONS.....	(.029)	(.038)	(.060)	(.078)	(.088)	(.070)	(.061)	(.064)	(.077)	(.097)
NET ASSET VALUE, END OF YEAR....	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
TOTAL RETURN.....	2.98%	3.83%	6.18%	8.14%	9.15%	7.20%	6.25%	6.56%	8.01%	10.18%
RATIOS/SUPPLEMENTAL DATA										
Net Assets, End of Year (Millions).....	\$1,907	\$1,986	\$2,000	\$1,950	\$1,531	\$1,214	\$839	\$545	\$498	\$499
Ratio of Expenses to Average Net Assets.....	.32%	.30%	.30%	.30%	.28%	.33%	.37%	.48%	.51%	.48%
Ratio of Net Investment Income to Average Net Assets.....	2.94%	3.76%	6.01%	7.90%	8.78%	7.00%	6.10%	6.40%	7.70%	9.70%

</TABLE>
<TABLE>
<CAPTION>

	U.S. TREASURY PORTFOLIO									
	YEAR ENDED NOVEMBER 30,									
	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
NET ASSET VALUE, BEGINNING OF YEAR.....	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
INVESTMENT OPERATIONS										
Net Investment Income.....	.028	.036	.058	.077	.085	.068	.058	.060	.072	.094
Net Realized and Unrealized Gain on Investment Securities.	--	--	--	--	--	--	--	--	--	--
TOTAL FROM INVESTMENT OPERATIONS.....	.028	.036	.058	.077	.085	.068	.058	.060	.072	.094
DISTRIBUTIONS										
Dividends from Net Investment Income.....	(.028)	(.036)	(.058)	(.077)	(.085)	(.068)	(.058)	(.060)	(.072)	(.094)
Distributions from Realized Capital Gains.....	--	--	--	--	--	--	--	--	--	--
TOTAL DISTRIBUTIONS.....	(.028)	(.036)	(.058)	(.077)	(.085)	(.068)	(.058)	(.060)	(.072)	(.094)
NET ASSET VALUE, END OF YEAR....	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
TOTAL RETURN.....	2.86%	3.68%	5.94%	8.02%	8.89%	7.02%	5.99%	6.15%	7.45%	9.85%
RATIOS/SUPPLEMENTAL DATA										
Net Assets, End of Year (Millions).....	\$1,751	\$2,321	\$2,092	\$1,594	\$412	\$140	\$113	\$56	\$51	\$51
Ratio of Expenses to Average Net Assets.....	.32%	.30%	.30%	.30%	.31%++	.70%++	.79%++	.93%++	.96%++	.90%++
Ratio of Net Investment Income to Average Net Assets.....	2.83%	3.60%	5.76%	7.74%	8.44%	6.85%	5.80%	6.00%	7.20%	9.40%

<FN>
++Insurance premiums represent .40%, .42%, .44%, .44%, .42% and .37%.
*Annualized.
</TABLE>

YIELD AND TOTAL RETURN

From time-to-time a Portfolio of the Fund may advertise its yield and total return. Both yield and total return figures are based on historical earnings and are not intended to indicate future performance. The "total return" of a Portfolio refers to the average annual compounded rates of return over one-, five- and ten-year periods or over the life of a Portfolio (as stated in the advertisement) that would equate an initial amount invested at the beginning of a stated period to the ending redeemable value of the investment, assuming the reinvestment of all dividends and distributions.

A Portfolio's "seven-day" or "current" yield reflects the income earned by a hypothetical account in the Portfolio during a seven-day period, expressed as an annual percentage rate. A Portfolio's "effective yield" assumes the income over the seven-day period is reinvested weekly, resulting in a slightly higher stated yield through compounding.

Methods used to calculate advertised yields are standardized for money market funds. However, these methods differ from the accounting methods used by a Portfolio to maintain its books and records, and so advertised yields may not fully reflect the income paid to your own account.

INVESTMENT OBJECTIVE

The Fund offers three separate Portfolios. The objective of each Portfolio is to provide the maximum current income that is consistent with the preservation of capital and liquidity by investing in specified money market instruments. Each Portfolio also seeks to maintain a constant net asset value of \$1.00 per share.

INVESTMENT POLICIES

Each Portfolio of the Fund invests in money market instruments that mature in 13 months or less, and each Portfolio maintains an average weighted maturity of 90 days or less. The Portfolios differ chiefly in terms of the types of securities in which they invest.

THE PRIME PORTFOLIO INVESTS IN HIGH QUALITY, MONEY MARKET SECURITIES

The Prime Portfolio will invest in the following high quality, money market obligations issued by financial institutions, nonfinancial corporations, and the U.S. Government, state and municipal governments and their agencies or instrumentalities:

- (1) Negotiable certificates of deposit and bankers' acceptances of U.S. banks having total assets in excess of \$1 billion.
- (2) Repurchase agreements that are collateralized by U.S. Treasury obligations, including bills, notes, bonds and other debt obligations or securities issued or guaranteed by agencies and instrumentalities of the U.S. Government (as described in (1) and (2) for the Federal Portfolio).
- (3) Commercial paper (including variable amount master demand notes) rated Prime-1 by Moody's Investors Services, Inc. or A-1 by Standard & Poor's Corporation or, if unrated, issued by a corporation having an outstanding debt issue rated Aa3 or better by Moody's or AA- or better by Standard & Poor's.
- (4) Short-term corporate obligations rated Aa3 or better by Moody's or AA- or better by Standard & Poor's.
- (5) Short-term Eurodollar and Yankee bank obligations. Eurodollar bank obligations are dollar-denominated certificates of deposit or time deposits issued outside the U.S. capital markets by foreign branches of U.S. banks or by foreign banks; Yankee bank obligations are dollar-denominated obligations issued in the U.S. capital markets by foreign banks.
- (6) Securities eligible for purchase by the Federal Portfolio, as described below.

In addition, up to 10% of the Prime Portfolio's net assets may be invested in "restricted" money market securities,

which are not freely marketable or which are subject to restrictions on disposition under the Securities Act of 1933.

THE FEDERAL PORTFOLIO INVESTS IN SHORT-TERM, U.S. GOVERNMENT OBLIGATIONS

In contrast with the Prime Portfolio, which invests in both corporate and government securities, the Federal Portfolio will invest only in the following U.S. Government obligations and repurchase agreements collateralized by such securities:

- (1) United States Treasury obligations including bills, notes, bonds, and other debt obligations issued by the United States Treasury. These securities are backed by the full faith and credit of the U.S. Government.
- (2) Securities issued or guaranteed by agencies and instrumentalities of the U.S. Government. These include securities issued by the Federal Home Loan Banks, Federal Land Bank, Farmers Home Administration, Farm Credit Banks, Federal Intermediate Credit Bank, Federal National Mortgage Association, Federal Financing Bank, Tennessee Valley Authority, and others. Such "agency" securities may not be backed by the full faith and credit of the U.S. Government.
- (3) Repurchase agreements that are collateralized by the securities listed in (1) and (2) above.

THE U.S. TREASURY PORTFOLIO INVESTS IN "FULL FAITH AND CREDIT" SECURITIES

The U.S. Treasury Portfolio will invest 100% of its assets in securities backed by the full faith and credit of the U.S. Government. Such securities include:

- (1) U.S. Treasury obligations backed by the full faith and credit of the U.S. Government (at least 65% of the Portfolio's assets will be invested in such obligations).
- (2) Other full faith and credit obligations of the U.S. Government. These include securities issued by the General Services Administration, Government National Mortgage Association, Rural Electrification Administration, Small Business Administration, Federal Financing Bank, and others.

See "Implementation of Policies" for a further description of the Fund's investment practices.

The investment policies of each Portfolio are not fundamental, and so may be changed without shareholder approval by the Board of Directors. However, shareholders would be notified of any material change in a Portfolio's policies.

INVESTMENT RISKS

THE PORTFOLIOS VARY IN TERMS OF CREDIT RISK

The three Portfolios of the Fund differ primarily in terms of credit risk. Credit risk is the possibility that an issuer of securities held by a Portfolio will fail to make timely payments of either interest or principal. The credit risk of a Portfolio is a function of the credit quality of its underlying securities. Although each Portfolio invests in high quality instruments, money market portfolios, unlike federally-insured bank deposits, are not insured or guaranteed.

The U.S. Treasury Portfolio invests solely in full faith and credit United States Government securities and therefore has a very low credit risk.

The Federal Portfolio invests in securities issued by agencies and instrumentalities sponsored by the U.S. Government. Not all securities issued by U.S. agencies and instrumentalities are backed by the full faith and credit of the U.S. Government. As a result, the Federal Portfolio, which is of very high quality in absolute terms, is subject to a slightly higher degree of credit risk than the U.S. Treasury Portfolio. The Federal Portfolio is therefore expected to provide a correspondingly higher yield.

The Prime Portfolio invests primarily in high quality bank and corporate money market obligations. These obligations, though highly rated, are of somewhat lower credit quality than those issued by the U.S. Government or its agencies and instrumentalities. Thus, the Prime Portfolio is generally

expected to provide the highest yield of the three Portfolios.

THE PORTFOLIOS ARE SUBJECT TO INCOME RISK

Income risk is the potential for a decline in a Portfolio's income due to falling market interest rates. Because the Fund's Portfolios' income is based on short-term interest rates, which can fluctuate substantially over short periods, income risk is expected to be high for the Fund.

WHO SHOULD INVEST

INVESTORS SEEKING CURRENT INCOME AND PRINCIPAL STABILITY

The Fund is intended for investors seeking maximum current income, consistent with the preservation of capital and liquidity. In addition, each Portfolio expects to maintain a constant net asset value of \$1.00 per share. The Fund is thus appropriate for investors who desire maximum principal stability.

The Fund is designed to be a convenient and economical medium for investing short-term funds. It is also useful as a component of a long-term, balanced investment program, consisting of money market instruments, bonds and stocks.

IMPLEMENTATION OF POLICIES

THE PRIME AND FEDERAL PORTFOLIOS MAY INVEST IN REPURCHASE AGREEMENTS

The Fund follows a number of additional investment practices in pursuit of its objective.

The Prime and Federal Portfolios may invest in repurchase agreements according to the restrictions and limitations set forth above in "Investment Policies." A repurchase agreement is a means of investing monies for a short period. In a repurchase agreement, a seller -- a U.S. commercial bank or recognized U.S. securities dealer -- sells securities to a Portfolio and agrees to repurchase the securities at the Portfolio's cost plus interest within a specified period (normally one day). In these transactions, the securities purchased by the Portfolio will have a total value equal to or in excess of the value of the repurchase agreement, and will be held by the Fund's Custodian Bank until repurchased.

The use of repurchase agreements involves certain risks. For example, if the seller of the agreement defaults on its obligation to repurchase the underlying securities at a time when the value of these securities has declined, the Portfolio may incur a loss upon disposition of them. If the seller of the agreement becomes insolvent and subject to liquidation or reorganization under the bankruptcy code or other laws, a bankruptcy court may determine that the underlying securities are collateral not within the control of the Portfolio and therefore subject to sale by the trustee in bankruptcy. Finally, it is possible that the Portfolio may not be able to substantiate its interest in the underlying securities. While the Fund's management acknowledges these risks, it is expected that they can be controlled through stringent security selection and careful monitoring.

THE PRIME PORTFOLIO MAY INVEST IN EURODOLLAR OR YANKEE OBLIGATIONS

Eurodollar bank obligations are dollar-denominated certificates of deposit and time deposits issued outside the U.S. capital markets by foreign branches of U.S. banks and by foreign banks. Yankee bank obligations are dollar-denominated obligations issued in the U.S. capital markets by foreign banks.

Eurodollar and Yankee obligations are subject to the same risks that pertain to domestic issues, notably credit risk, market risk and liquidity risk. Additionally, Eurodollar (and to a limited extent, Yankee) obligations are subject to certain sovereign risks. One such risk is the possibility

that a foreign government might prevent dollar-denominated funds from flowing across its borders. Other risks include: adverse political and economic developments in a foreign country; the extent and quality of government regulation of financial markets and institutions; the imposition of foreign withholding taxes; and expropriation or nationalization of foreign issuers. However, Eurodollar and Yankee obligations will undergo the same credit analysis as domestic issues in which the Prime Portfolio invests, and foreign issuers will be required to meet the same tests of financial strength as the domestic issuers approved for the Prime Portfolio.

INVESTMENT LIMITATIONS

THE FUND HAS ADOPTED CERTAIN FUNDAMENTAL LIMITATIONS

Each Portfolio of the Fund has adopted certain limitations designed to reduce its risk exposure. These limitations include the following:

- (a) A Portfolio will not invest more than 5% of its assets in the securities of any single company, excluding obligations of the United States Government.
- (b) A Portfolio will not purchase more than 10% of any class of securities of any issuer.
- (c) A Portfolio will not invest more than 25% of its assets in any one industry, excluding obligations of the United States Government or certificates of deposit or bankers' acceptances of domestic institutions.
- (d) A Portfolio will not borrow money except for emergency purposes and then not in excess of 15% of total assets.

These investment limitations are considered at the time investment securities are purchased. The limitations described here and in the Statement of Additional Information may be changed only with the approval of a majority of the Fund's shareholders.

MANAGEMENT OF THE FUND

VANGUARD ADMINISTERS AND DISTRIBUTES THE FUND

The Fund is a member of The Vanguard Group of Investment Companies, a family of 32 investment companies with 77 distinct investment portfolios and total assets in excess of \$130 billion. Through their jointly owned subsidiary, The Vanguard Group, Inc. ("Vanguard"), the Fund and the other funds in the Group obtain at cost virtually all of their corporate management, administrative, shareholder accounting and distribution services. Vanguard also provides investment advisory services on an at-cost basis to certain Vanguard funds. As a result of Vanguard's unique corporate structure, the Vanguard funds have costs substantially lower than those of most competing mutual funds. In 1993, the average expense ratio (annual costs including advisory fees divided by total net assets) for the Vanguard funds amounted to approximately .30% compared to an average of 1.02% for the mutual fund industry (data provided by Lipper Analytical Services).

The Officers of the Fund manage its day-to-day operations and are responsible to the Fund's Board of Directors. The Directors set broad policies for the Fund and choose its Officers. A list of the Directors and Officers of the Fund and a statement of their present positions and principal occupations during the past five years can be found in the Statement of Additional Information.

Vanguard employs a supporting staff of management and administrative personnel needed to provide the requisite services to the funds and also furnishes the funds with necessary office space, furnishings and equipment. Each fund pays its share of Vanguard's total expenses, which are allocated among the funds under methods approved by the Board of Directors (Trustees) of each fund. In addition, each fund bears its own direct expenses, such as legal, auditing and custodian fees.

Vanguard also provides distribution and marketing services to the Vanguard funds. The funds are available on a no-load basis (i.e., there are no sales commissions or 12b-1 fees). However, each fund bears its share of the Group's distribution costs.

INVESTMENT ADVISER

VANGUARD MANAGES THE FUND'S INVESTMENTS

The three Portfolios of the Fund receive all investment advisory services on an at-cost basis from Vanguard's Fixed Income Group. The Group also provides investment advisory services to 32 other Vanguard money market and bond portfolios, both taxable and tax-exempt. Total assets under management by Vanguard's Fixed Income Group were approximately \$52 billion as of December 31, 1993. The Fixed Income Group is supervised by the Officers of the Fund. Ian A. MacKinnon, Senior Vice President of Vanguard, has been in charge of the Group since its inception in 1981.

The Fixed Income Group manages the investment and reinvestment of the assets of the Fund's Portfolios and continuously reviews, supervises and administers each Portfolio's investment program, subject to the maturity and quality standards specified in this Prospectus and supplemental guidelines approved by the Fund's Board of Directors. The Fixed Income Group's selection of investments for the Portfolios is based on: (a) continuing credit analysis of those instruments held in the Portfolios and those being considered for inclusion therein; (b) possible disparities in yield relationships between different money market instruments; and (c) actual or anticipated movements in the general level of interest rates.

The Fixed Income Group is also responsible for the allocation of principal business and portfolio brokerage and the negotiation of commissions. The purchase and sale of investment securities by the Fund will ordinarily be principal transactions. Portfolio securities will normally be purchased directly from the issuer or from an underwriter or market maker for the securities. There usually will be no brokerage commissions paid by a Portfolio for securities purchased from an issuer. Purchases from underwriters of securities will include a commission or concession paid by the issuer to the underwriter, and purchases from dealers serving as market makers will include a dealer's mark-up.

In purchasing and selling securities for each of the Portfolios, it is the Fund's policy to seek to obtain quality execution at the most favorable prices through issuers or responsible broker-dealers. In selecting broker-dealers to execute the securities transactions for the Portfolios, consideration will be given to such factors as: the price of the security; the rate of the commission; the size and difficulty of the order; the reliability, integrity, financial condition, general execution and operational capabilities of competing broker-dealers; and the overall brokerage and research services provided to the Fund.

DIVIDENDS AND TAXES

DIVIDENDS ARE PAID ON THE FIRST BUSINESS DAY OF EACH MONTH

Each Portfolio's dividends are accrued daily based on ordinary income and are distributed on the first business day of the month. A Portfolio's dividends may be automatically reinvested in additional shares or received in cash. See "Choosing a Distribution Option" for a description of these distribution methods.

Each Portfolio's dividends are computed and declared daily as of the regular close of the New York Stock Exchange (generally 4:00 p.m. Eastern time), and are payable to shareholders of record as of 10:45 a.m. (Eastern time) on that day. In other words, shareholders whose purchases of shares are effective as of 10:45 a.m. will receive the dividend for that day. See "When Your Account Will Be Credited" for more information on the crediting of dividends.

Net realized short-term capital gains of each Portfolio, if any, will be distributed whenever the Directors determine that such distributions would be in the best interest of shareholders, but in any event at least once a year. The Portfolios do not expect to realize any long-term capital gains. Should any such gains be realized, they will be distributed annually.

In addition, in order to satisfy certain distribution requirements of the Tax Reform Act of 1986, the Fund may declare special or regular year-end dividend and capital gains distributions during December. Such distributions, if received by shareholders by January 31, are deemed to have been paid by the Fund and received by shareholders on December 31 of the prior year.

DIVIDENDS WILL BE SUBJECT TO FEDERAL INCOME TAX

Each Portfolio of the Fund intends to continue to qualify for taxation as a "regulated investment company" under the Internal Revenue Code so that it will not be subject to federal income tax to the extent its income is distributed to shareholders. Dividends paid by each Portfolio from net investment income, whether received in cash or reinvested in additional shares, will be taxable to shareholders as ordinary income. For corporate investors, dividends from net

investment income will not qualify for the intercorporate dividends-received deduction.

Although the Portfolios do not expect to distribute any long-term capital gains, any capital gains distribution made by a Portfolio would be subject to federal income tax. Such distributions would not qualify for the intercorporate dividends-received deduction.

A sale of shares of a Portfolio, either by redemption or exchange, is a taxable event, and may result in a capital gain or loss. However, since each Portfolio seeks to maintain a constant \$1.00 share price for both purchases and redemptions, shareholders are not expected to realize a capital gain or loss upon sale.

Dividend distributions, any capital gains distributions, and any capital gains or losses from redemptions and exchanges may be subject to state and local taxes. However, depending on your state's tax rules, the portion of a Portfolio's income derived from direct U.S. Treasury obligations may be exempt from state and local taxes. The Fund will indicate each year the portion of a Portfolio's income, if any, that may qualify for this exemption.

The Fund is required to withhold 31% of taxable dividends, capital gains distributions, and redemptions paid to shareholders who have not complied with IRS taxpayer identification regulations. You may avoid this withholding requirement by certifying on your Account Registration Form your proper Social Security or Taxpayer Identification Number and certifying that you are not subject to backup withholding.

The Fund has obtained a Certificate of Authority to do business as a foreign corporation in Pennsylvania, and does business and maintains an office in that state. In the opinion of counsel, the shares of the Fund are exempt from Pennsylvania personal property taxes.

The tax discussion set forth above is included for general information only. Prospective investors should consult their own tax advisers concerning the tax consequences of an investment in the Fund.

THE SHARE PRICE OF EACH PORTFOLIO

Each Portfolio's share price or "net asset value" per share is calculated daily at the close of trading on the New York Stock Exchange (generally 4:00 p.m. Eastern time). Each Portfolio determines its net asset value per share by subtracting the Portfolio's liabilities (including accrued expenses and dividends payable) from the total value of the Portfolio's investments and other assets and by dividing the result by the total outstanding shares of the Portfolio.

For the purpose of calculating each Portfolio's net asset value per share, securities are valued by the "amortized cost" method of valuation, which does not take into account unrealized gains or losses. This involves valuing an instrument at its cost and thereafter assuming a constant amortization to maturity of any discount or premium, regardless of the impact of fluctuating interest rates on the market value of the instrument. While this method provides certainty in valuation, it may result in periods during which value, as determined by amortized cost, is higher or lower than the price the Portfolio would receive if it sold the instrument.

The use of amortized cost and the maintenance of each Portfolio's per share net asset value at \$1.00 is based on its election to operate under the provisions of Rule 2a-7 under the Investment Company Act of 1940. As a condition of operating under that rule, each Portfolio must maintain a dollar-weighted average portfolio maturity of 90 days or less, purchase only instruments having remaining maturities of 13 months or less, and invest only in securities that are determined by the Directors to present minimal credit risks and that are of high quality as determined by any major rating service, or in the case of any instrument not so rated, considered by the Directors to be of comparable quality.

The Directors have also agreed to establish procedures reasonably designed, taking into account current market

conditions and each Portfolio's investment objective, to stabilize the net asset value per share as computed for the purposes of sales and redemptions at \$1.00. These procedures include periodic review, as the Directors deem appropriate and at such intervals as are reasonable in light of current market conditions, of the relationship between the amortized cost value per share and a net asset value per share based upon available indications of market value. In such a review,

investments for which market quotations are readily available are valued at the most recent bid price or quoted yield equivalent for such securities or for securities of comparable maturity, quality and type as obtained from one or more of the major market makers for the securities to be valued. Other investments and assets are valued at fair value, as determined in good faith by the Directors.

In the event of a deviation of over 1/2 of 1% between a Portfolio's net asset value based upon available market quotations or market equivalents and \$1.00 per share based on amortized cost, the Directors will promptly consider what action, if any, should be taken. The Directors will also take such action as they deem appropriate to eliminate or to reduce, to the extent reasonably practicable, any material dilution or other unfair results which might arise from differences between the two. Such action may include redeeming shares in kind, selling instruments prior to maturity to realize capital gains or losses or to shorten average maturity, withholding dividends, paying distributions from capital or capital gains, or utilizing a net asset value per share based upon available market quotations.

GENERAL INFORMATION

The Fund, formerly known as "Whitehall Money Market Trust," and then as "Vanguard Money Market Trust, Inc.," is a Maryland corporation. The Fund's Articles of Incorporation permit the Directors to issue 35,000,000,000 shares of common stock, with a \$.001 par value. The Board of Directors has the power to designate one or more classes ("Portfolios") of shares of common stock and to classify or reclassify any unissued shares with respect to such Portfolios. Currently the Fund is offering shares of three Portfolios.

The shares of each Portfolio are fully paid and non-assessable; have no preference as to conversion, exchange, dividends, retirement or other features; and have no preemptive rights. The shares of each Portfolio have non-cumulative voting rights, meaning that the holders of more than 50% of the shares voting for the election of Directors can elect 100% of the Directors if they choose to do so.

Annual meetings of shareholders will not be held except as required by the Investment Company Act of 1940 and other applicable law. An annual meeting will be held on the removal of a Director or Directors of the Fund if requested in writing by holders of not less than 10% of the outstanding shares of the Fund.

CoreStates Bank, N.A., Philadelphia, PA, has been retained to act as Custodian of the assets of each Portfolio of the Fund. The Vanguard Group, Inc., Valley Forge, PA, serves as the Fund's Transfer and Dividend Disbursing Agent. Price Waterhouse serves as independent accountants for the Fund and will audit its financial statements annually. The Fund is not involved in any litigation.

SHAREHOLDER GUIDE

OPENING AN ACCOUNT AND PURCHASING SHARES

You may open a regular (non-retirement) account, either by mail or wire. Simply complete and return an Account Registration Form and any required legal documentation, indicating the Portfolio you have chosen and the amount you wish to invest. Your purchase must be equal to or greater than the \$3,000 minimum initial investment requirement in any Portfolio (\$500 for Uniform Gifts/Transfers to Minors Act accounts). You must open a new Individual Retirement Account by mail (IRAs may not be opened by wire) using a Vanguard IRA Adoption Agreement. Your purchase must be equal to or greater than the \$500 minimum initial investment requirement, but no more than \$2,000 if you are making a regular IRA contribution. Rollover contributions are generally limited to the amount withdrawn within the past 60 days from an IRA or

other qualified Retirement Plan. If you need assistance with the forms or have any questions about this Fund, please call our Investor Information Department at 1-800-662-7447. NOTE: For other account registrations (e.g., corporations, associations, other organizations, trust or powers of attorney), please call us to determine which additional forms you may need.

Because of the risks associated with common stock investments, the Fund is intended to be a long-term investment vehicle and is not designed to provide investors with a means of speculating on short-term stock market movements. Consequently the Fund reserves the right to reject any specific purchase (and exchange purchase) request. The Fund also reserves the right to suspend the offering of shares for a period of time.

Each Portfolio's shares are purchased at a \$1.00 net asset value after your investment has been received in the form of Federal Funds. See "When Your Account Will Be Credited". The Fund is offered on a no-load basis (i.e., there are no sales commissions or 12b-1 fees).

ADDITIONAL INVESTMENTS

Subsequent investments to regular accounts may be made by mail (\$100 minimum per Portfolio), wire (\$1,000 minimum per Portfolio), exchange from another Vanguard Fund account (\$100 minimum per Portfolio), or Vanguard Fund Express. Subsequent investments to Individual Retirement Accounts may be made by mail (\$100 minimum) or exchange from another Vanguard Fund account. In some instances, contributions may be made by wire or Vanguard Fund Express. Please call us for more information on these options.

NEW ACCOUNT

ADDITIONAL INVESTMENTS
TO EXISTING ACCOUNTS

PURCHASING BY MAIL Please include the amount Complete and sign of your initial the enclosed investment and the name Account of the Portfolios you Registration Form have selected on the registration form, make your check payable to The Vanguard Group (Portfolio Number), see below for the appropriate number and mail to:
VANGUARD FINANCIAL CENTER
P.O. BOX 2600
VALLEY FORGE, PA 19482

Additional investments should include the Invest-by-Mail remittance form attached to your Fund confirmation statements. Please make your check payable to The Vanguard Group (Portfolio Number), see below for the appropriate number. Write your account number on your check and, using the return envelope provided, mail to the address indicated on the Invest-by-Mail Form.

For express or VANGUARD FINANCIAL CENTER registered mail, 455 DEVON PARK DRIVE send to: WAYNE, PA 19087

All written requests should be mailed to one of the addresses indicated for new accounts. Do not send registered or express mail to the post office box address.

VANGUARD MONEY MARKET RESERVES PORTFOLIOS:
Prime Portfolio--30
Federal Portfolio--33
U.S. Treasury Portfolio--50

PURCHASING BY WIRE Money should be wired to:

CORESTATES BANK, N.A.
ABA 031000011
CORESTATES NO 0144 6936
ATTN VANGUARD
VANGUARD MONEY MARKET RESERVES
NAME OF PORTFOLIO
ACCOUNT NUMBER
ACCOUNT RESGIATRATION

BEFORE WIRING Please contact Client Services (1-800-662-2739)

To assure proper receipt, please be sure your bank includes the Portfolio name, the account number Vanguard has assigned to you and the eight digit CoreStates number. If you are opening a new account, please complete the Account Registration Form and mail it to the "New Account" address after completing your wire arrangement. NOTE: Federal Funds wire purchase orders will be accepted only when the Fund and

Custodian Bank are open for business.

PURCHASING BY EXCHANGE (from a Vanguard account)

You may open an account or purchase additional shares by making an exchange from an existing Vanguard Fund account. Call Vanguard's Client Services Department at 1-800-662-2739. The new account will have the same registration as the existing account.

PURCHASING BY FUND EXPRESS
Special Purchase and Automatic Investment

The Fund Express Special Purchase option lets you move money from your bank account to your Vanguard account at your request. Or if you choose the Automatic Investment option, money will be moved from your bank account to your Vanguard account on the schedule (monthly, bimonthly (every other month), quarterly or yearly) you select. To establish these Fund Express options, please provide the appropriate information on the Account Registration Form. We will send you a confirmation of your Fund Express service; please wait three weeks before using the service.

CHOOSING A DISTRIBUTION OPTION

You must select one of three distribution options:

1. AUTOMATIC REINVESTMENT OPTION -- Both dividends and capital gains distributions will be reinvested in additional Fund shares. This option will be selected for you automatically unless you specify another option.
2. CASH DIVIDEND OPTION -- Your dividends will be paid in cash and your capital gains will be reinvested in additional Fund shares.
3. ALL CASH OPTION -- Both dividend and capital gains distributions will be paid in cash.

In addition, an option to invest your cash dividends and/or capital gains distributions in another Vanguard Fund Account is available. Please call our Client Services Department 1-800-662-2739 for information. You may also elect Vanguard Dividend Express which allows you to transfer your cash dividends and/or capital gains distributions automatically to your bank account. Please see "Other Vanguard Services" for more information.

You may change your option by calling our Client Services Department (1-800-662-2739).

IMPORTANT ACCOUNT INFORMATION

ESTABLISHING OPTIONAL SERVICES

The easiest way to establish optional Vanguard services on your account is to select the options you desire when you complete your Account Registration Form. If you wish to add shareholder options later, you may need to provide Vanguard with additional information and a signature guarantee. Please call our Client Services Department (1-800-662-2739) for further assistance.

SIGNATURE GUARANTEES

For our mutual protection, we may require a signature guarantee on certain written transaction requests. A signature guarantee verifies the authenticity of your signature, and may be obtained from banks, brokers and any other guarantor that Vanguard deems acceptable. A SIGNATURE GUARANTEE CANNOT BE PROVIDED BY A NOTARY PUBLIC.

CERTIFICATES

Share certificates will not be issued.

BROKER-DEALER PURCHASES

If you purchase shares in Vanguard Funds through a registered broker-dealer or investment adviser, the broker-dealer or adviser may charge a service fee.

CANCELLING TRADES

The Fund will not cancel any trade (e.g., a purchase, exchange or redemption) believed to be authentic, received in writing or by telephone, once the trade has been received.

WHEN YOUR ACCOUNT WILL BE CREDITED

The trade date is the date on which your account is credited. It is generally the day on which the Fund receives your investment in the form of Federal Funds (monies credited to the Fund's Custodian Bank by a Federal Reserve Bank). Your

trade date varies according to your method of payment for your shares.

For purchases by check, the Fund is ordinarily credited with Federal Funds within one business day. Thus, if your purchase by check is received by the regular close of the New York Stock Exchange (generally 4:00 p.m. Eastern time), your trade date is the business day following receipt of your check. If your purchase is received after the close of the Exchange, your trade date is the second business day following receipt of your check.

For purchases by Federal Funds wire or exchange from another Vanguard Fund, the Fund is credited immediately with Federal Funds. Thus, if your purchase by Federal Funds wire or exchange is received by the close of the Exchange, your trade date is the day of receipt. If your purchase is received after the close of the Exchange, your trade date is the business day following receipt of your wire or exchange.

Your shares are purchased at a \$1.00 net asset value. You will begin to earn dividends on the calendar day following the trade date. (For a Friday trade date, you will begin earning dividends on Saturday.) For a purchase by Federal Funds wire, you may qualify for a dividend on the date of purchase if you have notified the Fund of your intention to make the purchase by 10:45 a.m. (Eastern time) on the business day of the wire.

In order to prevent lengthy processing delays caused by the clearing of foreign checks, Vanguard will only accept a foreign check which has been drawn in U.S. dollars and has been issued by a foreign bank with a U.S. correspondent bank.

Each Portfolio reserves the right to suspend the offering of shares for a period of time. Each Portfolio also reserves the right to reject any specific purchase request.

SELLING YOUR SHARES

You may withdraw any portion of the funds in your account by redeeming shares at any time. You may initiate a request by writing or by telephoning. Your redemption proceeds are normally mailed, credited or wired--depending upon the method of withdrawal you have PREVIOUSLY chosen--within two business days after the receipt of the request in Good Order.

SELLING BY WRITING A CHECK

You may withdraw funds from your account by writing a check payable in the amount of \$250 or more. When a check is presented for payment to the Fund's agent, CoreStates Bank, the Fund will redeem sufficient shares in your account to cover the amount of the check.

In order to establish the checkwriting option on your account, all registered shareholders must sign a signature card. After your completed signature card is received by the Fund, an initial supply of checks will be mailed within 10 business days. There is no charge for checks or for their clearance. CORPORATIONS, TRUSTS AND OTHER ORGANIZATIONS SHOULD CALL OUR CLIENT SERVICES DEPARTMENT (1-800-662-2739)

BEFORE SUBMITTING SIGNATURE CARDS, AS ADDITIONAL DOCUMENTS MAY BE REQUIRED TO ESTABLISH THE CHECKWRITING SERVICE.

Before establishing the checkwriting option, you should be aware that:

1. The Fund does not allow an account to be closed through the checkwriting option.
2. Vanguard cannot guarantee a stop payment on the checkwriting option. If you wish to reverse a stop payment order, you must do so in writing.
3. The Fund reserves the right to terminate or alter this service at any time.

SELLING BY MAIL

Requests should be mailed to VANGUARD FINANCIAL CENTER, VANGUARD MONEY MARKET RESERVES, P.O. BOX 1120, VALLEY FORGE, PA 19482. (For express or registered mail, send your request to Vanguard Financial Center, Vanguard Money Market Reserves, 455 Devon Park Drive, Wayne, PA 19087.)

The redemption price of shares will be at a \$1.00 net asset value per share. All requests must be received in Good Order.

DEFINITION OF GOOD ORDER

GOOD ORDER means that the request includes the following:

1. The account number and Portfolio name.
2. The amount of the transaction (specified in dollars or shares).
3. The signatures of all owners EXACTLY as they are registered on the account.
4. Any required signature guarantees.
5. Other supporting legal documentation that might be required, in the case of estates, corporations, trusts, and certain other accounts.

IF YOU HAVE QUESTIONS ABOUT THIS DEFINITION AS IT PERTAINS TO YOUR REQUEST, PLEASE CALL OUR CLIENT SERVICES DEPARTMENT AT 1-800-662-2739.

SELLING BY TELEPHONE

To sell shares by telephone, you or your pre-authorized representative may call our Client Services Department at 1-800-662-2739. For telephone redemptions, you may have the proceeds sent to you by mail, or by wire. In addition to the details below, please see "Important Information About Telephone Transactions."

BY MAIL: Telephone mail redemption is automatically established on your account unless you indicate otherwise on your Account Registration Form. You may redeem any amount by calling Vanguard. The proceeds will be paid to the registered shareholders and mailed to the address of record.

BY WIRE: Telephone wire redemption must be specifically elected for your account. The best time to elect telephone wire redemption is at the time you complete your Account Registration Form. If you do not presently have telephone wire redemption and wish to establish it, please contact our Client Services Department.

With the wire redemption option, you may withdraw a minimum of \$1,000 and have the amount wired directly to your bank account. Wire redemptions less than \$5,000 are subject to a \$5 charge deducted by Vanguard. There is no Vanguard charge for wire redemptions of \$5,000 or more. However, your bank may assess a separate fee to accept incoming wires.

A request to change the bank associated with your wire redemption option must be received in writing, signed by each registered shareholder, and accompanied by a voided check or preprinted deposit slip. A signature guarantee is required if your bank registration is not identical to your Vanguard Fund account registration.

SELLING BY FUND EXPRESS

Automatic Withdrawal & Special Redemption

If you select the Fund Express Automatic Withdrawal option, money will be automatically moved from your Vanguard Fund account to your bank account according to the schedule you have selected. The Special Redemption option lets you move money from your Vanguard account to your bank account upon your request. You may elect Fund Express on the Account Registration Form or call our Investor Information Department at 1-800-662-7447 for a Fund Express application.

SELLING BY EXCHANGE

You may sell shares of a Portfolio by making an exchange into another Vanguard Fund account. Please see "Exchanging Your Shares" for details.

IMPORTANT REDEMPTION INFORMATION

Shares purchased by check or Fund Express may not be redeemed until payment for the purchase is collected, which will take ten calendar days. Your money is invested and earns dividends during the holding period.

DELIVERY OF REDEMPTION PROCEEDS

Redemption requests received by telephone prior to the close of the New York Stock Exchange (generally 4:00 p.m. Eastern time) are processed on the day of receipt and the redemption proceeds are normally sent on the following business day.

Redemption requests received by telephone after the close of the Exchange are processed on the business day following

receipt and the proceeds are normally sent on the second business day following receipt. Redemption proceeds must be sent to you within seven days of receipt of your request in Good Order.

If you experience difficulty in making a telephone redemption during periods of drastic economic or market changes, your redemption request may be made by regular or express mail. It will be implemented at the net asset value next determined after your request has been received by Vanguard in Good Order. The Fund reserves the right to revise or terminate the telephone redemption privilege at any time.

The Fund may suspend the redemption right or postpone payment at times when the New York Stock Exchange is closed or under any emergency circumstances as determined by the United States Securities and Exchange Commission.

VANGUARD'S AVERAGE COST STATEMENT

If you make a redemption from a qualifying account, Vanguard will send you an Average Cost Statement which provides you with the tax basis of the shares you redeemed. Please see "Other Vanguard Services" for additional information.

MINIMUM ACCOUNT BALANCE REQUIREMENT

Due to the relatively high cost of maintaining smaller accounts, the Fund reserves the right to redeem shares in any account that is below the minimum initial investment amount of \$3,000. In addition, if at any time the total investment does not have a value of at least \$1,000, you may be notified that the value of your account is below the Fund's minimum account balance requirement. You would then be allowed 60 days to make an additional investment before the account is

liquidated. Proceeds would be promptly paid to the shareholder. This minimum requirement does not apply to IRAs, other retirement accounts, and Uniform Gifts/Transfers to Minors Act accounts.

EXCHANGING YOUR SHARES

Should your investment goals change, you may exchange your shares of Vanguard Money Market Reserves for those of other available Vanguard Funds.

EXCHANGING BY TELEPHONE

Call Client Services at 1-800-662-2739

When exchanging shares by telephone, please have ready the Portfolio name, account number, Social Security Number or Taxpayer Identification Number listed on the account, and account address. Requests for telephone exchanges received prior to close of trading on the New York Stock Exchange (generally 4:00 p.m. Eastern time) are processed at the close of business that same day. Requests received after close of the Exchange are processed the next business day. TELEPHONE EXCHANGES ARE NOT ACCEPTED INTO OR FROM VANGUARD BALANCED INDEX FUND, VANGUARD/EXPLORER FUND, VANGUARD INDEX TRUST, VANGUARD INTERNATIONAL EQUITY INDEX FUND--EUROPEAN AND PACIFIC PORTFOLIOS, AND VANGUARD QUANTITATIVE PORTFOLIOS. If you experience difficulty in making a telephone exchange, your exchange request may be made by regular or express mail, and it will be implemented at the closing net asset value on the date received by Vanguard provided the request is received in Good Order.

EXCHANGING BY MAIL

Please be sure to include on your exchange request the name and account number of your current Fund, the name of the Fund you wish to exchange into, the amount you wish to exchange, and the signatures of all registered account holders. Send your request to VANGUARD FINANCIAL CENTER, VANGUARD MONEY MARKET RESERVES, P.O. BOX 1120, VALLEY FORGE, PA 19482. (For express or registered mail, send your request to Vanguard Financial Center, Vanguard Money Market Reserves, 455 Devon Park Drive, Wayne, PA 19087.)

IMPORTANT EXCHANGE INFORMATION

Before you make an exchange, you should consider the following:

* Please read the Fund's prospectus before making an exchange. For a copy and for answers to any questions you may have, call our Investor Information Department

(1-800-662-7447).

- * An exchange is treated as a redemption and a purchase. Therefore, you could realize a taxable gain or loss on the transaction.
- * Exchanges are accepted only if the registrations and the Taxpayer Identification numbers of the two accounts are identical.
- * New accounts are not currently accepted in Vanguard/Windsor Fund.
- * Shares will be redeemed by exchange at the net asset value per share.
- * When opening a new account by exchange, you must meet the minimum investment requirement of the new Fund.
- * Exchanges can only be made in states where a Fund's shares are legally registered. Each investment company member of the Vanguard Group (except the Vanguard State Tax-Free Funds) is registered in all fifty states.

Every effort will be made to maintain the exchange privilege. However, the Fund reserves the right to revise or terminate its provisions, limit the amount of or reject any exchange, as deemed necessary, at any time.

IMPORTANT INFORMATION ABOUT TELEPHONE TRANSACTIONS

The ability to initiate redemptions (except wire redemptions) and exchanges by telephone is automatically established on your account unless you request in writing that telephone transactions on your account not be permitted.

To protect your account from losses resulting from unauthorized or fraudulent telephone instructions, Vanguard adheres to the following security procedures:

1. SECURITY CHECK. To request a transaction by telephone, the caller must know (i) the name of the Portfolio; (ii) the 10-digit account number; (iii) the exact name in which the account is registered; and (iv) the Social Security or Taxpayer Identification number listed on the account.
2. PAYMENT POLICY. The proceeds of any telephone redemption made by mail will be made payable to the registered shareowner and mailed to the address of record, only.

Neither the Fund nor Vanguard will be responsible for the authenticity of transaction instructions received by telephone, provided that reasonable security procedures have been followed. Vanguard believes that the security procedures described above are reasonable and that if such procedures are followed, you will bear the risk of any losses resulting from unauthorized or fraudulent telephone transactions on your account. If Vanguard fails to follow reasonable security procedures, it may be liable for any losses resulting from unauthorized or fraudulent telephone transactions on your account.

TRANSFERRING REGISTRATION

You may transfer the registration of any of your Fund shares to another person by completing a transfer form and sending it to: VANGUARD FINANCIAL CENTER, P.O. BOX 1110, VALLEY FORGE, PA 19482 ATTENTION: TRANSFER DEPARTMENT. The request must be in Good Order. BEFORE MAILING YOUR REQUEST, PLEASE CALL OUR CLIENT SERVICES DEPARTMENT (1-800-662-2739) FOR FULL INSTRUCTIONS.

OTHER VANGUARD SERVICES

For more information about any of these services, please call our Investor Information Department at 1-800-662-7447.

STATEMENTS AND REPORTS

Vanguard will send you a confirmation statement each time you initiate a transaction in your account except for checkwriting redemptions from Vanguard money market accounts. You will also receive a comprehensive account statement at the end of each calendar quarter. The fourth-quarter

statement will be a year-end statement, listing all transaction activity for the entire calendar year.

Vanguard's Average Cost Statement provides you with the average cost of shares redeemed from your account, using the average cost single category method. This service is available for most taxable accounts opened since January 1, 1986. In general, investors who redeem shares from a qualifying Vanguard account may expect to receive their Average Cost Statement in February of the following year. Please call our Client Services Department (1-800-662-2739) for information.

Financial reports on the Fund will be mailed to you semi-annually, according to the Fund's fiscal year-end.

VANGUARD DIRECT DEPOSIT SERVICE

With Vanguard's Direct Deposit Service, most U.S. Government checks (including Social Security and military pension checks) and private payroll checks may be automatically deposited into your Vanguard Fund account. Separate brochures and forms are available for direct deposit of U.S. Government and private payroll checks.

VANGUARD AUTOMATIC EXCHANGE SERVICE

Vanguard's Automatic Exchange Service allows you to move money automatically among your Vanguard Fund accounts. For instance, the service can be used to "dollar cost average" from a money market portfolio into a stock or bond fund or to contribute to an IRA or other retirement plan.

VANGUARD FUND EXPRESS

Vanguard's Fund Express allows you to transfer money between your Fund account and your account at a bank, savings and loan association, or a credit union that is a member of the Automated Clearing House (ACH) system. You may elect this service on the Account Registration Form or call our Investor Information Department (1-800-662-7447) for a Fund Express application.

The minimum amount that can be transferred by telephone is \$100. However, if you have established one of the automatic options, the minimum amount is \$50. The maximum amount that can be transferred using any of the options is \$100,000.

Special rules govern how your Fund Express purchases or redemptions are credited to your account. In addition, some services of Fund Express cannot be used with specific Vanguard Funds. For more information, please refer to the Vanguard Fund Express brochure.

VANGUARD DIVIDEND EXPRESS

Vanguard's Dividend Express allows you to transfer your dividends and/or capital gains distributions automatically from your Fund account, one business day after the Fund's payable date, to your account at a bank, savings and loan association, or credit union that is a member of the Automated Clearing House (ACH) network. You may elect this service on the Account Registration Form or call our Investor Information Department (1-800-662-7447) for a Vanguard Dividend Express application.

VANGUARD TELE-ACCOUNT

Vanguard's Tele-Account is a convenient, automated service that provides share price, price change and yield quotations on Vanguard Funds through any TouchTone(TM) telephone. This free service also lets you obtain information about your account balance, your last transaction, and your most recent dividend or capital gains payment. To contact Vanguard's Tele-Account service, dial 1-800-ON-BOARD (1-800-662-6273). A free brochure offering detailed operating instructions is available from our Investor Information Department (1-800-662-7447).

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THE VANGUARD GROUP
OF INVESTMENT
COMPANIES
Institutional Division
P.O. Box 2900
Vanguard Financial Center
Valley Forge, PA 19482

PARTICIPANT SERVICES:
1-800-523-1188

I N S T I T U T I O N A L
P R O S P E C T U S
MARCH 4, 1994

=====

A Member of The Vanguard Group

=====

PROSPECTUS -- MARCH 4, 1994

FUND INFORMATION: PARTICIPANT SERVICES -- 1-800-523-1188

INVESTMENT OBJECTIVE AND POLICIES

Vanguard Money Market Reserves, Inc. (the "Fund") is an open-end, diversified investment company known as a money market fund. The Fund offers three separate Portfolios. The objective of each Portfolio is to provide the maximum current income that is consistent with the preservation of capital and liquidity by investing in specified money market instruments. Each Portfolio seeks to maintain a constant net asset value of \$1.00 per share. ALTHOUGH EACH PORTFOLIO INVESTS IN HIGH QUALITY INSTRUMENTS, AN INVESTMENT IN THE PORTFOLIOS IS NEITHER INSURED NOR GUARANTEED BY THE U.S. GOVERNMENT AND THERE CAN BE NO ASSURANCE THAT EACH PORTFOLIO WILL BE ABLE TO MAINTAIN A CONSTANT NET ASSET VALUE OF \$1.00 PER SHARE.

IMPORTANT NOTE

This Prospectus is intended exclusively for participants in employer-sponsored retirement or savings plans, such as tax-qualified pension and profit-sharing plans and 401(k) thrift plans, as well as 403(b) custodial accounts for non-profit educational and charitable organizations. Another version of this Prospectus, containing information on how to open a personal investment account with the Fund, is available for individual investors. To obtain a copy of that version of the Prospectus, please call 1-800-662-7447.

OPENING AN ACCOUNT

A Portfolio of the Fund is an investment option under a retirement or savings program sponsored by your employer. The administrator of your retirement plan or your employee benefits office can provide you with detailed information on how to participate in your plan and how to elect a Portfolio of the Fund as an investment option.

If you have any questions about the Fund, please contact Participant Services at 1-800-523-1188. If you have any questions about your plan account, contact your plan administrator or the organization that provides recordkeeping services for your plan.

ABOUT THIS PROSPECTUS

This Prospectus is designed to set forth concisely the information you should know about the Fund before you invest. It should be retained for future reference. A "Statement of Additional Information" containing additional information about the Fund has been filed with the Securities and Exchange Commission. This Statement is dated March 4, 1994, and has been incorporated by reference into this Prospectus. A copy may be obtained without charge by writing to the Fund or by calling the Investor Information Department.

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THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

HIGHLIGHTS

OBJECTIVE AND POLICIES

Vanguard Money Market Reserves, Inc. (the "Fund") is an open-end, diversified investment company known as a money market fund. The Fund offers three separate Portfolios. The objective of each Portfolio is to provide the maximum current income that is consistent with the preservation of capital and liquidity by investing in specified money market instruments.

Each Portfolio seeks to maintain a constant net asset value of \$1.00 per share. In pursuit of this objective, each Portfolio will invest in securities that mature in less than 13 months, and each Portfolio will maintain an average weighted maturity of 90 days or less. Page 7

THREE SEPARATE PORTFOLIOS

Investors may choose from three separate Portfolios, each of which invests in specified money market instruments:

PRIME PORTFOLIO -- invests in high quality money market obligations issued by financial institutions, nonfinancial corporations, and the U.S. Government, state and municipal governments and their agencies or instrumentalities, as well as repurchase agreements collateralized by such securities. The Prime Portfolio also invests in Eurodollar obligations (dollar-denominated obligations issued outside the U.S. by foreign banks or foreign branches of domestic banks) and Yankee obligations (dollar-denominated obligations issued in the U.S. by foreign banks).

FEDERAL PORTFOLIO -- invests in securities issued by the United States Government or its agencies and instrumentalities, and repurchase agreements collateralized by such securities. A portion of the U.S. Government securities held by the Federal Portfolio may not be backed by the full faith and credit of the U.S. Government.

U.S. TREASURY PORTFOLIO -- invests in securities backed by the full faith and credit of the U.S. Government. Page 7

RISK CHARACTERISTICS

The three Portfolios of the Fund differ primarily in terms of credit risk. Credit risk is the possibility that an issuer of securities held by a Portfolio will fail to make timely payments of either interest or principal. The credit risk of a Portfolio is a function of the credit quality of its underlying securities. All other things being equal, money market instruments with greater credit risk offer higher yields. Although each Portfolio invests in high quality instruments, money market portfolios, unlike federally-insured bank deposits, are not insured or guaranteed.

In absolute terms, the credit quality of each Portfolio is very high. In relative terms, the U.S. Treasury Portfolio, which invests in full faith and credit obligations of the U.S. Government, offers the lowest credit risk and therefore usually the lowest yield. The Federal Portfolio includes U.S. Government securities that are not backed by the full faith and credit of the U.S. Government, and so potential credit risk and yield are somewhat higher. The Prime Portfolio, although of a very high credit quality in general, invests in the money market obligations of private financial and

THE VANGUARD GROUP

The Fund is a member of The Vanguard Group of Investment Companies, a group of 32 investment companies with 77 distinct investment portfolios and total assets in excess of \$130 billion. The Vanguard Group, Inc. ("Vanguard"), a subsidiary jointly owned by the Vanguard Funds, provides all corporate management, administrative, distribution and shareholder accounting services on an at-cost basis to the Funds in the Group.

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INVESTMENT ADVISER

The Fund receives investment advisory services on an at-cost basis from Vanguard's Fixed Income Group. As a result, the Fund receives its investment advisory services at a substantially lower cost than would be possible if the Fund paid an investment advisory fee to an external investment adviser.

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DIVIDEND POLICY

Each Portfolio declares a dividend each business day based on its ordinary income (interest income less expenses). Dividends are paid monthly. Dividends are automatically reinvested in additional shares.

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FUND EXPENSES

The following table illustrates ALL expenses and fees that a shareholder of the Fund would incur. The expenses set forth below are for the 1993 fiscal year.

SHAREHOLDER TRANSACTION EXPENSES

Sales Load Imposed on Purchases..... None
 Sales Load Imposed on Reinvested Dividends..... None
 Redemption Fees*..... None
 Exchange Fees..... None

<TABLE>
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ANNUAL FUND OPERATING EXPENSES	PRIME PORTFOLIO	FEDERAL PORTFOLIO	U.S. TREASURY PORTFOLIO
<S>	<C>	<C>	<C>
Management & Administrative Expenses.....	0.25%	0.25%	0.25%
Investment Advisory Fees.....	0.01	0.01	0.01
12b-1 Fees.....	None	None	None
Other Expenses			
Distribution Costs.....	0.04	0.04	0.04
Miscellaneous Expenses.....	0.02	0.02	0.02
Total Other Expenses.....	0.06	0.06	0.06
	----	----	----
TOTAL OPERATING EXPENSES.....	0.32%	0.32%	0.32%
	====	====	====

<FN>
 *Wire redemptions of less than \$5,000 are subject to a \$5 processing fee.
 </TABLE>

The purpose of this table is to assist you in understanding the various expenses an investor would bear directly or indirectly as a shareholder in the Fund.

The following example illustrates the expenses that you would incur on a \$1,000 investment over various periods, assuming (1) a 5% annual rate of return and (2) redemption at the end of each period. As noted in the table above, the Fund charges no redemption fees of any kind.

<TABLE>
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	1 YEAR	3 YEARS	5 YEARS	10 YEARS
<S>	<C>	<C>	<C>	<C>
Prime Portfolio.....	\$3	\$10	\$18	\$41
Federal Portfolio.....	\$3	\$10	\$18	\$41
U.S. Treasury Portfolio.....	\$3	\$10	\$18	\$41

</TABLE>

THIS EXAMPLE SHOULD NOT BE CONSIDERED A REPRESENTATION OF PAST OR FUTURE EXPENSES OR PERFORMANCE. ACTUAL EXPENSES MAY BE HIGHER OR LOWER THAN THOSE SHOWN.

FINANCIAL HIGHLIGHTS

The following financial highlights for a share outstanding throughout each period, insofar as they relate to each of the five years in the period ended November 30, 1993, have been audited by Price Waterhouse, independent accountants, whose report thereon was unqualified. This information should be read in conjunction with the Fund's financial statements and notes thereto which are incorporated by reference in the Statement of Additional Information and this Prospectus, and which appear, along with the report of Price Waterhouse, in the Fund's 1993 Annual Report to Shareholders. For a more complete discussion of the Fund's performance, please see the Fund's 1993 Annual Report to Shareholders, which may be obtained without charge by writing to the Fund or by calling Participant Services at 1-800-523-1188.

<TABLE>
<CAPTION>

	PRIME PORTFOLIO									
	YEAR ENDED NOVEMBER 30,									
	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
NET ASSET VALUE, BEGINNING OF YEAR.....	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
INVESTMENT OPERATIONS										
Net Investment Income.....	.030	.038	.062	.080	.090	.072	.063	.066	.079	.101
Net Realized and Unrealized Gain on Investment Securities.....	--	--	--	--	--	--	--	--	--	--
TOTAL FROM INVESTMENT OPERATIONS.....	.030	.038	.062	.080	.090	.072	.063	.066	.079	.101
DISTRIBUTIONS										
Dividends from Net Investment Income.....	(.030)	(.038)	(.062)	(.080)	(.090)	(.072)	(.063)	(.066)	(.079)	(.101)
Distributions from Realized Capital Gains.....	--	--	--	--	--	--	--	--	--	--
TOTAL DISTRIBUTIONS.....	(.030)	(.038)	(.062)	(.080)	(.090)	(.072)	(.063)	(.066)	(.079)	(.101)
NET ASSET VALUE, END OF YEAR....	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
TOTAL RETURN.....	3.02%	3.89%	6.39%	8.32%	9.40%	7.47%	6.49%	6.78%	8.20%	10.58%

RATIOS/SUPPLEMENTAL DATA

Net Assets, End of Year (Millions).....	\$12,367	\$12,638	\$13,496	\$13,579	\$11,067	\$6,863	\$4,088	\$2,186	\$1,725	\$1,498
Ratio of Expenses to Average Net Assets.....	.32%	.30%	.30%	.30%	.28%	.33%	.37%	.48%	.51%	.48%
Ratio of Net Investment Income to Average Net Assets.....	2.98%	3.82%	6.20%	8.06%	9.05%	7.28%	6.30%	6.60%	7.90%	10.10%

</TABLE>
<TABLE>
<CAPTION>

	FEDERAL PORTFOLIO									
	YEAR ENDED NOVEMBER 30,									
	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
NET ASSET VALUE, BEGINNING OF YEAR.....	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
INVESTMENT OPERATIONS										
Net Investment Income.....	.029	.038	.060	.078	.088	.070	.061	.064	.077	.097
Net Realized and Unrealized Gain on Investment Securities.....	--	--	--	--	--	--	--	--	--	--
TOTAL FROM INVESTMENT										

OPERATIONS.....	.029	.038	.060	.078	.088	.070	.061	.064	.077	.097
DISTRIBUTIONS										
Dividends from Net Investment Income.....	(.029)	(.038)	(.060)	(.078)	(.088)	(.070)	(.061)	(.064)	(.077)	(.097)
Distributions from Realized Capital Gains.....	--	--	--	--	--	--	--	--	--	--
TOTAL DISTRIBUTIONS.....	(.029)	(.038)	(.060)	(.078)	(.088)	(.070)	(.061)	(.064)	(.077)	(.097)
NET ASSET VALUE, END OF YEAR....	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
TOTAL RETURN.....	2.98%	3.83%	6.18%	8.14%	9.15%	7.20%	6.25%	6.56%	8.01%	10.18%
RATIOS/SUPPLEMENTAL DATA										
Net Assets, End of Year (Millions).....	\$1,907	\$1,986	\$2,000	\$1,950	\$1,531	\$1,214	\$839	\$545	\$498	\$499
Ratio of Expenses to Average Net Assets.....	.32%	.30%	.30%	.30%	.28%	.33%	.37%	.48%	.51%	.48%
Ratio of Net Investment Income to Average Net Assets.....	2.94%	3.76%	6.01%	7.90%	8.78%	7.00%	6.10%	6.40%	7.70%	9.70%

<TABLE>
<CAPTION>

U.S. TREASURY PORTFOLIO										
YEAR ENDED NOVEMBER 30,										
	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
NET ASSET VALUE, BEGINNING OF YEAR.....	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
INVESTMENT OPERATIONS										
Net Investment Income.....	.028	.036	.058	.077	.085	.068	.058	.060	.072	.094
Net Realized and Unrealized Gain on Investment Securities.	--	--	--	--	--	--	--	--	--	--
TOTAL FROM INVESTMENT OPERATIONS.....	.028	.036	.058	.077	.085	.068	.058	.060	.072	.094
DISTRIBUTIONS										
Dividends from Net Investment Income.....	(.028)	(.036)	(.058)	(.077)	(.085)	(.068)	(.058)	(.060)	(.072)	(.094)
Distributions from Realized Capital Gains.....	--	--	--	--	--	--	--	--	--	--
TOTAL DISTRIBUTIONS.....	(.028)	(.036)	(.058)	(.077)	(.085)	(.068)	(.058)	(.060)	(.072)	(.094)
NET ASSET VALUE, END OF YEAR....	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
TOTAL RETURN.....	2.86%	3.68%	5.94%	8.02%	8.89%	7.02%	5.99%	6.15%	7.45%	9.85%
RATIOS/SUPPLEMENTAL DATA										
Net Assets, End of Year (Millions).....	\$1,751	\$2,321	\$2,092	\$1,594	\$412	\$140	\$113	\$56	\$51	\$51
Ratio of Expenses to Average Net Assets.....	.32%	.30%	.30%	.30%	.31%++	.70%++	.79%++	.93%++	.96%++	.90%++
Ratio of Net Investment Income to Average Net Assets.....	2.83%	3.60%	5.76%	7.74%	8.44%	6.85%	5.80%	6.00%	7.20%	9.40%

<FN>
++Insurance premiums represent .40%, .42%, .44%, .44%, .42% and .37%.
*Annualized.
</TABLE>

YIELD AND TOTAL RETURN

From time-to-time a Portfolio of the Fund may advertise its yield and total return. Both yield and total return figures are based on historical earnings and are not intended to indicate future performance. The "total return" of a Portfolio refers to the average annual compounded rates of return over one-, five- and ten-year periods or over the life of a Portfolio (as stated in the advertisement) that would equate an initial amount invested at the beginning of a stated period to the ending redeemable value of the investment, assuming the reinvestment of all dividends and distributions.

A Portfolio's "seven-day" or "current" yield reflects the income earned by a hypothetical account in the Portfolio

during a seven-day period, expressed as an annual percentage rate. A Portfolio's "effective yield" assumes the income over the seven-day period is reinvested weekly, resulting in a slightly higher stated yield through compounding.

Methods used to calculate advertised yields are standardized for money market funds. However, these methods differ from the accounting methods used by a Portfolio to maintain its books and records, and so advertised yields may not fully reflect the income paid to your own account.

INVESTMENT OBJECTIVE

The Fund offers three separate Portfolios. The objective of each Portfolio is to provide the maximum current income that is consistent with the preservation of capital and liquidity by investing in specified money market instruments. Each Portfolio also seeks to maintain a constant net asset value of \$1.00 per share.

INVESTMENT POLICIES

Each Portfolio of the Fund invests in money market instruments that mature in 13 months or less, and each Portfolio maintains an average weighted maturity of 90 days or less. The Portfolios differ chiefly in terms of the types of securities in which they invest.

THE PRIME PORTFOLIO INVESTS IN HIGH QUALITY, MONEY MARKET SECURITIES

The Prime Portfolio will invest in the following high quality, money market obligations issued by financial institutions, nonfinancial corporations, and the U.S. Government, state and municipal governments and their agencies or instrumentalities:

- (1) Negotiable certificates of deposit and bankers' acceptances of U.S. banks having total assets in excess of \$1 billion.
- (2) Repurchase agreements that are collateralized by U.S. Treasury obligations, including bills, notes, bonds and other debt obligations or securities issued or guaranteed by agencies and instrumentalities of the U.S. Government (as described in (2) for the Federal Portfolio).
- (3) Commercial paper (including variable amount master demand notes) rated Prime-1 by Moody's Investors Services, Inc. or A-1 by Standard & Poor's Corporation or, if unrated, issued by a corporation having an outstanding debt issue rated Aa or better by Moody's or AA or better by Standard & Poor's.
- (4) Short-term corporate obligations rated Aa or better by Moody's or AA or better by Standard & Poor's.
- (5) Short-term Eurodollar and Yankee bank obligations. Eurodollar bank obligations are dollar-denominated certificates of deposit or time deposits issued outside the U.S. capital markets by foreign branches of U.S. banks or by foreign banks; Yankee bank obligations are dollar-denominated obligations issued in the U.S. capital markets by foreign banks.
- (6) Securities eligible for purchase by the Federal Portfolio, as described below.

In addition, up to 10% of the Prime Portfolio's net assets may be invested in "restricted" money market securities, which are not freely marketable or which are subject to restrictions on disposition under the Securities Act of 1933.

THE FEDERAL PORTFOLIO INVESTS IN SHORT-TERM, U.S. GOVERNMENT OBLIGATIONS

In contrast with the Prime Portfolio, which invests in both corporate and government securities, the Federal Portfolio will invest only in the following U.S. Government obligations and repurchase agreements collateralized by such securities:

- (1) United States Treasury obligations including bills, notes, bonds, and other debt obligations issued by the United States Treasury. These securities are backed by the full faith and credit of the U.S. Government.

- (2) Securities issued or guaranteed by agencies and instrumentalities of the U.S. Government. These include securities issued by the Federal Home Loan Banks, Federal Land Bank, Farmers Home Administration, Farm Credit Banks, Federal Intermediate Credit Bank, Federal National Mortgage Association, Federal Financing Bank, Tennessee Valley Authority, and others. Such "agency" securities may not be backed by the full faith and credit of the U.S. Government.
- (3) Repurchase agreements that are collateralized by the securities listed in (1) and (2) above.

THE U.S. TREASURY PORTFOLIO INVESTS IN "FULL FAITH AND CREDIT" SECURITIES
The U.S. Treasury Portfolio will invest 100% of its assets in securities backed by the full faith and credit of the U.S. Government. Such securities include:

- (1) U.S. Treasury obligations backed by the full faith and credit of the U.S. Government (at least 65% of the Portfolio's assets will be invested in such obligations).
- (2) Other full faith and credit obligations of the U.S. Government. These include securities issued by the General Services Administration, Government National Mortgage Association, Rural Electrification Administration, Small Business Administration, Federal Financing Bank, and others.

See "Implementation of Policies" for a further description of the Fund's investment practices.

The investment policies of each Portfolio are not fundamental, and so may be changed without shareholder approval by the Board of Directors. However, shareholders would be notified of any material change in a Portfolio's policies.

INVESTMENT RISKS

THE PORTFOLIOS VARY IN TERMS OF CREDIT RISK

The three Portfolios of the Fund differ primarily in terms of credit risk. Credit risk is the possibility that an issuer of securities held by a Portfolio will fail to make timely payments of either interest or principal. The credit risk of a Portfolio is a function of the credit quality of its underlying securities. Although each Portfolio invests in high quality instruments, money market portfolios, unlike federally-insured bank deposits, are not insured or guaranteed.

The U.S. Treasury Portfolio invests solely in full faith and credit United States Government securities and therefore has a very low credit risk.

The Federal Portfolio invests in securities issued by agencies and instrumentalities sponsored by the U.S. Government. Not all securities issued by U.S. agencies and instrumentalities are backed by the full faith and credit of the U.S. Government. As a result, the Federal Portfolio, which is of very high quality in absolute terms, is subject to a slightly higher degree of credit risk than the U.S. Treasury Portfolio. The Federal Portfolio is therefore expected to provide a correspondingly higher yield.

The Prime Portfolio invests primarily in high quality bank and corporate money market obligations. These obligations, though highly rated, are of somewhat lower credit quality than those issued by the U.S. Government or its agencies and instrumentalities. Thus, the Prime Portfolio is generally expected to provide the highest yield of the three Portfolios.

THE PORTFOLIOS ARE SUBJECT TO INCOME RISK

Income risk is the potential for a decline in a Portfolio's income due to falling market interest rates. Because the Fund's Portfolios' income is based on short-term interest rates, which can fluctuate substantially over short periods, income risk is expected to be high for the Fund.

WHO SHOULD INVEST

INVESTORS SEEKING CURRENT INCOME AND PRINCIPAL STABILITY

The Fund is intended for investors seeking maximum current income, consistent with the preservation of capital and liquidity. In addition, each Portfolio expects to maintain a

constant net asset value of \$1.00 per share. The Fund is thus appropriate for investors who desire maximum principal stability.

The Fund is designed to be a convenient and economical medium for investing short-term funds. It is also useful as a component of a long-term, balanced investment program, consisting of money market instruments, bonds and stocks.

IMPLEMENTATION OF POLICIES

THE PRIME AND FEDERAL PORTFOLIOS MAY INVEST IN REPURCHASE AGREEMENTS

The Fund follows a number of additional investment practices in pursuit of its objective.

The Prime and Federal Portfolios may invest in repurchase agreements according to the restrictions and limitations set forth above in "Investment Policies." A repurchase agreement is a means of investing monies for a short period. In a repurchase agreement, a seller -- a U.S. commercial bank or recognized U.S. securities dealer -- sells securities to a Portfolio and agrees to repurchase the securities at the Portfolio's cost plus interest within a specified period (normally one day). In these transactions, the securities purchased by the Portfolio will have a total value equal to or in excess of the value of the repurchase agreement, and will be held by the Fund's Custodian Bank until repurchased.

The use of repurchase agreements involves certain risks. For example, if the seller of the agreement defaults on its obligation to repurchase the underlying securities at a time when the value of these securities has declined, the Portfolio may incur a loss upon disposition of them. If the seller of the agreement becomes insolvent and subject to liquidation or reorganization under the bankruptcy code or other laws, a bankruptcy court may determine that the underlying securities are collateral not within the control of the Portfolio and therefore subject to sale by the trustee in bankruptcy. Finally, it is possible that the Portfolio may not be able to substantiate its interest in the underlying securities. While the Fund's management acknowledges these risks, it is expected that they can be controlled through stringent security selection and careful monitoring.

THE PRIME PORTFOLIO MAY INVEST IN EURODOLLAR OR YANKEE OBLIGATIONS

Eurodollar bank obligations are dollar-denominated certificates of deposit and time deposits issued outside the U.S. capital markets by foreign branches of U.S. banks and by foreign banks. Yankee bank obligations are dollar-denominated obligations issued in the U.S. capital markets by foreign banks.

Eurodollar and Yankee obligations are subject to the same risks that pertain to domestic issues, notably credit risk, market risk and liquidity risk. Additionally, Eurodollar (and to a limited extent, Yankee) obligations are subject to certain sovereign risks. One such risk is the possibility that a foreign government might prevent dollar-denominated

funds from flowing across its borders. Other risks include: adverse political and economic developments in a foreign country; the extent and quality of government regulation of financial markets and institutions; the imposition of foreign withholding taxes; and expropriation or nationalization of foreign issuers. However, Eurodollar and Yankee obligations will undergo the same credit analysis as domestic issues in which the Prime Portfolio invests, and foreign issuers will be required to meet the same tests of financial strength as the domestic issuers approved for the Prime Portfolio.

PORTFOLIO TURNOVER WILL BE HIGH

Each Portfolio of the Fund is expected to have a high portfolio turnover rate due to the short maturities of the securities purchased. However, this high turnover rate should not increase the Fund's costs since brokerage commissions are not normally charged on the purchase or sale of money market instruments.

INVESTMENT LIMITATIONS

THE FUND HAS ADOPTED CERTAIN FUNDAMENTAL LIMITATIONS

Each Portfolio of the Fund has adopted certain limitations designed to reduce its risk exposure. These limitations include the following:

(a) A Portfolio will not invest more than 5% of its assets in

the securities of any single company, excluding obligations of the United States Government.

- (b) A Portfolio will not purchase more than 10% of any class of securities of any issuer.
- (c) A Portfolio will not invest more than 25% of its assets in any one industry, excluding obligations of the United States Government or certificates of deposit or bankers' acceptances of domestic institutions.
- (d) A Portfolio will not borrow money except for emergency purposes and then not in excess of 15% of total assets.

These investment limitations are considered at the time investment securities are purchased. The limitations described here and in the Statement of Additional Information may be changed only with the approval of a majority of the Fund's shareholders.

MANAGEMENT OF THE FUND
VANGUARD ADMINISTERS AND DISTRIBUTES THE FUND

The Fund is a member of The Vanguard Group of Investment Companies, a family of 32 investment companies with 77 distinct investment portfolios and total assets in excess of \$130 billion. Through their jointly owned subsidiary, The Vanguard Group, Inc. ("Vanguard"), the Fund and the other funds in the Group obtain at cost virtually all of their corporate management, administrative, shareholder accounting and distribution services. Vanguard also provides investment advisory services on an at-cost basis to certain Vanguard funds. As a result of Vanguard's unique corporate structure, the Vanguard funds have costs substantially lower than those of most competing mutual funds. In 1993, the average expense ratio (annual costs including advisory fees divided by total net assets) for the Vanguard funds amounted to approximately .30% compared to an average of 1.02% for the mutual fund industry (data provided by Lipper Analytical Services).

The Officers of the Fund manage its day-to-day operations and are responsible to the Fund's Board of Directors. The Directors set broad policies for the Fund and choose its

Officers. A list of the Directors and Officers of the Fund and a statement of their present positions and principal occupations during the past five years can be found in the Statement of Additional Information.

Vanguard employs a supporting staff of management and administrative personnel needed to provide the requisite services to the funds and also furnishes the funds with necessary office space, furnishings and equipment. Each fund pays its share of Vanguard's total expenses, which are allocated among the funds under methods approved by the Board of Directors (Trustees) of each fund. In addition, each fund bears its own direct expenses, such as legal, auditing and custodian fees.

Vanguard also provides distribution and marketing services to the Vanguard funds. The funds are available on a no-load basis (i.e., there are no sales commissions or 12b-1 fees). However, each fund bears its share of the Group's distribution costs.

INVESTMENT ADVISER
VANGUARD MANAGES THE FUND'S INVESTMENTS

The three Portfolios of the Fund receive all investment advisory services on an at-cost basis from Vanguard's Fixed Income Group. The Group also provides investment advisory services to 32 other Vanguard money market and bond portfolios, both taxable and tax-exempt. Total assets under management by Vanguard's Fixed Income Group were \$52 billion as of December 31, 1993. The Fixed Income Group is supervised by the Officers of the Fund. Ian A. MacKinnon, Senior Vice President of Vanguard, has been in charge of the Group since its inception in 1981.

The Fixed Income Group manages the investment and reinvestment of the assets of the Fund's Portfolios and continuously reviews, supervises and administers each Portfolio's investment program, subject to the maturity and quality standards specified in this Prospectus and supplemental guidelines approved by the Fund's Board of Directors. The Fixed Income Group's selection of investments

for the Portfolios is based on: (a) continuing credit analysis of those instruments held in the Portfolios and those being considered for inclusion therein; (b) possible disparities in yield relationships between different money market instruments; and (c) actual or anticipated movements in the general level of interest rates.

The Fixed Income Group is also responsible for the allocation of principal business and portfolio brokerage and the negotiation of commissions. The purchase and sale of investment securities by the Fund will ordinarily be principal transactions. Portfolio securities will normally be purchased directly from the issuer or from an underwriter or market maker for the securities. There usually will be no brokerage commissions paid by a Portfolio for securities purchased from an issuer. Purchases from underwriters of securities will include a commission or concession paid by the issuer to the underwriter, and purchases from dealers serving as market makers will include a dealer's mark-up.

In purchasing and selling securities for each of the Portfolios, it is the Fund's policy to seek to obtain quality execution at the most favorable prices through issuers or responsible broker-dealers. In selecting broker-dealers to execute the securities transactions for the Portfolios, consideration will be given to such factors as: the price of the security; the rate of the commission; the size and difficulty of the order; the reliability, integrity, financial condition, general execution and operational

capabilities of competing broker-dealers; and the overall brokerage and research services provided to the Fund.

DIVIDENDS AND TAXES

DIVIDENDS ARE PAID ON THE FIRST BUSINESS DAY OF EACH MONTH

Each Portfolio's dividends are accrued daily based on ordinary income and are distributed on the first business day of the month. A Portfolio's dividends may be automatically reinvested in additional shares or received in cash. All dividend distributions are automatically reinvested in additional shares of a Portfolio. Each Portfolio of the Fund intends to continue to qualify as a "regulated investment company" under the Internal Revenue Code so that it will not be subject to federal income tax to the extent its income is distributed to its shareholders.

If you utilize the Fund as an investment option in an employer-sponsored retirement savings plan, dividend distributions from the Fund will generally not be subject to current taxation, but will accumulate on a tax-deferred basis. In general, employer-sponsored retirement and savings plans are governed by complex tax rules. If you participate in such a plan, consult your plan administrator, your plan's Summary Plan Description, or a professional tax adviser regarding the tax consequences of your participation in the plan and of any plan contributions or withdrawals.

THE SHARE PRICE OF EACH PORTFOLIO

Each Portfolio's share price or "net asset value" per share is calculated daily at the close of trading on the New York Stock Exchange (generally 4:00 p.m. Eastern time). Each Portfolio determines its net asset value per share by subtracting the Portfolio's liabilities (including accrued expenses and dividends payable) from the total value of the Portfolio's investments and other assets and by dividing the result by the total outstanding shares of the Portfolio.

For the purpose of calculating each Portfolio's net asset value per share, securities are valued by the "amortized cost" method of valuation, which does not take into account unrealized gains or losses. This involves valuing an instrument at its cost and thereafter assuming a constant amortization to maturity of any discount or premium, regardless of the impact of fluctuating interest rates on the market value of the instrument. While this method provides certainty in valuation, it may result in periods during which value, as determined by amortized cost, is higher or lower than the price the Portfolio would receive if it sold the instrument.

The use of amortized cost and the maintenance of each Portfolio's per share net asset value at \$1.00 is based on its election to operate under the provisions of Rule 2a-7 under the Investment Company Act of 1940. As a condition of

operating under that rule, each Portfolio must maintain a dollar-weighted average portfolio maturity of 90 days or less, purchase only instruments having remaining maturities of 13 months or less, and invest only in securities that are determined by the Directors to present minimal credit risks and that are of high quality as determined by any major rating service, or in the case of any instrument not so rated, considered by the Directors to be of comparable quality.

The Directors have also agreed to establish procedures reasonably designed, taking into account current market conditions and each Portfolio's investment objective, to stabilize the net asset value per share as computed for the

purposes of sales and redemptions at \$1.00. These procedures include periodic review, as the Directors deem appropriate and at such intervals as are reasonable in light of current market conditions, of the relationship between the amortized cost value per share and a net asset value per share based upon available indications of market value. In such a review, investments for which market quotations are readily available are valued at the most recent bid price or quoted yield equivalent for such securities or for securities of comparable maturity, quality and type as obtained from one or more of the major market makers for the securities to be valued. Other investments and assets are valued at fair value, as determined in good faith by the Directors.

In the event of a deviation of over 1/2 of 1% between a Portfolio's net asset value based upon available market quotations or market equivalents and \$1.00 per share based on amortized cost, the Directors will promptly consider what action, if any, should be taken. The Directors will also take such action as they deem appropriate to eliminate or to reduce, to the extent reasonably practicable, any material dilution or other unfair results which might arise from differences between the two. Such action may include redeeming shares in kind, selling instruments prior to maturity to realize capital gains or losses or to shorten average maturity, withholding dividends, paying distributions from capital or capital gains, or utilizing a net asset value per share based upon available market quotations.

GENERAL INFORMATION

The Fund, formerly known as "Whitehall Money Market Trust," and then as "Vanguard Money Market Trust, Inc.," is a Maryland corporation. The Fund's Articles of Incorporation permit the Directors to issue 35,000,000,000 shares of common stock, with a \$.001 par value. The Board of Directors has the power to designate one or more classes ("Portfolios") of shares of common stock and to classify or reclassify any unissued shares with respect to such Portfolios. Currently the Fund is offering shares of three Portfolios.

The shares of each Portfolio are fully paid and non-assessable; have no preference as to conversion, exchange, dividends, retirement or other features; and have no preemptive rights. The shares of each Portfolio have non-cumulative voting rights, meaning that the holders of more than 50% of the shares voting for the election of Directors can elect 100% of the Directors if they choose to do so.

Annual meetings of shareholders will not be held except as required by the Investment Company Act of 1940 and other applicable law. An annual meeting will be held on the removal of a Director or Directors of the Fund if requested in writing by holders of not less than 10% of the outstanding shares of the Fund.

CoreStates Bank, N.A., Philadelphia, PA, has been retained to act as Custodian of the assets of each Portfolio of the Fund. The Vanguard Group, Inc., Valley Forge, PA, serves as the Fund's Transfer and Dividend Disbursing Agent. Price Waterhouse serves as independent accountants for the Fund and will audit its financial statements annually. The Fund is not involved in any litigation.

SERVICE GUIDE

PARTICIPATING IN YOUR PLAN

One or more Portfolios of the Fund is available as an investment option in your retirement or savings plan. The

administrator of your plan or your employee benefits office can provide you with detailed information on how to participate in your plan and how to elect a Portfolio of the Fund as an investment option.

If you have any questions about a Portfolio, including the Portfolio's investment objective, policies, risk characteristics or historical performance, please contact Participant Services at 1-800-523-1188.

If you have questions about your account, contact your plan administrator or the organization which provides recordkeeping services for your plan.

INVESTMENT OPTIONS AND ALLOCATIONS

You may be permitted to elect different investment options, alter the amounts contributed to your plan, or change how contributions are allocated among your investment options in accordance with your plan's specific provisions. See your plan administrator or employee benefits office for more details.

TRANSACTIONS IN FUND SHARES

Contributions, exchanges or redemptions of a Portfolio's shares are effective when received in "good order" by Vanguard. "Good order" means that complete information on the contribution, exchange or redemption and the appropriate monies have been received by Vanguard.

MAKING EXCHANGES

Your plan may allow you to exchange monies from one investment option to another. Check with your plan administrator for details on the rules governing exchanges in your plan. Certain investment options, particularly company stock or guaranteed investment contracts (GICs), may be subject to unique restrictions.

Before making an exchange, you should consider the following:

- * If you are making an exchange to another Vanguard Fund option, please read the Fund's prospectus. Contact Participant Services at 1-800-523-1188 for a copy.
- * Exchanges are accepted by Vanguard only as permitted by your plan. Your plan administrator can explain how frequently exchanges are allowed.

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VANGUARD MONEY MARKET RESERVES

PART B

STATEMENT OF ADDITIONAL INFORMATION
MARCH 4, 1994

This Statement is not a prospectus but should be read in conjunction with the Fund's current Prospectus (dated March 4, 1994). To obtain the Prospectus please call the Investor Information Department:

1-800-662-7447

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INVESTMENT LIMITATIONS

The following restrictions and fundamental policies cannot be changed without approval of the holders of a majority of the outstanding shares of the

Fund (as defined in the Investment Company Act of 1940), including a majority of the shares of each Portfolio. The Fund may not under any circumstances:

- 1) purchase securities for any Portfolio of the Fund other than the securities in which the Portfolio is authorized to invest as set forth in the Prospectus under "Investment Objectives" and "Investment Policies";
- 2) borrow money in excess of 15% of the total assets of any Portfolio taken at market value and then only from banks as a temporary measure for extraordinary or emergency purposes; the Fund will not borrow to increase income (leveraging) but only to facilitate redemption requests which might otherwise require untimely dispositions of portfolio securities; the Fund will repay all borrowings before making additional investments and interest paid on such borrowings will reduce net income;
- 3) make loans to other persons (except by the purchase of obligations in which the Fund is authorized to invest); provided, however, that the Fund will not enter into repurchase agreements if, as a result thereof, more than 10% of the net assets of any Portfolio (taken at current value) would be subject to repurchase agreements maturing in more than seven days;
- 4) purchase the securities of any issuer (other than obligations issued or guaranteed as to principal and interest by the Government of the United States, its agencies or instrumentalities) if, as a result, (a) more than 5% of a Portfolio's total assets (taken at current value) would be invested in the securities of such issuer, or (b) any Portfolio would hold more than 10% of any class of securities of such issuer (for this purpose, all debt obligations of an issuer maturing in less than one year are treated as a single class of securities);
- 5) write, or invest in, put, call, straddle or spread options or invest in interests in oil, gas or other mineral exploration or development programs;
- 6) purchase securities on margin or sell any securities short;
- 7) purchase or retain securities of an issuer if an officer or director of such issuer is an officer or Director of the Fund or its investment adviser and one or more of such officers or directors (trustees) of the Fund or its investment adviser owns beneficially more than 1/2% of the shares of securities of such issuer and all such directors and officers owning more than 1/2% of such shares or securities together own more than 5% of such shares or securities;
- 8) purchase any securities which could cause more than 25% of the value of a Portfolio's total net assets at the time of such purchase to be invested in the securities of one or more issuers conducting their principal business activities in the same industry, provided that there is no limitation with respect to investments in United States Treasury Bills, other obligations issued or guaranteed by the Federal Government, its agencies and instrumentalities or certificates of deposit or bankers' acceptances of domestic institutions;
- 9) mortgage, pledge or hypothecate its assets except in an amount up to 15% (10% as long as the Fund's shares are registered for sale in certain states) of the value of a Portfolio's total assets but only to secure borrowings for temporary or emergency purposes;
- 10) engage in the business of underwriting securities issued by other persons, except to the extent that the Portfolio may technically be deemed to be an underwriter under the Securities Act of 1933, as amended, in disposing of investment securities;
- 11) purchase or otherwise acquire any security if, as a result, more than 10% of its net assets (including any investment in The Vanguard Group Inc.) would be invested in securities that are illiquid;
- 12) purchase or sell real estate, real estate investment trust securities, commodities, or commodity contracts;
- 13) invest in companies for the purpose of exercising control;
- 14) invest in securities of other investment companies, except as they may be acquired as part of a merger, consolidation or acquisition of assets; and
- 15) issue senior securities.

Notwithstanding these limitations, the Fund may own all or any portion of the securities of, or make loans to, or contribute to the costs or other

financial requirements of, any company which will be: (1) wholly owned by the Fund and one or more other investment companies, and is (2) primarily engaged in the business of providing, at-cost, management, administrative, distribution or related services to the Fund and other investment companies. See "Management of the Fund."

As an operational policy of the Fund, the Fund will not in the aggregate, enter into repurchase agreements maturing in more than seven days, purchase restricted securities or invest in any other illiquid securities if, as a result thereof, more than 10% of the net assets of the Fund would be invested in such assets.

The above-mentioned investment limitations are considered at the time investment securities are purchased.

YIELD AND TOTAL RETURN

The yield of each Portfolio of the Fund for the 7-day period ended November 30, 1993 is set forth below. Yields are calculated daily for each Portfolio.

Prime Portfolio.....	3.00%
Federal Portfolio.....	2.95%
U.S. Treasury Portfolio.....	2.77%

The average annual total return of each Portfolio of the Fund for the one-, five- and ten-year periods ending November 30, 1993 is set forth below:

<TABLE>
<CAPTION>

	1 Year Ended 11/30/93 -----	5 Years Ended 11/30/93 -----	10 Years Ended 11/30/93 -----
<S>	<C>	<C>	<C>
Prime Portfolio.....	+3.02%	+6.18%	+7.03%
Federal Portfolio.....	+2.98%	+6.03%	+6.83%
U.S. Treasury Portfolio.....	+2.86%	+5.85%	+6.57%*

</TABLE>

Total return is computed by finding the average compounded rates of return over the periods set forth above that would equate an initial amount invested at the beginning of the periods to the ending redeemable value of the investment.

CALCULATION OF YIELD

The current yield of each of the Fund's Portfolios is calculated daily on a base period return of a hypothetical account having a beginning balance of one share for a particular period of time (generally 7 days). The return is determined by dividing the net change (exclusive of any capital changes) in such account by its average net asset value for the period, and then multiplying it by 365/7 to get the annualized current yield. The calculation of net change reflects the value of additional shares purchased with the dividends by the Portfolio, including dividends on both the original share and on such additional shares. An effective yield, which reflects the effects of compounding and represents an annualization of the current yield with all dividends reinvested, may also be calculated for the Portfolio by adding 1 to the net change, raising the sum to the 365/7 power, and subtracting 1 from the result.

Set forth below is an example, for purposes of illustration only, of the current and effective yield calculations for each of the Portfolios for the 7 day base period ended November 30, 1993.

<TABLE>
<CAPTION>

	PRIME PORTFOLIO ----- 11/30/93 -----	FEDERAL PORTFOLIO ----- 11/30/93 -----	U.S. TREASURY PORTFOLIO ----- 11/30/93 -----
<S>	<C>	<C>	<C>
Value of account at beginning of period.....	\$1.00000	\$1.00000	\$1.00000
Value of same account at end of period*.....	1.00058	1.00057	1.00053
Net Change in account value.....	\$.00058	\$.00057	\$.00053
Annualized Current Net Yield (Net Change X 365/7) average net asset value.....	3.02%	2.97%	2.76%
Effective Yield ((Net Change)+1) ^{365/7} -1.....	3.07%	3.02%	2.80%
Average Weighted Maturity of Investments.....	59 Days	60 Days	58 Days

<FN>
*Exclusive of any capital changes.
</TABLE>

The net asset value of a share of each Portfolio is \$1.00 and it is not expected to fluctuate. However, the yield of each Portfolio will fluctuate.

The annualization of a week's dividend is not a representation by the Portfolio as to what an investment in the Portfolio will actually yield in the future. Actual yields will depend on such variables as investment quality, average maturity, the type of instruments the Portfolio invests in, changes in interest rates on instruments, changes in the expenses of the Fund and other factors. Yields are one basis investors may use to analyze the Portfolios of the Fund, and other investment vehicles; however, yields of other investment

vehicles may not be comparable because of the factors set forth in the preceding sentence, differences in the time periods compared, and differences in the methods used in valuing portfolio instruments, computing net asset values and calculating yields.

PURCHASE OF SHARES

The Fund reserves the right in its sole discretion (i) to suspend the offerings of its shares, (ii) to reject purchase orders when in the judgment of management such rejection is in the best interest of the Fund, and (iii) to reduce or waive the minimum for initial and subsequent investments for certain fiduciary accounts or under circumstances where certain economies can be achieved in sales of the Fund's shares.

REDEMPTION OF SHARES

The Fund may suspend redemption privileges for each Portfolio or postpone the date of payment (i) during any period that the New York Stock Exchange is closed, or trading on the Exchange is restricted as determined by the Securities and Exchange Commission (the "Commission"), (ii) during any period when an emergency exists as defined by the rules of the Commission as a result of which it is not reasonably practicable for a Portfolio to dispose of securities owned by it, or fairly to determine the value of its assets, and (iii) for such other periods as the Commission may permit.

The Fund has made an election with the Commission to pay in cash all redemptions requested by any shareholder of record limited in amount during any 90-day period to the lesser of \$250,000 or 1% of the net assets of the Fund at the beginning of such period. Such commitment is irrevocable without the prior approval of the Commission. Redemptions in excess of the above limits may be paid in whole or in part, in investment readily marketable securities or in cash, as the Directors may deem advisable; however, payment will be made wholly in cash unless the Directors believe that economic or market conditions exist which would make such a practice detrimental to the best interests of the Fund. If redemptions are paid in investment securities, such securities will be valued as set forth in the Prospectus under "The Share Price of Each Portfolio" and a redeeming shareholder would normally incur brokerage expenses if he converted these securities to cash.

No charge is made by the Fund for redemptions; except for wire withdrawals in amounts less than \$5,000 which will be subject to a maximum charge of \$5.00 which will be deducted from the principal in your account. Any redemption may be more or less than the shareholder's cost depending on the market value of the securities held by each Portfolio.

SHAREHOLDER SERVICES

EXCHANGE PRIVILEGE. Each Portfolio's shares may be exchanged without cost for shares of any other Portfolio, or for the shares of any open-end Fund currently offering its shares to new investors in The Vanguard Group ("Vanguard"). A shareholder of any other open-end Fund in Vanguard may likewise exchange his shares for shares of any of the Fund's Portfolios. Exchange requests may be made either by mail, telephone or telegraph.

Telephone and telegraph exchanges (referred to as "expedited exchanges") will be accepted only if the account of the shareholder and the registration of the two accounts is identical. Requests for expedited exchanges received prior to the close of the New York Stock Exchange (generally 4:00 P.M. Eastern time) will be processed at the next determined net asset value after such request is received. Requests received after the close of the New York Stock Exchange (generally 4:00 P.M. Eastern time), will be processed on the next business day. NO EXPEDITED EXCHANGES WILL BE ACCEPTED INTO, OR FROM, VANGUARD BALANCED INDEX FUND, VANGUARD/EXPLORER FUND, VANGUARD INDEX TRUST, VANGUARD QUANTITATIVE PORTFOLIOS AND VANGUARD INTERNATIONAL EQUITY INDEX FUND. Neither the Fund nor Vanguard will be responsible for the authenticity of exchange instructions received by telephone or telegraph. Expedited exchanges may also be subject to limitations as to amounts and frequency, and to other restrictions established by the Board of Directors to assure that such exchanges do not disadvantage the Fund and its shareholders. Shareholders may obtain the terms of these limitations, which may be revised at any time, from Vanguard.

Any such exchange will be based on the respective net asset values of the shares involved. There are no sales commissions or charges of any kind. Before making an exchange, a shareholder should consider the investment objectives and policies of the Portfolio or Fund to be purchased, and other relevant

information (including the minimum initial investment), which can be found in the prospectus relating to that particular Portfolio or Fund. A prospectus for any of the Vanguard Funds or Portfolios may be obtained from Vanguard.

For Federal income tax purposes an exchange between Funds is a taxable event and, accordingly, a capital gain or loss may be realized. In a revenue ruling relating to circumstances similar to the Fund's, an exchange between series of a Fund was also deemed to be a taxable event. It is likely, therefore, that a capital gain or loss would be realized on an exchange between Portfolios; you may want to consult your tax adviser for further information in this regard. The exchange privilege may be modified or terminated at any time, and any of the Portfolios or Vanguard Funds may limit or discontinue the offering of its shares without notice to shareholders.

TRANSFER OF SHARES. Fund shares may be transferred to another person by sending appropriate written instructions to Vanguard. The account must be clearly identified and include the number of shares to be transferred and the signatures of all registered owners. The signature on the letter of instructions or any stock power must be guaranteed. As in the case of withdrawals, the written request must be received in "Good Order" before any transfer can be made.

INFORMATION FOR SHAREHOLDERS. Following any purchase or redemption, a shareholder will receive a statement which reflects all activity during the current calendar year. Each shareholder will also receive a monthly statement, which includes a valuation as of the day the statement is prepared.

Shareholders will receive semi-annual financial statements audited at least annually by independent accountants whose selection is ratified by shareholders.

PERFORMANCE MEASURES

Vanguard Money Market Reserves may use one or more of the following unmanaged indexes for comparative performance purposes:

STANDARD AND POOR'S 500 COMPOSITE STOCK PRICE INDEX -- is a well diversified list of 500 companies representing the U.S. Stock Market.

WILSHIRE 5000 EQUITY INDEXES -- consists of nearly 5,000 common equity securities, covering all stocks in the U.S. for which daily pricing is available.

WILSHIRE 4500 EQUITY INDEX -- consists of all stocks in the Wilshire 5000 except for the 500 stocks in the Standard and Poor's 500 Index.

RUSSELL 3000 STOCK INDEX -- a diversified portfolio of over 3,000 common stocks accounting for over 90% of the market value of publicly traded stocks in the U.S.

RUSSELL 2000 STOCK INDEX -- a subset of approximately 2,000 of the smallest stocks contained in the Russell 3000; a widely used benchmark for small capitalization common stocks.

MORGAN STANLEY CAPITAL INTERNATIONAL EAFE INDEX -- is an arithmetic, market value-weighted average of the performance of over 900 securities listed on the stock exchanges of countries in Europe, Australia and the Far East.

GOLDMAN SACHS 100 CONVERTIBLE BOND INDEX -- currently includes 67 bonds and 33 preferreds. The original list of names was generated by screening for convertible issues of 100 million or greater in market capitalization. The index is priced monthly.

SALOMON BROTHERS GNMA INDEX -- includes pools of mortgages originated by private lenders and guaranteed by the mortgage pools of the Government National Mortgage Association.

SALOMON BROTHERS HIGH-GRADE CORPORATE BOND INDEX -- consists of publicly issued, non-convertible corporate bonds rated AA or AAA. It is a value-weighted, total return index, including approximately 800 issues with maturities of 12 years or greater.

SHEARSON LEHMAN LONG-TERM TREASURY BOND -- is composed of all bonds covered by the Shearson Lehman Hutton Treasury Bond Index with maturities of 10 years or greater.

MERRILL LYNCH CORPORATE & GOVERNMENT BOND -- consists of over 4,500 U.S. Treasury, Agency and investment grade corporate bonds.

SHEARSON LEHMAN CORPORATE (BAA) BOND INDEX -- all publicly offered fixed rate, nonconvertible domestic corporate bonds rated Baa by Moody's, with a maturity longer than 1 year and with more than \$25 million outstanding. This index includes over 1,000 issues.

BOND BUYER MUNICIPAL INDEX (20 YEAR) BOND -- is a yield index on current coupon high grade general obligation municipal bonds.

STANDARD & POOR'S PREFERRED INDEX -- is a yield index based upon the average

yield of four high grade, non-callable preferred stock issues.

NASDAQ INDUSTRIAL INDEX -- is composed of more than 3,000 industrial issues. It is a value-weighted index calculated on price change only and does not include income.

COMPOSITE INDEX -- 70% Standard & Poor's 500 Index and 30% NASDAQ Industrial Index.

COMPOSITE INDEX -- 35% Standard & Poor's 500 Index and 65% Salomon Brothers High-Grade Bond Index.

COMPOSITE INDEX -- 65% Standard & Poor's 500 Index and 35% Salomon Brothers High-Grade Bond Index.

LEHMAN BROTHERS AGGREGATE BOND INDEX -- is a market weighted index that contains individually priced U.S. Treasury, agency, corporate, and mortgage pass-through securities corporate rated BBB- or better. The Index has a market value of over \$4 trillion.

LEHMAN BROTHERS MUTUAL FUND SHORT (1-5) GOVERNMENT/CORPORATE INDEX -- is a market weighted index that contains individually priced U.S. Treasury, agency, and corporate investment grade bonds rated BBB- or better with maturities between 1 and 5 years. The index has a market value of over \$1.3 trillion.

LEHMAN BROTHERS MUTUAL FUND INTERMEDIATE (5-10) GOVERNMENT/CORPORATE INDEX -- is a market weighted index that contains individually priced U.S. Treasury, agency, and corporate securities rated BBB- or better with maturities between 5 and 10 years. The index has a market value of over \$600 billion.

LEHMAN BROTHERS MUTUAL FUND LONG (10+) GOVERNMENT/CORPORATE INDEX -- is a market weighted index that contains individually priced U.S. Treasury, agency, and corporate securities rated BBB- or better with maturities greater than 10 years. The index has a market value of over \$900 billion.

LIPPER SMALL COMPANY GROWTH FUND AVERAGE -- the average performance of small company growth funds as defined by Lipper Analytical Services, Inc. Lipper defines a small company growth fund as a fund that by prospectus or portfolio practice, limits its investments to companies on the basis of the size of the company. From time to time, Vanguard may advertise using the average performance and/or the average expense ratio of the small company growth funds. (This fund category was first established in 1982. For years prior to 1982, the results of the Lipper Small Company Growth category were estimated using the returns of the Funds that constituted the Group at its inception.)

LIPPER BALANCED FUND AVERAGE -- An industry benchmark of average balanced funds with similar investment objectives and policies, as measured by Lipper Analytical Services, Inc.

LIPPER NON-GOVERNMENT MONEY MARKET FUND AVERAGE -- An industry benchmark of average non-government money market funds with similar investment objectives and policies, as measured by Lipper Analytical Services, Inc.

LIPPER GOVERNMENT MONEY MARKET FUND AVERAGE -- An industry benchmark of average government money market funds with similar investment objectives and policies, as measured by Lipper Analytical Services, Inc.

MANAGEMENT OF THE FUND

OFFICERS AND DIRECTORS

The Fund's Officers, under the supervision of the Board of Directors, manage the day to day operations of the Fund. The Directors, who are elected annually by shareholders, set broad policies for the Fund and choose its Officers. A list of the Directors and Officers of the Fund and a brief statement of their present positions and principal occupations during the past 5 years is set forth below. The mailing address of the Directors and Officers of the Fund is Post Office Box 876, Valley Forge, PA 19482.

<TABLE>

<C>

JOHN C. BOGLE, Chairman, Chief Executive Officer and Director*

Chairman, Chief Executive Officer, and Director of The Vanguard Group, Inc., and of each of the investment companies in The Vanguard Group. Director of The Mead Corporation and General Accident Insurance.

JOHN J. BRENNAN, President & Director*

President and Director of The Vanguard Group, Inc. and each of the investment companies in The Vanguard Group.

ROBERT E. CAWTHORN, Director

Chairman and Chief Executive Officer, Rhone-Poulenc Rorer, Inc.; Director of Immune Response Corp. and Sun Company, Inc.; Trustee, Universal Health Realty Income Trust.

<S>

JOHN C. SAWHILL, Director

President and Chief Executive Officer of The Nature Conservancy; formerly, Director and Senior Partner, McKinsey & Co.; President, New York University; Director of Pacific Gas and Electric Company and NACCO Industries.

JAMES O. WELCH, JR., Director

Retired Chairman of Nabisco Brands Inc., retired Vice Chairman and Director of RJR Nabisco; Director of TECO Energy, Inc.

J. LAWRENCE WILSON, Director

Chairman and Director of Rohm & Haas Company; Director of Cummins Engine Company and Vanderbilt University; Trustee of the Culver Educational Foundation.

BARBARA BARNES HAUPTFUHRER, Director
Director of The Great Atlantic and Pacific Tea Company,
Alco Standard Corp., Raytheon Company, Knight-Ridder,
Inc., and Massachusetts Mutual Life Insurance Co.

BRUCE K. MACLAURY, Director
President, The Brookings Institution; Director of Dayton
Hudson Corporation, American Express Bank, Ltd. and The
St. Paul Companies, Inc.

BURTON G. MALKIEL, Director
Chemical Bank Chairman's Professor of Economics, Princeton
University; Director of Prudential Insurance Co. of
America, Amdahl Corporation, Baker Fentress & Co., Jeffrey
Co., and The Southern New England Telephone Company.

RAYMOND J. KLAPINSKY, Secretary*
Senior Vice President and Secretary of The Vanguard Group,
Inc.; Secretary of each of the investment companies in The
Vanguard Group.

RICHARD F. HYLAND, Treasurer*
Treasurer of The Vanguard Group, Inc. and of each of the
investment companies in The Vanguard Group.

KAREN E. WEST, Controller*
Vice President of The Vanguard Group, Inc.; Controller of
each of the investment companies in The Vanguard Group.

ALFRED M. RANKIN, JR. Director
President, Chief Executive Officer and Director of NACCO
Industries, Inc.; Director of The BFGoodrich Company, The
Standard Products Company and The Reliance Electric
Company.

<FN>

*Officers of the Fund are "interested persons" as defined in the Investment Company Act of 1940.
</TABLE>

THE VANGUARD GROUP

The Fund is a member of The Vanguard Group of Investment Companies. Through their jointly owned subsidiary, The Vanguard Group, Inc. ("Vanguard"), the Fund and the other Funds in the Group obtain at cost virtually all of their corporate management, administrative and distribution services. Vanguard also provides investment advisory services on an at-cost basis to certain of the Vanguard Funds.

Vanguard employs a supporting staff of management and administrative personnel needed to provide the requisite services to the Funds and also furnishes the Funds with necessary office space, furnishings and equipment. Each Fund pays its share of Vanguard's total expenses which are allocated among the Funds under methods approved by the Board of Directors (Trustees) of each Fund. In addition, each Fund bears its own direct expenses such as legal, auditing and custodian fees.

The Fund's Officers are also Officers and employees of Vanguard. No Officer or employee owns, or is permitted to own, any securities of any external adviser for the Funds.

The Vanguard Group, Inc. ("Vanguard") was established and operates under a Funds' Service Agreement which was approved by the shareholders of each of the Funds. The amounts of which each of the Funds have invested are adjusted from time to time in order to maintain the proportionate relationship between each Fund's relative net assets and its contribution to Vanguard's capital. At November 30, 1993, the Fund had contributed capital of \$2,592,000 to Vanguard, representing 13.0% of Vanguard's capitalization. The Fund's service agreement was amended on May 10, 1993, to provide as follows: (a) each Vanguard Fund may invest up to 0.40% of its current assets in Vanguard and (b) there is no other limitation on the amount that each Vanguard Fund may contribute to Vanguard's Capitalization.

MANAGEMENT. Corporate management and administrative services include: (1) executive staff; (2) accounting and financial; (3) legal and regulatory; (4) shareholder account maintenance; (5) monitoring and control of custodian relationships; (6) shareholder reporting; and (7) review and evaluation of advisory and other services provided to the Funds by third parties. During the fiscal year ended November 30, 1993, the Fund's share of Vanguard's actual net costs of operation relating to management and administrative services (including transfer agency) totaled approximately \$40,450,000.

DISTRIBUTION. Vanguard provides all distribution and marketing activities for the Funds in the Group. Vanguard Marketing Corporation, a wholly-owned subsidiary of The Vanguard Group, Inc., acts as Sales Agent for the shares of the Funds, in connection with any sales made directly to investors in the states of Florida, Missouri, New York, Ohio, Texas and such other states as it may be required.

The principal distribution expenses are for advertising, promotional materials and marketing personnel. Distribution services may also include organizing and offering to the public, from time to time, one or more new investment companies which will become members of the Group. The Directors and Officers of Vanguard determine the amount to be spent annually on distribution activities, the manner and amount to be spent on each Fund, and whether to organize new investment companies.

One half of the distribution expenses of a marketing and promotional nature is allocated among the Funds based upon relative net assets. The remaining one half of those expenses is allocated among the Funds based upon each Fund's sales for the preceding 24 months relative to the total sales of the Funds as a Group, provided, however, that no Fund's aggregate quarterly rate of contribution for distribution expenses of a marketing and promotional nature shall exceed 125% of average distribution expense rate for the Group, and that no Fund shall incur annual distribution expenses in excess of 20/100 of 1% of its average month-end net assets. During the fiscal year ended

November 30, 1993, the Fund paid approximately \$5,845,000 of the Group's distribution and marketing expenses or approximately 4/100 of 1% of the Fund's average month-end net assets.

INVESTMENT ADVISORY SERVICES. Vanguard also provides the Fund, Vanguard Municipal Bond Fund, Vanguard Bond Index Fund, Vanguard Institutional Money Market Portfolio, several Portfolios of Vanguard Fixed Income Securities Fund, Vanguard Admiral Funds, Vanguard California Tax-Free Fund, Vanguard Pennsylvania Tax-Free Fund, Vanguard Ohio Tax-Free Fund, Vanguard New York Insured Tax-Free Fund, Vanguard New Jersey Tax-Free Fund, Vanguard Florida Tax-Free Fund, Vanguard Index Trust, Vanguard Balanced Index Fund, several Portfolios of Vanguard Variable Insurance Fund and Vanguard International Equity Index Fund with investment advisory services. These services are provided on an at-cost basis from a money management staff employed directly by Vanguard. The compensation and other expenses of this staff are paid by the Funds utilizing these services. During the years ended November 30, 1991, 1992 and 1993, the Fund paid approximately \$1,072,000, \$1,532,000 and \$1,603,000, respectively, of Vanguard's expenses relating to investment advisory services.

REMUNERATION OF DIRECTORS. The Fund pays each Director (Trustee), who is not also an Officer, an annual fee plus travel and other expenses incurred in attending Board meetings. During the year ended November 30, 1993 the Fund paid \$53,000 in Directors' fees and expenses. The Fund's Officers and employees are paid by Vanguard which, in turn, is reimbursed by the Fund and each other Fund in the Group, for its proportionate share of Officers' and employees' salaries and retirement benefits.

The following information is furnished with respect to the Director and Officer of the Fund for whom the Fund's proportionate shares of remuneration exceeded \$60,000 for the fiscal year ended November 30, 1993, and for all Directors and officers as a group:

NAMES AND CAPACITIES IN WHICH REMUNERATION WAS RECEIVED	DIRECT REMUNERATION	AMOUNT CONTRIBUTED TO RETIREMENT PLAN
John C. Bogle, Chairman and Chief Executive Officer	\$422,709	\$40,762
John J. Brennan, President	188,587	23,098
All Directors and Officers as a Group (12)	\$733,762 (1)	\$80,249 (2)

- (1) Includes, in the aggregate, \$53,000 of fees and expenses paid by the Fund to its "non-interested" Directors, and the Fund's proportionate share of remuneration paid by Vanguard to all Officers of the Fund, as a group.
- (2) Includes the Fund's proportionate share of benefits paid by Vanguard under its Retirement and Thrift Plans to all Officers of the Fund, as a group. Under its retirement plan, Vanguard contributes annually an amount equal to 10% of each eligible Officer's annual compensation plus 5.7% of that part of an eligible Officer's compensation during the year, if any, that exceeds the Social Security Taxable Wage Base then in effect. Under the Thrift Plan, all eligible Officers are permitted to make pre-tax basic contributions in a maximum amount equal to 4% of total compensation which are matched by Vanguard on a 100% basis. Directors who are not Officers are paid an annual fee based on the number of years of service on the board, up to fifteen years of service, upon retirement. The fee is equal to \$1,000 for each year of service and each investment company member of The Vanguard Group contributes a proportionate amount of this fee based on its relative net assets. This fee is paid, subsequent to a Director's retirement, for a period of ten years or until the death of a retired Director.

DESCRIPTION OF SHARES AND VOTING RIGHTS

The Articles of Incorporation, as amended and restated, permit the Directors to issue 35,000,000,000 shares of common stock, with a \$.001 par value. The Board of Directors has the power to designate one or more classes ("Portfolios") of shares of common stock and to classify or reclassify any unissued shares with respect to such Portfolios. Currently the Fund is offering shares of three Portfolios.

The shares of each Portfolio are fully paid and nonassessable, and have no preference as to conversion, exchange, dividends, retirement or other features. The shares of each Portfolio have no pre-emptive rights. The shares of each Portfolio have non-cumulative voting rights, which means that the holders of more than 50% of the shares voting for the election of Directors can elect 100% of the Directors if they choose to do so. A shareholder is entitled to one vote for each full share held (and a fractional vote for each fractional share held), then standing in his name on the books of the Fund. On

any matter submitted to a vote of shareholders, all shares of the Fund then issued and outstanding and entitled to vote, irrespective of the class, shall be voted in the aggregate and not by class: except (i) when required by the Investment Company Act of 1940, shares shall be voted by individual class; and (ii) when the matter does not affect any interest of a particular class, then only shareholders of the affected class or classes shall be entitled to vote thereon.

FINANCIAL STATEMENTS

The Fund's financial statements for the year ended November 30, 1993, including the financial highlights for each of the five fiscal years in the period ended November 30, 1993, appearing in the Fund's 1993 Annual Report to Shareholders, and the report thereon of Price Waterhouse, independent accountants, also appearing therein, are incorporated by reference in this Statement of Additional Information. The Fund's Annual Report to Shareholders is enclosed with this Statement of Additional Information.

APPENDIX -- DESCRIPTION OF SECURITIES AND RATINGS

A-1 AND PRIME-1 COMMERCIAL PAPER RATINGS

Commercial paper rated A-1 by Standard & Poor's has the following characteristics: (1) liquidity ratios are adequate to meet cash requirements; (2) long-term senior debt is rated "A" or better; (3) the issuer has access to at least two additional channels of borrowing; (4) basic earnings and cash flow have an upward trend with allowance made for unusual circumstances; (5) typically, the issuer's industry is well established and the issuer has a strong position within the industry; and (6) the reliability and quality of management are unquestioned. Relative strength or weakness of the above factors determine whether the issuer's commercial paper is A-1, A-2, or A-3. The rating Prime-1 is the highest commercial paper rating assigned by Moody's. Among the factors considered by Moody's in assigning ratings are the following: (1) evaluation of the management of the issuer; (2) economic evaluation of the issuer's industry or industries and the appraisal of speculative-type risks which may be inherent in certain areas; (3) evaluation of the issuer's products in relation to competition and customer acceptance; (4) liquidity; (5) amount and quality of long-term debt; (6) trend of earnings over a period of ten years; (7) financial strength of a parent company and the relationships which exist with the issuer; and (8) recognition by the management of obligations which may be present or may arise as a result of public interest questions and preparations to meet such obligations.

BOND RATINGS

Bonds rated AA by Standard & Poor's are judged by S&P to be high-grade obligations, and in the majority of instances differs only in small degrees from issues rated AAA (the AA rating may be modified by the addition of a plus or minus sign to show relative standing with the AA category). Bonds rated AAA are considered by S&P to be the highest grade obligations and possess the ultimate degree of protection as to principal and interest. Bonds rated Aa by Moody's are judged by Moody's to be of high quality by all standards. Together with the Aaa group, they comprise what are generally known as high-grade bonds. They are rated lower than Aaa bonds because margins of protection may not be as large or fluctuations of protective elements may be of greater amplitude or there may be other elements present which make the long-term risks appear somewhat larger. Moody's also supplies numerical indicators, 1, 2 and 3 to the Aa rating category. The modifier 1 indicates that the security is in the higher end of its rating category; the modifier 2 indicates a mid-range ranking and 3 indicates a ranking toward the lower end of the category.

VARIABLE AMOUNT MASTER DEMAND NOTES

Variable amount master demand notes are demand obligations that permit the investment of fluctuating amounts at varying market rates of interest pursuant to an arrangement between the issuer and a commercial bank acting as agent for the payees of such notes, whereby both parties have the right to vary the amount of the outstanding indebtedness on the notes. Because variable amount master demand notes are direct lending arrangements between a lender and a borrower, it is not generally contemplated that such instruments will be traded, and there is no secondary market for these notes, although they are redeemable (and thus immediately repayable by the borrower) at face value, plus accrued interest, at any time. In connection with a Portfolio's investment in variable amount master demand notes, Vanguard's investment management staff will monitor, on an ongoing basis, the earning power, cash flow and other liquidity ratios of the issuer, and the borrower's ability to pay principal and interest on demand.

DESCRIPTION OF U.S. GOVERNMENT SECURITIES

As used in this prospectus, the term "U.S. Government Securities" refers to a variety of securities which are issued or guaranteed by the United States

Treasury, by various agencies of the United States Government, and by various instrumentalities which have been established or sponsored by the United States Government. The term also refers to "repurchase agreements" collateralized by such securities.

U.S. Treasury Securities are backed by the "full faith and credit" of the United States. Securities issued or guaranteed by Federal agencies and the U.S. Government sponsored instrumentalities may or may not be backed by the full faith and credit of the United States. In the case of securities not backed by the full faith and credit of the United States, the investor must look principally to the agency or instrumentality issuing or guaranteeing the obligation for ultimate repayment, and may not be able to assert a claim against the United States itself in the event the agency or instrumentality does not meet its commitment.

Some of the U.S. Government agencies that issue or guarantee securities include the Export-Import Bank of the United States, Farmers Home Administration, Federal Housing Administration, Maritime Administration, Small Business Administration, and The Tennessee Valley Authority.

An instrumentality of the U.S. Government is a government agency organized under Federal charter with government supervision. Instrumentalities issuing or guaranteeing securities include, among others, Federal Home Loan Banks, the Federal Land Banks, Central Bank for Cooperatives, Federal Intermediate Credit Banks, and the Federal National Mortgage Association.

DESCRIPTION OF REPURCHASE AGREEMENTS

Repurchase agreements are transactions by which a person purchases a security and simultaneously commits to resell that security to the seller (a member bank of the Federal Reserve System or recognized securities dealer) at an agreed upon price on an agreed upon date within a number of days (usually not more than seven) from the date of purchase. The resale price reflects the

purchase price plus an agreed upon market rate of interest which is unrelated to the coupon rate or maturity of the purchased security. A repurchase agreement involves the obligation of the seller to pay the agreed upon price, which obligation is in effect secured by the value of the underlying security.

The use of repurchase agreements involves certain risks. For example, if the seller of the agreement defaults on its obligation to repurchase the underlying securities at a time when the value of these securities has declined, the Portfolio may incur a loss upon disposition of them. If the seller of the agreement becomes insolvent and subject to liquidation or reorganization under the Bankruptcy Code or other laws, a bankruptcy court may determine that the underlying securities are collateral not within the control of the Portfolio and therefore subject to sale by the trustee in bankruptcy. Finally, it is possible that the Portfolio may not be able to substantiate its interest in the underlying securities. While the Fund's management acknowledges these risks, it is expected that they can be controlled through stringent security selection criteria and careful monitoring procedures.

EURODOLLAR AND YANKEE OBLIGATIONS

Eurodollar bank obligations are dollar-denominated certificates of deposit and time deposits issued outside the U.S. capital markets by foreign branches of banks and by foreign banks. Yankee bank obligations are dollar-denominated obligations issued in the U.S. capital markets by foreign banks.

Eurodollar and Yankee obligations are subject to the same risks that pertain to domestic issues, notably credit risk, market risk and liquidity risk. Additionally, Eurodollar (and to a limited extent, Yankee) obligations are subject to certain sovereign risks. One such risk is the possibility that a sovereign country might prevent capital, in the form of dollars, from flowing across their borders. Other risks include: adverse political and economic developments; the extent and quality of government regulation of financial markets and institutions; the imposition of foreign withholding taxes; and expropriation or nationalization of foreign issuers. However, Eurodollar and Yankee obligations will undergo the same credit analysis as domestic issues in which the Prime Portfolio invests, and will have at least the same financial strength as the domestic issuers approved for the Prime Portfolio.

PART C VANGUARD MONEY MARKET RESERVES, INC. OTHER INFORMATION

ITEM 24. FINANCIAL STATEMENTS AND EXHIBITS

(A) FINANCIAL STATEMENTS

The Registrant's audited financial statements for the year ended November 30, 1993, including Price Waterhouse's report thereon, are incorporated by reference, in the Statement of Additional Information, from the Registrant's 1993 Annual Report to Shareholders which has been filed with the Commission. The financial statements included in the Annual Report are:

1. Statement of Net Assets as of November 30, 1993
2. Statement of Operations for the year ended November 30, 1993
3. Statement of Changes in Net Assets for each of the two years in the period ended November 30, 1993

4. Financial Highlights for each of the five years in the period ended November 30, 1993
5. Notes to Financial Statements
6. Report of Independent Accountants

(B) EXHIBITS

1. Articles of Incorporation
2. By-Laws of Registrant
3. Not Applicable
4. Not Applicable
5. Not Applicable
6. Not Applicable
7. Reference is made to the section entitled "Management of the Fund" in the Registrant's Statement of Additional Information
8. Form of Custody Agreement
9. Form of Vanguard Service Agreement
10. Opinion of Counsel
11. Consent of Independent Accountants*
12. Financial Statements--reference is made to (a) above
13. Not Applicable
14. Not Applicable
15. Not Applicable
16. Schedule for Computation of Performance Quotations*

- -----
*Filed herewith

ITEM 25. PERSONS CONTROLLED BY OR UNDER COMMON CONTROL WITH REGISTRANT

Registrant is not controlled by or under common control with any person. The officers of the Registrant, the 32 investment companies in The Vanguard Group of Investment Companies and The Vanguard Group, Inc. are identical. Reference is made to the caption "Management of the Fund" in the Prospectus constituting Part A and in the Statement of Additional Information constituting Part B of this Registration Statement.

ITEM 26. NUMBER OF HOLDERS OF SECURITIES

As of November 30, 1993 the number of shareholders of each portfolio of the Fund was as follows:

Prime Portfolio.....	691,533
Federal Portfolio.....	101,247
U.S. Treasury Portfolio.....	73,308

ITEM 27. INDEMNIFICATION

Reference is made to Article XI of Registrant's Articles of Incorporation.

ITEM 28. BUSINESS AND OTHER CONNECTIONS OF INVESTMENT ADVISER

Investment advisory services are provided to the Registrant on an at-cost basis by The Vanguard Group, Inc., a jointly-owned subsidiary of the Registrant and the other Funds in the Group. See the information concerning The Vanguard Group set forth in Parts A and B.

ITEM 29. PRINCIPAL UNDERWRITERS

- (a) None
- (b) Not Applicable

ITEM 30. LOCATION OF ACCOUNTS AND RECORDS

The books, accounts and other documents required by Section 31(a) under the Investment Company Act and the rules promulgated thereunder will be maintained in the physical possession of Registrant; Registrant's Transfer Agent, The Vanguard Group, Inc. c/o The Vanguard Financial Center, Valley Forge, Pennsylvania 19482; and the Registrant's Custodian, CoreStates Bank, N.A., Philadelphia, Pa.

ITEM 31. MANAGEMENT SERVICES

Other than the Amended and Restated Funds' Service Agreement with The Vanguard Group, Inc. which was previously filed as Exhibit 9(c) and described in Part B hereof under "Management of the Fund;" the Registrant is not a party of any management-related service contract.

ITEM 32. UNDERTAKINGS

Annual meetings of shareholders will not be held except as required by the Investment Company Act of 1940 ("1940 Act") or other applicable law. Registrant undertakes to comply with the provisions of Section 16(c) of the 1940 Act in regard to shareholders' rights to call a meeting of shareholders for the purpose of voting on the removal of Directors and to assist in shareholder communications in such matters, to the extent required by law.

Registrant hereby undertakes to provide an Annual Report to Shareholders or prospective investors, free of charge, upon request.

Pursuant to the requirements of the Securities Act of 1933 and the Investment Company Act of 1940, the Registrant certifies that it meets all the

requirements for effectiveness of this Registration Statement pursuant to Rule 485(b) under the Securities Act of 1933 and has duly caused this Post-Effective Amendment to this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the Town of Valley Forge and the Commonwealth of Pennsylvania, on the 1st day of March, 1994.

VANGUARD MONEY MARKET RESERVES, INC.

BY:

(Raymond J. Klapinsky)
John C. Bogle*, Chairman and Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this Post-Effective Amendment to the Registration Statement has been signed below by the following persons in the capacities and on the date indicated:

BY:

(Raymond J. Klapinsky)
John C. Bogle*, Chairman of the Board, Director, and Chief Executive Officer
March 1, 1994

BY:

(Raymond J. Klapinsky)
John J. Brennan*, Director and President
March 1, 1994

BY:

(Raymond J. Klapinsky)
Robert E. Cawthorn*, Director
March 1, 1994

BY:

(Raymond J. Klapinsky)
Barbara B. Hauptfuhrer*, Director
March 1, 1994

BY:

(Raymond J. Klapinsky)
Bruce K. MacLaury, Director
March 1, 1994

BY:

(Raymond J. Klapinsky)
Burton G. Malkiel*, Director
March 1, 1994

BY:

(Raymond J. Klapinsky)
John C. Sawhill*, Director
March 1, 1994

BY:

(Raymond J. Klapinsky)
James O. Welch, Jr.*, Director
March 1, 1994

BY:

(Raymond J. Klapinsky)
J. Lawrence Wilson*, Director
March 1, 1994

BY:

(Raymond J. Klapinsky)
Richard F. Hyland*, Treasurer and Principal Financial Officer and Accounting Officer
March 1, 1994

*By Power of Attorney. See File Number 2-14336, January 23, 1990. Incorporated by Reference.

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Schedule for Computation of Performance Quotations..... 16

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Prospectuses and the Statement of Additional Information, constituting parts of this amended Registration Statement on Form N-1A, of our report dated December 27, 1993, relating to the financial statements, including the financial highlights, appearing in the November 30, 1993 Annual Report to Shareholders of Vanguard Money Market Reserves, Inc., which are also incorporated by reference into the Registration Statement. We also consent to the references to us under the headings "Financial Highlights" and "General Information" in the Prospectuses and "Financial Statements" in the Statement of Additional Information.

BY: PRICE WATERHOUSE

Philadelphia, PA
February 28, 1994

SCHEDULE FOR COMPUTATION OF PERFORMANCE QUOTATIONS
VANGUARD MONEY MARKET RESERVES

1. Average Annual Total Return (As of November 30, 1993)

$$P (1 + T)^n = ERV$$

Where: P = a hypothetical initial payment of \$1,000

 T = average annual total return

 N = number of years

 ERV = ending redeemable value at the end of the period

EXAMPLE:

Prime

One Year

P = \$1,000

T = 3.02%

N = 1

ERV = \$1,030.20

Five Year

P = \$1,000

T = 6.18%

N = 5

ERV = \$1,349.38

Ten Year

P = \$1,000

T = 7.03%

N = 10

ERV = \$1,972.85

Federal

One Year

P = \$1,000

T = 2.98%

N = 1

ERV = \$1,029.79

Five Year

P = \$1,000
T = 6.03%
N = 5
ERV = \$1,340.02

Ten Year

P = \$1,000
T = 6.83%
N = 10
ERV = \$1,935.55

U.S. Treasury

One Year

P = \$1,000
T = 2.86%
N = 1
ERV = \$1,028.60

Five Year

P = \$1,000
T = 5.85%
N = 5
ERV = \$1,328.95

Ten Year

P = \$1,000
T = 6.57%*
N = 10
ERV = \$1,888.88*

*Since the Fund's inception on March 9, 1983.

2. YIELD (30 Days Ended November 30, 1993)

$$\text{Yield} = 2 \frac{[(a)6] - [cXd]}{[(- + 1) - 1]} - b \times 100$$

Where: a = dividends and interest paid during the period

b = expense ratios during the period (net of reimbursements)

c = the average daily number of shares outstanding during the period

d = the maximum offering price per share on the last day of the period

Example

a	=	\$	
b	=	\$0.00	
c	=		
d	=	\$	
Yield	=		%