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OPPENHEIMER TAX EXEMPT CASH RESERVES

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STATEMENT OF ADDITIONAL INFORMATION
OPPENHEIMER TAX-EXEMPT CASH RESERVES

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This Statement of Additional Information (the "Additional Statement") is not a Prospectus. This Additional Statement should be read in conjunction with the Prospectus dated April 29, 1994 (the "Prospectus") of Oppenheimer Tax-Exempt Cash Reserves (the "Fund"), which may be obtained upon written request to the Fund's Transfer and Shareholder Servicing Agent, Oppenheimer Shareholder Services (the "Transfer Agent"), P.O. Box 5270, Denver, Colorado 80217, or by calling the Transfer Agent at the toll-free number listed above.

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This Additional Statement is effective April 29, 1994.

INVESTMENT OBJECTIVE AND POLICIES

The investment objective and policies of the Fund are described in the Prospectus. Supplemental information about those policies is set forth below. Certain capitalized terms used in this Additional Statement and not otherwise defined herein are defined in the Prospectus.

The Fund will not make investments with the objective of seeking capital growth. However, the value of the securities held by the Fund may be affected by changes in general interest rates. Because the current value of debt securities varies inversely with changes in prevailing interest rates, if interest rates increase after a security is purchased, that security would normally decline in value. Conversely, should interest rates decrease after a security is purchased, its value would rise. However, those fluctuations in value will not generally result in realized gains or losses to the Fund since the Fund does not usually intend to dispose of securities prior to their maturity. A debt security held to maturity is redeemable by its issuer at full principal value plus accrued interest. To a limited degree, the Fund may engage in short-term trading to attempt to take advantage of short-term market variations, or may dispose of a portfolio security prior to its maturity if, on the basis of a revised credit evaluation of the issuer or other considerations, the Fund believes such disposition advisable or it needs to generate cash to satisfy redemptions. In such cases, the Fund may realize a capital gain or loss.

There are, of course, variations in the security of Municipal Securities, both within a particular classification and between classifications, depending on numerous factors. The yields of Municipal Securities depend on, among other things, general money market conditions, general conditions of the Municipal Securities market, the size of a particular offering, the maturity of the obligation and rating of the issue. The market value of Municipal Securities will vary as a result of changing evaluations of the ability of their issuers to meet interest and principal payments, as well as changes in the interest rates payable on new issues of Municipal Securities.

Municipal Securities. The types of Municipal Securities in which the Fund may invest are described in the Prospectus under "The Fund and Its Investment Policies." Set forth below is a discussion of the general characteristics of types of Municipal Securities.

Municipal Bonds. The principal classifications of long-term municipal bonds are "general obligation" and "revenue" or "industrial development" bonds.

General Obligation Bonds. Issuers of general obligation bonds include states, counties, cities, towns, and regional districts. The proceeds of these obligations are used to fund a wide range of public projects, including construction or improvement of schools, highways and roads, and water and sewer systems. The basic security behind general obligation bonds is the issuer's pledge of its full faith and credit and taxing power for the payment of principal and interest. The taxes that can be levied for the payment of debt service may be limited or unlimited as to the rate or amount of special assessments.

Revenue Bonds. The principal security for a revenue bond is generally the net revenues derived from a particular facility, group of facilities, or, in some cases, the proceeds of a special excise or other specific revenue source. Revenue bonds are issued to finance a wide variety of capital projects including: electric, gas, water and sewer systems; highways, bridges, and tunnels; port and airport facilities; colleges and universities; and hospitals. Although the principal security behind these bonds may vary, many provide additional security in the form of a debt service reserve fund which may be used to make principal and interest payments on the issuer's obligations. Housing finance authorities have a wide range of security, including partially or fully insured mortgages, rent subsidized and/or collateralized mortgages, and/or the net revenues from housing or other public projects. Some authorities provide further security in the form of a state's ability (without obligation) to make up deficiencies in the debt service reserve fund.

Industrial Development Bonds. Industrial development bonds, which are considered municipal bonds if the interest paid is exempt from federal income tax, are issued by or on behalf of public authorities to raise money to finance various privately operated facilities for business and manufacturing, housing, sports, and pollution control. These bonds are also used to finance public facilities such as airports, mass transit systems, ports, and parking. The payment of the principal and interest on such bonds is dependent solely on the ability of the facility's user to meet its financial obligations and the pledge, if any, of real and personal property so financed as security for such payment.

Municipal Notes. Municipal Securities having a maturity when issued of less than one year are generally known as municipal notes. Municipal notes generally are used to provide for short-term working capital needs and include:

Tax Anticipation Notes. Tax anticipation notes are issued to finance working capital needs of municipalities. Generally, they are issued in anticipation of various seasonal tax revenue, such as income, sales, use or business taxes, and are payable from these specific future taxes.

Revenue Anticipation Notes. Revenue anticipation notes are issued in expectation of receipt of other types of revenue, such as federal revenues available under the Federal revenue sharing programs.

Bond Anticipation Notes. Bond anticipation notes are issued to provide interim financing until long-term financing can be arranged. In most cases, the long-term bonds then provide the money for the repayment of the notes.

Construction Loan Notes. Construction loan notes are sold to provide construction financing. After successful completion and acceptance, many projects receive permanent financing through the Federal Housing Administration.

Tax-Exempt Commercial Paper. Tax-exempt commercial paper is a short-term obligation with a stated maturity of 365 days or less. It is issued by agencies of state and local governments or their agencies to finance seasonal working capital needs or as short-term financing in anticipation of longer-term financing.

Participation Interests. The Fund may purchase participation interests in all or part of specific holdings of short-term Municipal Securities from financial institutions such as banks, insurance companies and savings and loan associations. Such institutions frequently provide, or secure from another financial institution, letters of credit or guarantees to secure the interests, and give the buyer the right to demand payment of the principal amount of the participation interests plus accrued interest on short notice (normally within seven days). In the event of a failure by the issuer to pay scheduled interest or principal payments on the underlying municipal security, the Fund could experience a decline in its net asset value. In the event of a failure by the financial institution to perform its obligations in connection with the participation interest, the Fund might incur certain costs and delays in realizing payment or may suffer a loss of principal and/or interest. The Fund may buy participation interests in Municipal Securities having maturities of more than one year if the participation interests include the right to demand payment from the financial institutions (which may charge fees in connection with their repurchase commitments).

Certificates of Participation. Certificates of participation are tax-exempt obligations that evidence the holder's right to share in lease, installment loan or other financing payments by a public entity. Projects financed with certificates of participation generally are not subject to state constitutional debt limitations or other statutory requirements that may be applicable to Municipal Securities.

Floating Rate/Variable Rate Obligations. Floating rate and variable rate demand notes are tax-exempt obligations which may have a stated maturity in excess of one year, but may include features that permit the holder to recover the principal amount of the underlying security on not more than thirty days' notice at any time or at specified intervals not exceeding one year. The issuer of such notes normally has a corresponding right, after a given period, to prepay in its discretion the outstanding principal amount of the note plus accrued interest upon a specified number of days notice to the holder. The interest rate on a floating rate demand note is based on a stated prevailing market rate, such as a bank's prime rate, the 91-day U.S. Treasury Bill rate, or some other standard, and is adjusted automatically each time such rate is adjusted. The interest rate on a variable rate demand note is also based on a stated prevailing market rate but is adjusted automatically at specified intervals of no less than one year. Generally, the changes in the interest rate on such securities reduce the fluctuation in their market value. As interest rates decrease or increase, the potential for capital appreciation or depreciation is less than that for fixed-rate obligations of the same maturity. The Fund's investment manager, Oppenheimer Management Corporation (the "Manager"), may determine that an unrated floating rate or variable rate demand obligation meets the Fund's quality standards by reason of being backed by a letter of credit or guarantee issued by a bank that meets the Fund's quality standards. There is no limit on the amount of the Fund's assets that may be invested in floating rate and variable rate obligations. Floating rate or variable rate obligations which do not provide for recovery of principal and interest within thirty days may be subject to the limitations applicable to illiquid securities described in "The Fund and Its Investment Policies - Illiquid and Restricted

Securities" in the Prospectus.

Puts and Standby Commitments. When the Fund buys Municipal Securities, it may obtain a standby commitment from the seller to repurchase the securities that entitles the Fund to achieve same day settlement from the repurchaser and to receive an exercise price equal to the amortized cost of the underlying security plus accrued interest, if any, at the time of exercise. A put purchased in conjunction with a Municipal Security enables the Fund to sell the underlying security within a specified period of time at a fixed exercise price. The Fund may pay for a standby commitment or put either separately in cash or by paying a higher price for the securities acquired subject to the standby commitment or put. The Fund will enter into these transactions only with banks and dealers which, in the Manager's opinion, present minimal credit risks. The Fund's purchases of puts are subject to the provisions of Rule 2a-7 under the Investment Company Act because the Fund uses the amortized cost method to value its portfolio securities. That Rule, which is subject to change, states (among other things) that the Fund may not invest more than 5% of the total amortized cost value of its assets in securities issued by or subject to puts from the same institution. Further, that Rule states that an unconditional put with respect to a security will not be deemed to be issued by the institution providing the put, provided that the value of all securities held by the Fund and issued by the issuer providing the put shall not exceed 10% of the Fund's total assets.

The Fund's ability to exercise a put or standby commitment will depend on the ability of the bank or dealer to pay for the securities if the put or standby commitment is exercised. If the bank or dealer should default on its obligation, the Fund might not be able to recover all or a portion of any loss sustained from having to sell the security elsewhere. Puts and standby commitments are not transferrable by the Fund, and therefore terminate if the Fund sells the underlying security to a third party. The Fund intends to enter into these arrangements to facilitate portfolio liquidity, although such arrangements may enable the Fund to sell a security at a pre-arranged price which may be higher than the prevailing market price at the time the put or standby commitment is exercised. Any consideration paid by the Fund for the put or standby commitment (which increases the cost of the security and reduces the yield otherwise available from the security) will be reflected on the Fund's books as unrealized depreciation while the put or standby commitment is held, and a realized gain or loss when the put or commitment is exercised or expires.

When-Issued and Delayed Delivery Transactions. The Fund may purchase Municipal Securities on a "when-issued" basis and may purchase or sell such securities on a "delayed delivery" basis. Payment for and delivery of the securities generally settles within sixty days of the date the offer is accepted. The purchase price and yield are fixed at the time the buyer enters into the commitment. During the period between purchase and settlement, no payment is made by the Fund to the issuer and no interest accrues to the Fund from this investment. However, the Fund intends to be as fully invested as possible and will not invest in when-issued securities if its income or net asset value will be materially adversely affected. At the time the Fund makes the commitment to purchase a Municipal Security on a when-issued basis, it will record the transaction on its books and reflect the value of the security in determining its net asset value. It will also segregate cash or other high quality liquid Municipal Securities equal in value to the commitment for the when-issued securities. While when-issued securities may be sold prior to settlement date, the Fund intends to acquire the securities upon settlement unless a prior sale appears desirable for investment reasons. There is a risk that the yield available in the market when delivery occurs may be higher than the yield on the security acquired.

Private Activity Municipal Securities. The Tax Reform Act of 1986 (the "Tax Reform Act") reorganized, as well as amended, the rules governing tax exemption for interest on Municipal Securities. The Tax Reform Act generally did not change the tax treatment of bonds issued in order to finance governmental operations. Thus, interest on obligations issued by or on behalf of a state or local government, the proceeds of which are used to finance the operations of such governments (e.g., general obligation bonds), continues to be tax-exempt. However, the Tax Reform Act further limited the use of tax-exempt bonds for non-governmental (private) purposes. More stringent restrictions were placed on the use of proceeds of such bonds. Interest on certain private activity bonds (other than those specified as "qualified" tax-exempt private activity bonds, e.g., exempt facility bonds including certain industrial development bonds, qualified mortgage bonds, qualified Section 501(c)(3) bonds, qualified student loan bonds, etc.) is taxable under the revised rules.

Interest on certain private activity bonds issued after August 7, 1986 which continues to be tax-exempt will be treated as a tax preference item subject to the alternative minimum tax (discussed below) to which certain taxpayers are subject. Further, a private activity bond which would otherwise be a qualified tax-exempt private activity bond will not, under Internal Revenue Code Section 147(a), be a qualified bond for any period during which it is held by a person who is a "substantial user" of the facilities or by a "related person" of such a substantial user. This "substantial user" provision is applicable primarily to exempt facility bonds, including industrial development bonds. The Fund may not be an appropriate investment for entities which are "substantial users" (or persons related thereto) of such exempt facilities, and such persons should consult their own tax advisers before purchasing shares. A "substantial user" of such facilities is defined generally as a "non-exempt person who regularly uses part of a facility" financed from the proceeds of exempt facility bonds. Generally, an individual will not be a "related person" under the Internal Revenue Code unless such investor or the investor's immediate family (spouse, brothers, sisters and immediate descendants) own directly or indirectly in the aggregate more than 50% in value of the equity of a corporation or partnership which is a "substantial user" of a facility financed from the proceeds of exempt facility bonds. In addition, limitations as to the amount of private activity bonds which each state may issue were revised downward by the Tax Reform Act, which will reduce the supply of such bonds. The value of the Fund's portfolio could be affected if there is a reduction in the availability of such bonds. That value may also be affected by a 1988 U.S. Supreme Court decision upholding the constitutionality of the imposition of a Federal tax on the interest earned on Municipal Securities issued in bearer form.

A Municipal Security is treated as a taxable private activity bond under a test for (a) a trade or business use and security interest, or (b) a private loan restriction. Under the trade or business use and security interest test, an obligation is a private activity bond if (i) more than 10% of bond proceeds are used for private business purposes and (ii) 10% or more of the payment of principal or interest on the issue is directly or indirectly derived from such private use or is secured by the privately used property or the payments related to the use of the property. For certain types of uses, a 5% threshold is substituted for this 10% threshold. (The term "private business use" means any direct or indirect use in a trade or business carried on by an individual or entity other than a governmental unit.) Under the private loan restriction, the amount of bond proceeds which may be used to make private loans is limited to the lesser of 5% or $5.0 million of the proceeds. Thus, certain issues of Municipal Securities could lose their tax-exempt status retroactively if the issuer fails to meet certain requirements as to the expenditure of the proceeds of that issue or use of the bond-financed facility. The Fund makes no independent investigation of the users of such bonds or their use of proceeds. Should the Fund hold a bond that loses its tax-exempt status retroactively, there might be an adjustment to the tax-exempt income previously paid to shareholders.

The Federal alternative minimum tax is designed to ensure that all taxpayers pay some tax, even if their regular tax is zero. This is accomplished in part by including in taxable income certain tax preference items in arriving at alternative minimum taxable income. The Tax Reform Act made tax-exempt interest from certain private activity bonds a tax preference item for purposes of the alternative minimum tax on individuals and corporations. Any exempt-interest dividend paid by a regulated investment company will be treated as interest on a specific private activity bond to the extent of its proportionate share of the interest on such bonds received by the regulated investment company. The U.S. Treasury is authorized to issue regulations implementing this provision. In addition, corporate taxpayers subject to the alternative minimum tax may, under some circumstances, have to include exempt-interest dividends in calculating their alternative minimum taxable income in situations where the "adjusted current earnings" of the corporation exceeds its alternative minimum taxable income. The Fund may hold Municipal Securities the interest on which will be subject to the Federal alternative minimum tax on individuals and corporations. The Fund anticipates that under normal circumstances it will not purchase any such securities in an amount greater than 20% of the Fund's total assets.

Ratings of Securities. The Prospectus describes "Eligible Securities" in which the Fund may invest and indicates that if a security's rating is downgraded, the Manager and/or the Board may have to reassess the security's credit risks. If a security has ceased to be a First Tier Security, the Manager will promptly reassess whether the security continues to present "minimal credit risks." If the Manager becomes aware that any Rating Organization has downgraded its rating of a Second Tier Security or rated an unrated security below its second highest rating category, the Fund's Board of Trustees shall promptly reassess whether the security presents minimal credit risks and whether it is in the best interests of the Fund to dispose of it; but if the Fund disposes of the security within 5 days of the Manager learning of the downgrade, the Manager will provide the Board with subsequent notice of such downgrade. If a security is in default, or ceases to be an Eligible Security, or is determined no longer to present minimal credit risks, the Board must determine whether it would be in the best interests of the Fund to dispose of the security. The Rating Organizations currently designated as such by the Securities and Exchange Commission ("SEC") are Standard & Poor's Corporation, Moody's Investors Service, Inc., Fitch Investors Services, Inc., Duff and Phelps, Inc., IBCA Limited and its affiliate, IBCA, Inc., and Thomson Bankwatch, Inc. A description of the ratings categories of those Rating Organizations is contained in Appendix A.

Repurchase Agreements. In a repurchase transaction, the Fund acquires a security from, and simultaneously resells it to, an approved vendor (a U.S. commercial bank or the U.S. branch of a foreign bank or a broker-dealer which has been designated a primary dealer in government securities, which must meet the credit requirements set by the Fund's Board of Trustees from time to time). The resale price exceeds the purchase price by an amount that reflects an agreed-upon interest rate effective for the period during which the repurchase agreement is in effect. The majority of these transactions run from day to day, and delivery pursuant to the resale typically will occur within one to five days of the purchase. Repurchase agreements are considered "loans" under the Investment Company Act, collateralized by the underlying security. The Fund's repurchase agreements require that at all times while the repurchase agreement is in effect, the value of the collateral must equal or exceed the repurchase price to fully collateralize the repayment obligation. Additionally, the Manager will impose creditworthiness requirements to confirm that the vendor is financially sound and will continuously monitor the collateral's value.

Loans of Portfolio Securities. The Fund may lend its portfolio securities subject to the restrictions stated in the Prospectus. Under applicable regulatory requirements (which are subject to change), the loan collateral must, on each business day, at least equal the market value of the loaned securities and must consist of cash, bank letters of credit, U.S. Government securities, or other cash equivalents in which the Fund is permitted to invest. To be acceptable as collateral, letters of credit must obligate a bank to pay amounts demanded by the Fund if the demand meets the terms of the letter. Such terms and the issuing bank must be satisfactory to the Fund. In a portfolio securities lending transaction, the Fund receives from the borrower an amount equal to the interest paid or the dividends declared on the loaned securities during the term of the loan as well as the interest on the collateral securities, less any finders' or administrative fees the Fund pays in arranging the loan. The

Fund may share the interest it receives on the collateral securities with the borrower as long as it realizes at least a minimum amount of interest required by the lending guidelines established by its Board of Trustees. The Fund will not lend its portfolio securities to any officer, trustee, employee or affiliate of the Fund or its Manager. The terms of the Fund's loans must meet certain tests under the Internal Revenue Code and permit the Fund to reacquire loaned securities on five business days' notice or in time to vote on any important matter.

YIELD INFORMATION

The Fund's current yield is determined in accordance with regulations adopted under the Investment Company Act. Yield is calculated for a seven day period of time as follows. First, a base period return is calculated for the seven-day period by determining the net change in the value of a hypothetical pre-existing account having one share at the beginning of the seven day period. The change includes dividends declared on the original share and dividends declared on any shares purchased with dividends on that share, but such dividends are adjusted to exclude any realized or unrealized capital gains or losses affecting the dividends declared. Next, the base period return is multiplied by 365/7 to obtain the current yield to the nearest hundredth of one percent. The compounded effective yield for a seven-day period is calculated by (a) adding 1 to the base period return (obtained as described above), (b) raising the sum to a power equal to 365 divided by 7, and (c) subtracting 1 from the result. The Fund's current yield for the seven days ended December 31, 1993 was 1.79%. Its compounded effective yield for that period was 1.81%. These performance figures reflect the termination, effective January 24, 1994, of a voluntary expense assumption by the Manager. With the assumption, the Fund's current yield and compounded yield for the seven days ended December 31, 1993 would have been higher.

The yield as calculated above may vary for accounts less than approximately $100 in value due to the effect of rounding off each daily dividend to the nearest full cent. Since the calculation of yield under either procedure described above does not take into consideration any realized or unrealized gains or losses on the Fund's portfolio securities which may affect dividends, the return on dividends declared during a period may not be the same on an annualized basis as the yield for that period.

The Fund's "tax equivalent yield" adjusts the Fund's current yield, as calculated above, by a stated Federal tax rate. The tax equivalent yield is computed by dividing the tax-exempt portion of the Fund's current yield by one minus a stated income tax rate and adding the result to the portion (if any) of the Fund's current yield that is not tax-exempt. The tax equivalent yield may be compounded as described above to provide a compounded effective tax equivalent yield. The tax equivalent yield may be used to compare the tax effects of income derived from the Fund with income from taxable investments at the tax rates stated. Appendix B includes a tax equivalent yield table, based on various effective tax brackets for individual taxpayers. Such tax brackets are determined by a taxpayer's Federal taxable income (the net amount subject to Federal income tax after deductions and exemptions). The tax equivalent yield table assumes that the investor is taxed at the highest bracket, regardless of whether a switch to non-taxable investments would cause a lower bracket to apply and that state income tax payments are fully deductible for income tax purposes. For taxpayers with income above certain levels, otherwise allowable itemized deductions are limited. The Fund's tax-equivalent yield for the seven-day period ended December 31, 1993 was 2.95% for an investor in the highest Federal tax bracket. Its tax-equivalent compounded effective yield for the same period for the same investor was 3.00%. These performance figures reflect the termination, effective January 24, 1994, of a voluntary expense assumption by the Manager. With the assumption, the Fund's current and compounded tax equivalent yields for the seven days ended December 31, 1993 would have been higher.

Yield information may be useful to investors in reviewing the Fund's performance. The Fund may make comparisons between its yield and that of other investments, by citing various indices such as The Bank Rate Monitor National Index (provided by Bank Rate Monitor), which measures the average rate paid on bank money market accounts, NOW accounts and CDs by the 100 largest banks and thrift institutions in the top ten metropolitan areas. However, a number of factors should be considered before using yield information as a basis for comparison with other investments. An investment in the Fund is not insured. Its yield is not guaranteed and normally will fluctuate on a daily basis. The yield for any given past period is not an indication or representation by the Fund of future yields or rates of return on its shares. The Fund's yield is affected by portfolio quality, portfolio maturity, type of instruments held and the Fund's operating expenses. The Fund's performance information reflects the voluntary assumption of expenses by the Manager, absent which such figures would have been lower than those shown above. When comparing the Fund's yield with that of other investments, investors should understand that certain other investment alternatives, such as CDs, U.S. government securities, money market instruments or bank accounts may provide fixed yields or yields that may vary above a stated minimum, and also that bank accounts may be insured. Certain types of bank accounts may not pay interest when the balance falls below a specified level and may limit the number of withdrawals by check per month. In order to compare the Fund's dividends to the rate of return on taxable investments, Federal income taxes on such investments should be considered.

INVESTMENT RESTRICTIONS

The Fund's significant investment restrictions are described in the Prospectus. The following investment restrictions are also fundamental policies of the Fund, and, together with the fundamental policies and investment objective described in the Prospectus, cannot be changed without the vote of a "majority" of the Fund's outstanding shares. Under the Investment Company Act, such "majority" vote is defined as the vote of the holders of the lesser of: (i) 67% or more of the shares present or represented by proxy at a shareholders' meeting, if the holders of more than 50% of the outstanding shares are present or represented by proxy, or (ii) more than 50% of the outstanding shares. Under these additional restrictions, the Fund cannot: (1) enter into a repurchase agreement or purchase a security subject to a call for redemption if the scheduled repurchase or redemption date is greater than one year; (2) invest in commodities or commodity contracts, or invest in interests in oil, gas, or other mineral exploration or development programs; (3) invest in real estate; however, the Fund may purchase debt securities issued by companies which invest in real estate or interests therein; (4) purchase securities on margin or make short sales of securities; (5) invest in or hold securities of any issuer if those officers and trustees or directors of the Fund or its adviser who beneficially own individually more than 0.5% of the securities of such issuer together own more than 5% of the securities of such issuer; (6) underwrite securities of other companies except insofar as the Fund may be deemed an underwriter under the Securities Act of 1933 in connection with the disposition of portfolio securities; (7) invest more than 5% of its assets in securities of companies that have operated less than three years, including the operations of predecessors or (8) purchase securities of other investment companies, except in connection with a merger, consolidation, acquisition or reorganization.

Diversification. For purposes of diversification under the Investment Company Act and the investment restrictions in the Prospectus, the identification of the "issuer" of a Municipal Security depends on the terms and conditions of the security. When the assets and revenues of an agency, authority, instrumentality or other political subdivision are separate from those of the government creating the subdivision and the security is backed only by the assets and revenues of the subdivision, such subdivision would be deemed to be the sole issuer. Similarly, in the case of an industrial development bond, if that bond is backed only by the assets and revenues of the nongovernmental user, then such nongovernmental user would be deemed to be the sole issuer. However, if in either case the creating government or some other entity guarantees the security, such guarantee would be considered a separate security and would be treated as an issue of such government or other agency. For purposes of the Fund's complying with Rule 2a-7 when investing in puts, a put will be considered to be issued by the party to which the Fund will look for payment of the exercise price and an unconditional put will be considered to be a guarantee of the underlying security.

In applying the restrictions in the Prospectus as to its investments, the Manager will consider a nongovernmental user of facilities financed by industrial development bonds as being in a particular industry, despite the fact that there is no industry concentration limitation as to the municipal securities the Fund may own. Although this application of the restriction is not technically a fundamental policy of the Fund, it will not be changed without shareholder approval. The Fund has no present intention of investing more than 25% of its total assets in securities the interest on which is paid from revenues of similar types of projects. This is not a fundamental policy, and therefore may be changed without shareholder approval. Should any such change be made, the Prospectus and/or Additional Statement will be supplemented accordingly.

TRUSTEES AND OFFICERS

The Fund's Trustees and officers and their principal occupations and business affiliations during the past five years are set forth below. Each Trustee is also a Trustee, Director or Managing General Partner of Oppenheimer Total Return Fund, Inc., Oppenheimer Equity Income Fund, Oppenheimer High Yield Fund, Oppenheimer Strategic Investment Grade Bond Fund, Oppenheimer Strategic Short-Term Income Fund, Oppenheimer Strategic Income & Growth Fund, Oppenheimer Strategic Funds Trust, Oppenheimer Cash Reserves, Oppenheimer Limited-Term Government Fund, Oppenheimer Tax-Exempt Bond Fund, Oppenheimer Money Market Fund, Inc., Centennial America Fund, L.P., Oppenheimer Champion High Yield Fund, Oppenheimer Main Street Funds, Inc., Oppenheimer Integrity Funds, Oppenheimer Variable Account Funds, The New York Tax-Exempt Income Fund, Inc., Daily Cash Accumulation Fund, Inc., Centennial Money Market Trust, Centennial Government Trust, Centennial Tax Exempt Trust, Centennial California Tax Exempt Trust and Centennial New York Tax Exempt Trust (collectively, the "Denver-based OppenheimerFunds"). Mr. Fossel is President and Mr. Swain is Chairman of the Denver-based OppenheimerFunds. As of March 29, 1994, the Trustees and officers of the Fund as a group owned less than 1% of the Fund's outstanding shares.

ROBERT G. AVIS, Trustee*
One North Jefferson Ave., St. Louis, Missouri 63103
Vice Chairman of A.G. Edwards & Sons, Inc. (a broker-dealer) and A.G. Edwards, Inc. (its parent holding company); Chairman of A.G.E. Asset Management and A.G. Edwards Trust Company (its affiliated investment adviser and trust company, respectively).

WILLIAM A. BAKER, Trustee
197 Desert Lakes Drive, Palm Springs, California 92264
Management Consultant.

CHARLES CONRAD, JR., Trustee
19411 Merion Cr., Huntington Beach, California 92648
Vice President of McDonnell Douglas Ltd.; formerly associated with the National Aeronautics and Space Administration.

JON S. FOSSEL, President and Trustee*
Two World Trade Center, New York, New York 10048-0203
Chairman, Chief Executive Officer and a director of the Manager; President and a director of Oppenheimer Acquisition Corp. ("OAC"), the Manager's parent holding company; President and a director of HarbourView Asset Management Corporation ("HarbourView"), a subsidiary of the Manager; a director of Shareholder Services, Inc. ("SSI") and Shareholder Financial Services, Inc. ("SFSI"), transfer agent subsidiaries of the Manager; formerly President of the Manager.

RAYMOND J. KALINOWSKI, Trustee
44 Portland Drive, St. Louis, Missouri 63131
Formerly Vice Chairman and a director of A.G. Edwards, Inc., parent holding company of A.G. Edwards & Sons, Inc. (a broker-dealer), of which he was a Senior Vice President.

C. HOWARD KAST, Trustee
2552 East Alameda, Denver, Colorado 80209
Formerly the Managing Partner of Deloitte, Haskins & Sells (an accounting firm).

ROBERT M. KIRCHNER, Trustee
7500 E. Arapahoe Road, Englewood, Colorado 80112
President of The Kirchner Company (management consultants).

NED M. STEEL, Trustee
3416 South Race Street, Englewood, Colorado 80110
Chartered Property and Casualty Underwriter; formerly Senior Vice President and a director ofVan Gilder Insurance Corp. (insurance brokers).

JAMES C. SWAIN, Chairman and Trustee*
3410 South Galena Street, Denver, Colorado 80231
Vice Chairman of the Manager; President and a Director of Centennial Asset Management Corporation, an investment adviser subsidiary of the Manager ("Centennial"); formerly President and Director of Oppenheimer Asset Management Corporation ("OAMC"), an investment adviser which was a subsidiary of the Manager and Chairman of the Board of SSI.

ANDREW J. DONOHUE, Vice President
Two World Trade Center, New York, New York 10048-0203
Executive Vice President and General Counsel of the Manager and Oppenheimer Funds Distributor, Inc. (the "Distributor"); an officer of other OppenheimerFunds; formerly Senior Vice President and Associate General Counsel of the Manager and the Distributor, Partner in Kraft & McManimon (a law firm), an officer of First Investors Corporation (a broker-dealer) and First Investors Management Company, Inc. (broker-dealer and investment adviser), director and an officer of First Investors Family of Funds and First Investors Life Insurance Company.

MICHAEL CARBUTO, Vice President and Portfolio Manager
Two World Trade Center, New York, New York 10048-0203
Vice President of the Manager and Centennial; an officer of other OppenheimerFunds.

GEORGE C. BOWEN, Vice President, Secretary and Treasurer
3410 South Galena Street Denver, Colorado 80231
Senior Vice President and Treasurer of the Manager; Vice President and Treasurer of the Distributor and HarbourView; Senior Vice President, Treasurer, Assistant Secretary and a director of Centennial; Vice President, Treasurer and Secretary of SSI and SFSI; an officer of other OppenheimerFunds; formerly Senior Vice President/Comptroller and Secretary of OAMC.

ROBERT G. ZACK, Assistant Secretary
Two World Trade Center, New York, New York 10048-0203
Senior Vice President and Associate General Counsel of the Manager; Assistant Secretary of SSI and SFSI; an officer of other OppenheimerFunds.

ROBERT BISHOP, Assistant Treasurer
Assistant Vice President of the Manager/Mutual Fund Accounting; an officer of other OppenheimerFunds; previously a Fund Controller for the Manager, prior to which he was an Accountant for Resolution Trust Corporation and previously an Accountant and Commissions Supervisor for Stuart James Company Inc., a broker-dealer.

SCOTT FARRAR, Assistant Treasurer
Assistant Vice President of the Manager/Mutual Fund Accounting; an officer of other OppenheimerFunds; previously a Fund Controller for the Manager, prior to which he was an International Mutual Fund Supervisor for Brown Brothers Harriman Co., a bank, and previously a Senior Fund Accountant for State Street Bank & Trust Company, before which he was a sales representative for Central Colorado Planning.

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*   A Trustee who is an "interested person" of the Fund as defined in the

Investment Company Act.

Remuneration of Trustees. The officers of the Fund (including Messrs. Swain and Fossel) are affiliated with the Manager and receive no salary or fee from the Fund. During the Fund's fiscal year ended December 31, 1993, the remuneration (including expense reimbursements) paid to all Trustees of the Fund as a group (excluding Messrs. Swain and Fossel) for services as Trustees and as members of one or more committees totaled $1,596. The Fund has an Audit and Review Committee, comprised of William A. Baker (Chairman), Charles Conrad, Jr. and Robert M. Kirchner. This Committee meets regularly to review audits, audit procedures, financial statements and other financial and operational matters of the Fund.

Major Shareholders. As of March 29, 1994, the only shareholder known by the Manager to be the record or beneficial owner of 5% or more of the outstanding shares of the Fund was Paine Webber FBO Rich Township TTEE of Schools, 2440 Lincoln Highway, Olympia Fields, IL 60467, which owned 2,682,329.590 shares of the Fund (9.29% of the outstanding shares of the Fund as of such date).

INVESTMENT MANAGEMENT SERVICES

The Manager is wholly-owned by Oppenheimer Acquisition Corp. ("OAC"), a holding company controlled by Massachusetts Mutual Life Insurance Company. OAC is also owned in part by certain of the Manager's directors and officers, some which may serve as officers of the Fund, and two of whom (Messrs. Fossel and Swain) serve as Trustees of the Fund.

The management fee is payable monthly to the Manager under the terms of the investment advisory agreement between the Manager and the Fund (the "Agreement") and is computed on the aggregate net assets of the Fund as of the close of business each day. Expenses not expressly assumed by the Manager under the Agreement or by the Distributor are paid by the Fund. The Agreement lists examples of expenses paid by the Fund, the major categories of which relate to interest, taxes, certain insurance premiums, fees to certain Trustees, legal and audit expenses, transfer agent and custodian expenses, certain registration expenses and non-recurring expenses, including litigation.

The Agreement requires the Manager, at its expense, to provide the Fund with adequate office space, facilities and equipment and to provide and supervise the activities of all administrative and clerical personnel required to provide effective administration for the Fund, including the compilation and maintenance of records with respect to its operations, the preparation and filing of specified reports, and composition of proxy materials and registration statements for continuous public sale of shares of the Fund. The Agreement contains no expense limitation. However, independently of the Agreement, the Manager has undertaken that the total expenses of the Fund in any fiscal year (including the management fee but excluding taxes, interest, brokerage commissions, distribution plan payments and extraordinary expenses such as litigation costs) shall not exceed (and the Manager undertakes to assume such expenses as shall exceed) the most stringent limitation on fund expenses imposed by any applicable regulation or law. At present that limitation is imposed by California and limits expenses (with specified exclusions) to 2.5% of the first $30 million of average net assets, 2% of the next $70 million of average net assets and 1.5% of average net assets in excess of $100 million. The payment of the management fee at the end of any month will be reduced so that there will not be any accrued but unpaid liability under such assumption limitation. The Manager reserves the right to terminate or amend such expense assumption undertaking at any time. Any assumption of the Fund's expenses under this undertaking would lower the Fund's overall expense ratio and increase its yield during any period in which expenses are limited. In addition, until January 24, 1994, the Manager had temporarily undertaken to assume any expenses of the Fund in a fiscal year that exceeded 1.10% of the Fund's average annual net assets in that year. This undertaking terminated January 24, 1994. Prior to January 1, 1993, the Manager voluntarily assumed such expenses that exceeded 1.00% of the Fund's average annual net assets.

For the fiscal years ended December 31, 1991, 1992 and 1993, the management fees payable by the Fund to the Manager were $126,730, $123,743 and $118,909, respectively. These amounts do not reflect the effect of the expense assumptions of $55,553, $79,562 and $73,570, respectively, in those periods by the Manager.

The Agreement provides that the Manager is not liable for any loss sustained by reason of good faith errors or omissions in connection with matters to which the Agreement relates, except a loss resulting by reason of its willful misfeasance, bad faith, gross negligence or reckless disregard for its obligations and duties thereunder. The Manager is permitted by the Agreement to act as investment adviser for any other person, firm or corporation, and to use the name "Oppenheimer" in connection with other investment companies for which it may act as investment adviser or general distributor. If the Manager shall no longer act as investment adviser to the Fund, the right of the Fund to use the name "Oppenheimer" as part of its name may be withdrawn.

Portfolio Transactions. Portfolio decisions are based upon recommendations and judgment of the Manager subject to the overall authority of the Board of Trustees. As most purchases made by the Fund are principal transactions at net prices, the Fund incurs little or no brokerage costs. The Fund's policy of investing in short-term debt securities with maturities of less than one year results in high portfolio turnover. However, since brokerage commissions, if any, are small and securities are usually held to maturity, high turnover does not have an appreciable adverse effect upon the net asset value or income of the Fund in periods of stable or declining rates, and may have a positive effect in periods of rising interest rates.

The Fund seeks to obtain prompt and reliable execution of orders at the most favorable net price. If brokers are used for portfolio transactions, transactions may be directed to brokers furnishing execution and research services. The research services provided by a particular broker may be useful only to one or more of the advisory accounts of the Manager and its affiliates, and investment research received for the commissions of those other accounts may be useful both to the Fund and one or more of such other accounts. Such research, which may be supplied by a third party at the instance of a broker, includes information and analyses on particular companies and industries as well as market or economic trends and portfolio strategy, receipt of market quotations for portfolio evaluations, information systems, computer hardware and similar products and services. If a research service also assists the Manager in a non-research capacity (such as bookkeeping or other administrative functions), then only the percentage or component that provides assistance to the Manager in the investment decision-making process may be paid for in commission dollars. The research services provided by brokers broaden the scope and supplement the research activities of the Manager by making available additional views for consideration and comparisons, and enabling the Manager to obtain market information for the valuation of securities held in the Fund's portfolio or being considered for purchase. In the rare instances where the Fund pays commissions for research, the Board of Trustees, including the independent Trustees of the Fund, will review information furnished by the Manager as to the commissions paid to brokers furnishing such services in an effort to ascertain that the amount of such commissions was reasonably related to the value or the benefit of such services. The Fund does not direct the handling of purchases or sales of portfolio securities, whether on a principal or agency basis, to brokers for selling shares of the Fund. No portfolio transactions are handled by brokers which are affiliated with the Fund or the Manager if that broker is acting as principal.

PURCHASE, REDEMPTION AND PRICING OF SHARES

Determination of Net Asset Value Per Share. The net asset value per share of the Fund is determined as of 4:00 P.M. New York time, each day The New York Stock Exchange (the "NYSE") is open (a "regular business day") by dividing the value of the Fund's net assets by the total number of shares outstanding. The NYSE's most recent annual holiday schedule (which is subject to change) states that it will close New Year's Day, Presidents'

Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day. The NYSE may also close on other days. Dealers other than Exchange members may conduct trading in Municipal Securities on certain days on which the NYSE is closed (e.g., weekends or holidays such as Good Friday), so that securities of the same type held by the Fund may be traded, and its net asset value per share may be affected significantly, on such days when shareholders may not purchase or redeem shares.

The Fund will seek to maintain a net asset value per share of $1.00 for purchases and redemptions. There can be no assurance that it will do so. Under Rule 2a-7, the Fund may use the amortized cost method of valuing its shares. Under the amortized cost method, a security is valued initially at its cost and its valuation assumes a constant amortization of any premium or accretion of any discount, regardless of the impact of fluctuating interest rates on the market value of the security. The method does not take into account unrealized capital gains or losses.

The Fund's Board of Trustees has established procedures intended to stabilize the Fund's net asset value at $1.00 per share. If the Fund's net asset value per share were to deviate from $1.00 by more than 0.5%, Rule 2a-7 requires the Board promptly to consider what action, if any, should be taken. If the Trustees find that the extent of any such deviation may result in material dilution or other unfair effects on shareholders, the Board will take whatever steps it considers appropriate to eliminate or reduce such dilution or unfair effects, including, without limitation, selling portfolio securities prior to maturity, shortening the average portfolio maturity, withholding or reducing dividends, reducing the outstanding number of Fund shares without monetary consideration, or calculating net asset value per share by using available market quotations.

As long as it uses Rule 2a-7, the Fund must abide by certain conditions described in the Prospectus. Some of those conditions which relate to portfolio management are that the Fund must: (i) maintain a dollar-weighted average portfolio maturity not in excess of 90 days; (ii) limit its investments, including repurchase agreements, to those instruments which are denominated in U.S. dollars, and which are rated in one of the two highest short-term rating categories by at least two "nationally-recognized statistical rating organizations" ("NRSROs"), as defined in the Rule 2a-7, or by one NRSRO if only one NRSRO has rated the security; an instrument that is not rated must be of comparable quality as determined under procedures adopted by the Board; and (iii) purchase instruments whose maturities meet the limitations described in the Prospectus and this Additional Statement. Under Rule 2a-7, the maturity of an instrument is generally considered to be its stated maturity (or in the case of an instrument called for redemption, the date on which the redemption payment must be made), with special exceptions for certain variable rate demand and floating rate instruments. Repurchase agreements and securities loan agreements are, in general, treated as having a maturity equal to the period scheduled until repurchase or return, or if subject to demand, equal to the notice period.

While the amortized cost method provides certainty in valuation, there may be periods during which the value of an instrument as determined by amortized cost is higher or lower than the price the Fund would receive if it sold the instrument. During periods of declining interest rates, the daily yield on shares of the Fund may tend to be lower (and net investment income and daily dividends higher) than a like computation made by a fund with identical investments utilizing a method of valuation based upon market prices or estimates of market prices for its portfolio. Thus, if the use of amortized cost by the Fund resulted in a lower aggregate portfolio value on a particular day, a prospective investor in the Fund would be able to obtain a somewhat higher yield than would result from investment in a fund utilizing market values alone, and existing investors in the Fund would receive less investment income than if the Fund were priced at market value. Conversely, during periods of rising interest rates, the daily yield on Fund shares will tend to be higher and its aggregate value lower than that of a portfolio priced at market value. A prospective investor would receive a lower yield than from an investment in a portfolio priced at market value, while existing investors in the Fund would receive more investment income than if the Fund were priced at market value.

Wire Redemption Procedures. Under the Expedited Redemption Procedure discussed in the Prospectus, the wire of redemption proceeds may be delayed if the Fund's Custodian bank is not open for business on a day that the Fund would normally authorize the wire to be made, which is usually the Fund's next regular business day following the redemption. In those circumstances, the wire will not be transmitted until the next bank business day on which the Fund is open for business. No dividends will be paid on the proceeds of redeemed shares awaiting transfer by wire.

Information on how to redeem shares of the Fund is stated in the Prospectus. The Prospectus states that payment for shares tendered for redemption is ordinarily made in cash. If, however, the Board of Trustees determines that it would be detrimental to the best interests of the remaining shareholders of the Fund to make payment wholly in cash, the redemption price may be paid in whole or in part by a distribution "in kind" of securities from the portfolio of the Fund in lieu of cash or in conformity with applicable SEC rules. The Fund has elected to be governed by Rule 18f-1 under the Investment Company Act, pursuant to which the Fund is obligated to redeem shares solely in cash up to the lesser of $250,000 or 1% of the net assets of the Fund during any 90-day period for any one shareholder. If shares are redeemed in kind, the redeeming shareholder might incur brokerage or other costs in converting the assets to cash. The method of valuing securities used to make redemptions in kind will be the same as the method of valuing portfolio securities described above under "Determination of Net Asset Value Per Share," and such valuation will be made as of the same time the redemption price is determined.

The Fund's Board of Trustees has the right to cause the involuntary redemption of shares held in any account if the aggregate net asset value of such shares is less than $200 or such lesser amount as the Board may fix. Should the Board elect to exercise this right, it may also fix, in accordance with the Investment Company Act, the requirements for any notice to be given to the shareholders in question, or may set requirements for permission to allow the shareholder to increase the investment so that the shares would not be involuntarily redeemed.

SERVICE PLAN

The Fund has adopted a service plan (the "Plan") under Rule 12b-1 of the Investment Company Act, pursuant to which the Fund will reimburse the Distributor for a portion of its costs incurred in connection with the servicing of the Fund's shares. For the fiscal year ended December 31, 1993 payments under the plan totalled $42,869, all of which was paid by the Distributor to Recipients, including $7,202 paid to an affiliate of the Distributor as reimbursement for distribution-related expenses.

The Distributor may enter into Supplemental Distribution Assistance Agreements (the "Agreements") under the Plan with selected dealers distributing shares of the Fund, Oppenheimer Cash Reserves, Centennial New York Tax Exempt Trust, Centennial California Tax Exempt Trust, Centennial Government Trust and Centennial America Fund, L.P. Quarterly payments by the Distributor, which are not a Fund expense, will range from 0.10% to 0.30%, annually, of the average net asset value of shares of the above-mentioned funds owned during the quarter beneficially or of record by the dealer or its customers. However, no payment shall be made to any dealer for any quarter during which the average value of the above-mentioned funds shares owned during that quarter by the dealer or its customers is less than $5 million.

The Plan shall, unless terminated as described below, continue from year to year only so long as such continuance is specifically approved at least annually by the Fund's Board of Trustees and those of its Trustees who are not "interested persons" (as defined in the Investment Company Act) and have no direct or indirect financial interest in the operation of the Plan or in any agreements relating to the Plan ("Independent Trustees"), by a vote cast in person at a meeting called for the purpose of voting on such continuance. The Agreements are subject to the same renewal requirement. The Plan and the Agreements may be terminated at any time by the vote of a majority of the Independent Trustees or by the vote of the holders of a "majority" (as defined in the Investment Company Act) of the Fund's outstanding voting securities. The Agreements will automatically terminate in the event of their "assignment" (as defined in the Investment Company Act), and each may be terminated by the Distributor: (i) in the event the Fund amends the Plan or (ii) if the net asset value of the funds whose shares are covered by the Agreements held by the dealer or its customers is less than $5 million for two or more consecutive quarters. The Agreements may be terminated by the dealer at any time upon giving 30 days notice. The Plan may not be amended without shareholder approval, as set forth above, to increase materially the amount of payments to be made, and all material amendments must be approved by the Board and the Independent Trustees.

While the Plan is in effect, the Treasurer of the Fund shall provide a written report to the Fund's Board of Trustees at least quarterly on the amount of all payments made pursuant to the Plan, the identity of each Recipient that received any such payment, and the purpose of the payments. The Plan further provides that while it is in effect, the selection and nomination of those Trustees of the Fund who are not "interested persons" of the Fund is committed to the discretion of the Independent Trustees. This does not prevent the involvement of others in such selection and nomination if the final decision as to the selection or nomination is approved by a majority of the Independent Trustees.

The Glass-Steagall Act and other applicable laws and regulations, among other things, generally prohibit Federally-chartered or supervised banks from engaging in the business of underwriting, selling or distributing securities as principals. Accordingly, the Distributor may pay banks only for sales made on an agency basis or for the performance of administrative and shareholder servicing functions. In addition, certain banks and financial institutions may be required to register as dealers under state law. It is the understanding of the Manager and the Distributor that the Glass-Steagall Act and other applicable laws and regulations do not prohibit banks and other financial institutions from providing the services described above. However, judicial or administrative decisions or interpretations of such laws, as well as changes in either Federal or state statutes or regulations relating to the permissible activities of banks or their subsidiaries or affiliates, could prevent certain banks from continuing to perform all or a part of their selling or servicing activities. If a bank were so prohibited, shareholders of the Fund who were clients of such bank would be permitted to remain as shareholders, and if a bank could no longer provide those service functions, alternate means for continuing the servicing of such shareholders would be sought. In such event, shareholders serviced by such bank might no longer be able to avail themselves of any automatic investment or other services than being prohibited by such bank. The Board of Trustees will consider appropriate modifications to the Fund's operations, including discontinuance of payments under the Plan to such institutions, in the event of any future change in such laws or regulations which may adversely affect the ability of such institutions to provide these services. It is not expected that shareholders would suffer any adverse financial consequences as a result of any of those occurrences.

ADDITIONAL INFORMATION

Description of the Fund. The Fund's Declaration of Trust contains an express disclaimer of shareholder or Trustee liability for the Fund's obligations, and provides for indemnification and reimbursement of expenses out of its property for any shareholder held personally liable for its obligations. The Declaration of Trust also provides that the Fund shall, upon request, assume the defense of any claim made against any shareholder for any act or obligation of the Fund and satisfy any judgment thereon. Thus, while Massachusetts law permits a shareholder of a trust (such as the Fund) to be held personally liable as a "partner" under certain circumstances, the risk of a Fund shareholder incurring any financial loss on account of shareholder liability is highly unlikely and is limited to the relatively remote circumstance in which the Fund would be unable to meet its obligations described above. Any person doing business with the Fund, and any shareholder of the Fund, agrees under the Fund's Declaration of Trust to look solely to the assets of the Fund for satisfaction of any claim or demand which may arise out of any dealings with the Fund, and the Trustees shall have no personal liability to any such person, to the extent permitted by law.

It is not contemplated that regular annual meetings of shareholders will be held. The Fund will hold meetings when required to do so by the Investment Company Act or other applicable law, or when a shareholder meeting is called by the Trustees or upon proper request of the shareholders. Shareholders have the right, upon the declaration in writing or vote of two-thirds of the outstanding shares of the Fund, to remove a Trustee. The Trustees will call a meeting of shareholders to vote on the removal of a Trustee upon the written request of the shareholders of 10% of its outstanding shares. In addition, if the Trustees receive a request from at least 10 shareholders (who have been shareholders for at least six months) holding in the aggregate shares of the Fund valued at $25,000 or more or holding 1% or more of the Fund's outstanding shares, whichever is less, that they wish to communicate with other shareholders to request a meeting to remove a Trustee, the Trustees will then either make the Fund's shareholder list available to the applicants or mail their communication to all other shareholders at the applicants' expense, or the Trustees may take such other action as set forth in Section 16(c) of the Investment Company Act.

Tax Status of the Fund's Dividends and Distributions. The Federal tax treatment of the Fund's dividends and distributions to shareholders is explained in the Prospectus under the caption "Dividends, Distributions and Taxes." Under the Internal Revenue Code, the Fund must distribute by December 31 each year 98% of its taxable investment income earned from January 1 through December 31 of that year, and 98% of its capital gains realized from the prior November 1 of the prior year through October 31 of that year, or else must pay an excise tax on the amounts not distributed. While it is presently anticipated that the Fund's distributions will meet those requirements, the Fund's Board and Manager might determine in a particular year that it might be in the best interest of the Fund not to distribute income or capital gains at the mandated levels and to pay the excise tax on the undistributed amounts, which would reduce the amount available for distribution to shareholders.

The Custodian and the Transfer Agent. The Custodian's responsibilities include safeguarding and controlling the Fund's portfolio securities and handling the delivery of portfolio securities to and from the Fund. The Manager has represented to the Fund that its banking relationships with the Custodian have been and will continue to be unrelated to and unaffected by the relationship between the Fund and the Custodian. It will be the practice of the Fund to deal with the Custodian in a manner uninfluenced by any banking relationship the Custodian may have with the Manager or its affiliates.

The Transfer Agent is responsible for maintaining the Fund's shareholder registry and shareholder accounting records, and for shareholder servicing and administrative functions.

General Distributor's Agreement. Under the General Distributor's Agreement between the Fund and the Distributor, the Distributor acts as the Fund's principal underwriter in the continuous public offering of the Fund's shares but is not obligated to sell a particular amount of shares. Expenses normally attributable to sales (other than those paid under the Plan), including advertising and the cost of printing and mailing prospectuses (other than those furnished to existing shareholders), are borne by the Distributor.

Independent Auditors. The independent auditors of the Fund examine the Fund's financial statements and perform other related audit services. They also act as auditors for the Manager and certain other funds advised by the Manager.

AUTOMATIC WITHDRAWAL PLAN PROVISIONS

By requesting an Automatic Withdrawal Plan, the shareholder agrees to the terms and conditions applicable to such plans, as stated below and elsewhere in the Application for such Plans, the Prospectus and this Additional Statement as they may be amended from time to time by the Fund and/or the Distributor. When adopted, such amendments will automatically apply to existing Plans.

Fund shares will be redeemed as necessary to meet withdrawal payments. Depending upon the amount withdrawn, the investor's principal may be depleted. Payments made to shareholders under such plans should not be considered as a yield or income on investment. Purchases of additional shares concurrently with withdrawals are undesirable because of sales charges on purchases when made. Accordingly, a shareholder may not maintain an Automatic Withdrawal Plan while simultaneously making regular purchases. The Fund reserves the right to amend, suspend or cease offering such plans at any time without prior notice.

1. The Transfer Agent of the Fund will administer the Automatic Withdrawal Plan (the "Withdrawal Plan") as agent for the person (the "Planholder") who executed the Withdrawal Plan authorization and application submitted to the Transfer Agent.

2. Certificates will not be issued for shares of the Fund purchased for and held under the Withdrawal Plan, but the Transfer Agent will credit all such shares to the account of the Planholder on the records of the Fund. Any share certificates now held by the Planholder may be surrendered unendorsed to the Transfer Agent with the Withdrawal Plan application so that the shares represented by the certificate may be held under the Withdrawal Plan. Those shares will be carried on the Planholder's Withdrawal Plan Statement.

3. Distributions of capital gains must be reinvested in shares of the Fund, which will be done at net asset value without a sales charge. Dividends may be paid in cash or reinvested.

4. Redemptions of shares in connection with disbursement payments will be made at the net asset value per share determined on the redemption date.

5. Checks or ACH payments will be transmitted three business days prior to the date selected for receipt of the monthly or quarterly payment (the date of receipt is approximate), according to the choice specified in writing by the Planholder.

6. The amount and the interval of disbursement payments and the address to which checks are to be mailed may be changed at any time by the Planholder on written notification to the Transfer Agent. The Planholder should allow at least two weeks' time in mailing such notification before the requested change can be put in effect.

7. The Planholder may, at any time, instruct the Transfer Agent by written notice (in proper form in accordance with the requirements of the then-current Prospectus of the Fund) to redeem all, or any part of, the shares held under the Withdrawal Plan. In such case, the Transfer Agent will redeem the number of shares requested at the net asset value per share in effect in accordance with the Fund's usual redemption procedures and will mail a check for the proceeds of such redemption to the Planholder.

8. The Withdrawal Plan may, at any time, be terminated by the Planholder on written notice to the Transfer Agent, or by the Transfer Agent upon receiving directions to that effect from the Fund. The Transfer Agent will also terminate the Withdrawal Plan upon receipt of evidence satisfactory to it of the death or legal incapacity of the Planholder. Upon termination of the Withdrawal Plan by the Transfer Agent or the Fund, shares remaining unredeemed will be held in an uncertificated account in the name of the Planholder, and the account will continue as a dividend-reinvestment, uncertificated account unless and until proper instructions are received from the Planholder, his executor or guardian,

or as otherwise appropriate.

9. For purposes of using shares held under the Withdrawal Plan as collateral, the Planholder may request issuance of a portion of his shares in certificated form. Upon written request from the Planholder, the Transfer Agent will determine the number of shares as to which a certificate may be issued, so as not to cause the withdrawal checks to stop because of exhaustion of uncertificated shares needed to continue payments. Should such uncertificated shares become exhausted, Withdrawal Plan withdrawals will terminate.

10. The Transfer Agent shall incur no liability to the Planholder for any action taken or omitted by the Transfer Agent in good faith.

11. In the event that the Transfer Agent shall cease to act as transfer agent for the Fund, the Planholder will be deemed to have appointed any successor transfer agent to act as his agent in administering the Withdrawal Plan.

Appendix A

DESCRIPTION OF SECURITIES RATINGS

Below is a description of the two highest rating categories for Short Term Debt and Long Term Debt by the "Nationally-Recognized Statistical Rating Organizations" which the Manager evaluates in purchasing securities on behalf of the Fund. The ratings descriptions are based on information supplied by the ratings organizations to subscribers.

Short Term Debt Ratings.

Moody's Investors Service, Inc. ("Moody's"): The following rating designations for commercial paper (defined by Moody's as promissory obligations not having original maturity in excess of nine months), are judged by Moody's to be investment grade, and indicate the relative repayment capacity of rated issuers:

Prime-1: Superior capacity for repayment. Capacity will normally be evidenced by the following characteristics: (a) leveling market positions in well-established industries; (b) high rates of return on funds employed; (c) conservative capitalization structures with moderate reliance on debt and ample asset protection; (d) broad margins in earning coverage of fixed financial charges and high internal cash generation; and (e) well established access to a range of financial markets and assured sources of alternate liquidity.

Prime-2: Strong capacity for repayment. This will normally be evidenced by many of the characteristics cited above but to a lesser degree. Earnings trends and coverage ratios, while sound, will be more subject to variation. Capitalization characteristics, while still appropriate, may be more affected by external conditions. Ample alternate liquidity is maintained.

Moody's ratings for state and municipal short-term obligations are designated "Moody's Investment Grade" ("MIG"). Short-term notes which have demand features may also be designated as "VMIG". These rating categories are as follows:

MIG1/VMIG1: Best quality. There is present strong protection by established cash flows, superior liquidity support or demonstrated broadbased access to the market for refinancing.

MIG2/VMIG2: High quality. Margins of protection are ample although not so large as in the preceding group.

Standard & Poor's Corporation ("S&P"): The following ratings by S&P for commercial paper (defined by S&P as debt having an original maturity of no more than 365 days) assess the likelihood of payment:

A-1: Strong capacity for timely payment. Those issues determined to possess extremely strong safety characteristics are denoted with a plus sign (+) designation.

A-2: Satisfactory capacity for timely payment. However, the relative degree of safety is not as high as for issues designated "A-1".

S&P's ratings for Municipal Notes due in three years or less are:

SP-1: Very strong or strong capacity to pay principal and interest. Those issues determined to possess overwhelming safety characteristics will be given a plus (+) designation.

SP-2: Satisfactory capacity to pay principal and interest.

S&P assigns "dual ratings" to all municipal debt issues that have a demand or double feature as part of their provisions. The first rating addresses the likelihood of repayment of principal and interest as due, and the second rating addresses only the demand feature. With short-term demand debt, S&P's note rating symbols are used with the commercial paper symbols (for example, "SP-1+/A-1+").

Fitch Investors Service, Inc. ("Fitch"): Fitch assigns the following short-term ratings to debt obligations that are payable on demand or have original maturities of generally up to three years, including commercial paper, certificates of deposit, medium-term notes, and municipal and investment notes:

F-1+: Exceptionally strong credit quality; the strongest degree of assurance for timely payment.
F-1: Very strong credit quality; assurance of timely payment is only slightly less in degree than issues rated "F-1+".

F-2: Good credit quality; satisfactory degree of assurance for timely payment, but the margin of safety is not as great as for issues assigned "F-1+" or "F-1" ratings.

Duff & Phelps, Inc. ("Duff & Phelps"): The following ratings are for commercial paper (defined by Duff & Phelps as obligations with maturities, when issued, of under one year), asset-backed commercial paper, and certificates of deposit (the ratings cover all obligations of the institution with maturities, when issued, of under one year, including bankers' acceptance and letters of credit):

Duff 1+: Highest certainty of timely payment. Short-term liquidity, including internal operating factors and/or access to alternative sources of funds, is outstanding, and safety is just below risk-free U.S. Treasury short-term obligations.

Duff 1: Very high certainty of timely payment. Liquidity factors are excellent and supported by good fundamental protection factors. Risk factors are minor.

Duff 1-: High certainty of timely payment. Liquidity factors are strong and supported by good fundamental protection factors. Risk factors are very small.

Duff 2: Good certainty of timely payment. Liquidity factors and company fundamentals are sound. Although ongoing funding needs may enlarge total financing requirements, access to capital markets is good. Risk factors are small.

IBCA Limited or its affiliate IBCA Inc. ("IBCA"): Short-term ratings, including commercial paper (with maturities up to 12 months), are as follows:

A1+: Obligations supported by the highest capacity for timely repayment.

A1: Obligations supported by a very strong capacity for timely repayment.

A2: Obligations supported by a strong capacity for timely repayment, although such capacity may be susceptible to adverse changes in business, economic, or financial conditions.

Thomson BankWatch, Inc. ("TBW"): The following short-term ratings apply to commercial paper, certificates of deposit, unsecured notes, and other securities having a maturity of one year or less.

TBW-1: The highest category; indicates the degree of safety regarding timely repayment of principal and interest is very strong.

TBW-2: The second highest rating category; while the degree of safety regarding timely repayment of principal and interest is strong, the relative degree of safety is not as high as for issues rated "TBW-1".

Long Term Debt Ratings. These ratings are relevant for securities purchased by the Fund with a remaining maturity of 397 days or less, or for rating issuers of short-term obligations.

Moody's: Bonds (including municipal bonds) are rated as follows:

Aaa: Judged to be the best quality. They carry the smallest degree of investment risk and are generally referred to as "gilt edge." Interest payments are protected by a large or by an exceptionally stable margin, and principal is secure. While the various protective elements are likely to change, such changes as can be visualized are most unlikely to impair the fundamentally strong positions of such issues.

Aa: Judged 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 the best bonds because margins of protection may not be as large as in "Aaa" securities 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 than in "Aaa" securities.

Moody's applies numerical modifiers "1", "2" and "3" in its "Aa" rating classification. The modifier "1" indicates that the security ranks in the higher end of its generic rating category; the modifier "2" indicates a mid-range ranking; and the modifier "3" indicates that the issue ranks in the lower end of its generic rating category.

Standard & Poor's: Bonds (including municipal bonds) are rated as follows:

AAA: The highest rating assigned by S&P. Capacity to pay interest and repay principal is extremely strong.

AA: A strong capacity to pay interest and repay principal and differ from "AAA" rated issues only in small degree.

Fitch:

AAA: Considered to be investment grade and of the highest credit quality. The obligor has an exceptionally strong ability to pay interest and repay principal, which is unlikely to be affected by reasonably foreseeable events.

AA: Considered to be investment grade and of very high credit quality. The obligor's ability to pay interest and repay principal is very strong, although not quite as strong as bonds rated "AAA". Plus (+) and minus (-) signs are used in the "AA" category to indicate the relative position of a credit within that category.

Because bonds rated in the "AAA" and "AA" categories are not significantly vulnerable to foreseeable future developments, short-term debt of these issuers is generally rated "F-1+".

Duff & Phelps:

AAA: The highest credit quality. The risk factors are negligible, being only slightly more than for risk-free U.S. Treasury debt.

AA: High credit quality. Protection factors are strong. Risk is modest but may vary slightly from time to time because of economic conditions. Plus (+) and minus (-) signs are used in the "AA" category to indicate the relative position of a credit within that category.

IBCA: Long-term obligations (with maturities of more than 12 months) are rated as follows:

AAA: The lowest expectation of investment risk. Capacity for timely repayment of principal and interest is substantial such that adverse changes in business, economic, or financial conditions are unlikely to increase investment risk significantly.

AA: A very low expectation for investment risk. Capacity for timely repayment of principal and interest is substantial. Adverse changes in business, economic, or financial conditions may increase investment risk albeit not very significantly.

A plus (+) or minus (-) sign may be appended to a long term rating to denote relative status within a rating category.

TBW: TBW issues the following ratings for companies. These ratings assess the likelihood of receiving payment of principal and interest on a timely basis and incorporate TBW's opinion as to the vulnerability of the company to adverse developments, which may impact the market's perception of the company, thereby affecting the marketability of its securities.

A: Possesses an exceptionally strong balance sheet and earnings record, translating into an excellent reputation and unquestioned access to its natural money markets. If weakness or vulnerability exists in any aspect of the company's business, it is entirely mitigated by the strengths of the organization.

A/B: The company is financially very solid with a favorable track record and no readily apparent weakness. Its overall risk profile, while low, is not quite as favorable as for companies in the highest rating category.

Appendix B

TAX EXEMPT/TAX EQUIVALENT YIELDS

The equivalent yield table below compares tax-free income with taxable income under Federal income tax rates effective in 1994. The tables assume that an investor's highest tax bracket applies to the change in taxable income resulting from a switch between taxable and non-taxable investments, that the investor is not subject to the Alternative Minimum Tax, and that the state income tax payments are fully deductible for Federal income tax purposes. The income tax brackets are subject to indexing in future years to reflect changes in the Consumer Price Index.

Example: Assuming a 3.5% tax-free yield, the equivalent taxable yield would be 5.07% for a person in the 31% tax bracket.

<TABLE>
<CAPTION>

Federal Taxable Income		Effective Tax Bracket	Oppenheimer Tax-Exempt Cash Reserves Yield of: 1.5%	2.0%	2.5%	3.0%	3.5%	4.0%	4.5%
			Is Approximately Equivalent To a Taxable Yield of:						
JOINT RETURN									
Over	Not over								
$0	$38,000	15%	1.76%	2.35%	2.94%	3.53%	4.12%	4.71%	5.29%
$38,000	$91,850	28%	2.08%	2.78%	3.47%	4.17%	4.86%	5.56%	6.25%

$91,850	$140,000	31%	2.17%	2.90%	3.62%	4.35%	5.07%	5.80%	6.52%
$140,000	$250,000	36%	2.34%	3.13%	3.91%	4.69%	5.47%	6.25%	7.03%
$250,000 and above		39.6%	2.48%	3.31%	4.14%	4.97%	5.79%	6.62%	7.45%

</TABLE>
<TABLE>
<CAPTION>
SINGLE RETURN

Over	Not over								
</CAPTION>									
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
$0	$22,750	15%	1.76%	2.35%	2.94%	3.53%	4.12%	4.71%	5.29%
$22,750	$55,100	28%	2.08%	2.78%	3.47%	4.17%	4.86%	5.56%	6.25%
$55,100	$115,000	31%	2.17%	2.90%	3.62%	4.35%	5.07%	5.80%	6.52%
$115,000	$250,000	36%	2.34%	3.13%	3.91%	4.69%	5.47%	6.25%	7.03%
$250,000 and above		39.6%	2.48%	3.31%	4.14%	4.97%	5.79%	6.62%	7.45%

</TABLE>

Independent Auditors' Report
The Board of Trustees and Shareholders of Oppenheimer Tax-Exempt Cash Reserves:

We have audited the accompanying statement of assets and liabilities, including the statement of investments, of Oppenheimer Tax-Exempt Cash Reserves as of December 31, 1993, the related statement of operations for the year then ended, the statements of changes in net assets for the years ended December 31, 1993 and 1992, and the financial highlights for the period January 3, 1989 (commencement of operations) to December 31, 1993. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned at December 31, 1993 by correspondence with the custodian. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements and financial highlights present fairly, in all material respects, the financial position of Oppenheimer Tax-Exempt Cash Reserves at December 31, 1993, the results of its operations, the changes in its net assets, and the financial highlights for the respective stated periods, in conformity with generally accepted accounting principles.
/s/ Deloitte & Touche
DELOITTE & TOUCHE

Denver, Colorado
January 21, 1994

Statement of Investments December 31, 1993

<TABLE>
<CAPTION>

	Face Amount	Market Value See Note 1
<S>	<C>	<C>
Municipal Bonds and Notes--97.5%		
Alaska--5.4%		
Alaska Industrial Development and Export Authority Revenue Refunding Bonds, Safeway, Inc. Project, 2.75%, 6/1/94(2)	$ 400,000	$ 400,080
Alaska Industrial Development Authority Revenue Bonds, Providence		

Medical Office Building, 2.55%(1)	885,000	885,000
		1,285,080
Arizona--2.5%		
Tempe, Arizona Industrial Development Authority Revenue Refunding Bonds, Safeway, Inc. Project, 2.75%, 5/2/94(2)	600,000	600,000
Arkansas--3.5%		
Subiaco, Arkansas Industrial Development Revenue Bonds, Cloves Gear & Products, 3.36%(1)	850,000	850,000
Colorado--4.2%		
Arapahoe County, Colorado Multifamily Housing Revenue Refunding Bonds, Hunters Run Rental Apartments Project, 3.80%(1)	1,000,000	1,000,000
Florida--7.1%		
Dade County, Florida Housing Finance Authority Multifamily Mortgage Revenue Bonds, Flamingo Plaza Apartments, Series 18, 3.20%(1)	900,000	900,000
Orange County, Florida Housing Finance Authority Multifamily Housing Revenue Refunding Bonds, Monterey, Series B, 3.30%(1)	800,000	800,000
		1,700,000
Hawaii--4.2%		
Hawaii State Department Budget and Finance Special Purpose Mortgage Revenue Bonds, Kuakini Medical Center Project, 3%(1)	1,000,000	1,000,000
Illinois--12.5%		
Illinois State General Obligation Certificates of Participation, 3.50%, 6/15/94	1,000,000	1,002,338
Lakemoor, Illinois Multifamily Housing Revenue Subordinated Bonds, Lakemoor Apartments, Series C, 2.90%, 3/10/94(2)	1,000,000	1,000,000
Oakbrook Terrace, Illinois Multifamily Housing Mortgage Revenue Bonds, 3.20%, 7/1/94(2)	1,000,000	1,000,000
		3,002,338
Kansas--7.1%		
Ottawa, Kansas Industrial Revenue Refunding Bonds, Laich Project, 3.36%(1)	900,000	900,000
Wichita, Kansas Multifamily Revenue Bonds, Shore, Inc. Project, 2.60%(1)	800,000	800,000
		1,700,000
Massachusetts--2.3%		
Massachusetts State Industrial Finance Agency Industrial Development Revenue Bonds, Hazen Paper Co., 3.55%(1)	550,000	550,000
Michigan--2.5%		
Madison Heights, Michigan Economic Development Corp. Revenue Bonds, Red Roof Inns Project, 2.60%(1)	100,000	100,000
Michigan State Job Development Authority Revenue Bonds, East Lansing Residence Associates Project, Series 1984, 2.90%(1)	500,000	500,000
		600,000
New Jersey--6.3%		
New Jersey Economic Development Authority Manufacturing Facilities Revenue Bonds, VPR Commerce Center Project, 3.40%(1)	500,000	500,000
New Jersey State Housing and Mortgage Finance Agency Revenue Bonds, Series A, 3%, 4/1/94(2)	1,000,000	1,000,000
		1,500,000
Ohio--9.9%		
Cuyahoga County, Ohio Industrial Development Revenue Bonds, Southwest Ltd. Partnership, 3%, 12/1/94(2)	$ 500,000	$ 500,000
Licking County, Ohio Industrial Development Revenue Bonds, Power Industries, Inc. Project, 2.80%, 6/1/94(2)	400,000	400,000
Miami Valley, Ohio Tax-Exempt Bond Trust, 4.88%, 10/15/94(2)	1,090,000	1,090,000
Scioto County, Ohio Health Care Facilities Revenue Bonds, Hill View Retirement Center, 2.75%, 6/1/94(2)	375,000	375,000
		2,365,000
Oklahoma--4.2%		
Cleveland County, Oklahoma Public Facilities Authority Multifamily Housing Revenue Bonds, Hunt Development Project, Series A, 3.40%(1)	1,000,000	1,000,000
Mid-West Tax-Exempt Mortgage Bond Trust Certificates, 2.50%, 1/14/94(2)	15,000	15,000
		1,015,000
Pennsylvania--9.0%		
Chartiers Valley, Pennsylvania Industrial and Commercial Development Authority Revenue Refunding Bonds, Sycamore Creek Project, 2.70%, 3/1/94(2)	485,000	485,023

Commonwealth Tax-Exempt Mortgage Bond Trust Six-Month Demand Certificates, Series A, 2.95%, 5/1/94(2)	155,000	155,000
Pennsylvania Energy Development Authority Revenue Bonds, Continental Energy Associates Project, 3.20%(1)	900,000	900,000
Philadelphia, Pennsylvania Hospitals and Higher Educational Facilities Authority Hospital Revenue Bonds, Friends Hospital, Series A, 3.20%(1)	600,000	600,000
		2,140,023
South Carolina--5.9%		
Florence County, South Carolina Industrial Development Revenue Bonds, Stone Container Corp., 2.75%(1)	400,000	400,000
South Carolina Jobs Economic Development Authority Industrial Development Revenue Refunding Bonds, Wellman, Inc. Project, 3.25%(1)	1,000,000	1,000,000
		1,400,000
Tennessee--4.2%		
Knox County, Tennessee Industrial Development Board Revenue Bonds, Weisgarber Partners, 2.45%(1)	1,000,000	1,000,000
Utah--2.5%		
Murray City, Utah Hospital Revenue Refunding Bonds, IHC Hospital, AMBAC Insured, 3%, 5/15/94	600,000	600,313
Washington--4.2%		
Washington State General Obligation Refunding Bonds, Series R-94A, 3.25%, 8/1/94	1,000,000	1,001,755
Total Investments, at Value (Cost $23,309,509)	97.5%	23,309,509
Other Assets Net of Liabilities	2.5	587,398
Net Assets	100.0%	$23,896,907

<FN>
1. Floating or variable rate obligation maturing in more than one year. The interest rate, which is based on specific, or an index of, market interest rates, is subject to change periodically and is the effective rate on December 31, 1993. A demand feature allows the recovery of principal at any time, or at specified intervals not exceeding one year, on up to 30 days' notice.
2. Put obligation redeemable at full face value on the date reported.
</TABLE>

See accompanying Notes to Financial Statements.

Statement of Assets and Liabilities December 31, 1993

<TABLE>

<S>	<C>
Assets	
Investments, at value (cost $23,309,509)--see accompanying statement	$23,309,509
Cash	351,523
Receivables:	
Shares of beneficial interest sold	465,701
Interest	128,155
Other	10,405
Total assets	24,265,293
Liabilities	
Payables and other liabilities:	
Shares of beneficial interest redeemed	266,974
Dividends	45,478
Distribution assistance--Note 3	20,806
Other	35,128
Total liabilities	368,386
Net Assets	$23,896,907
Composition of Net Assets	
Paid-in capital	$23,897,803

Accumulated net realized loss from investment transactions	(896)
Net assets--applicable to 23,897,803 shares of beneficial interest outstanding	$23,896,907
Net Asset Value, Redemption Price and Offering Price Per Share	$ 1.00

</TABLE>

See accompanying Notes to Financial Statements.

Statement of Operations For the Year Ended December 31, 1993

<TABLE>

<S>	<C>
Investment Income	
Interest	$687,607
Expenses	
Management fees--Note 3	118,909
Transfer and shareholder servicing agent fees--Note 3	74,240
Distribution assistance--Note 3	42,869
Registration and filing fees	34,926
Custodian fees and expenses	23,022
Shareholder reports	20,302
Legal and auditing fees	9,810
Trustees' fees and expenses	1,596
Other	9,483
Total expenses	335,157
Less assumption of expenses by Oppenheimer Management Corporation--Note 3	(73,570)
Net expenses	261,587
Net Investment Income	426,020
Net Realized Gain on Investments	452
Net Increase in Net Assets Resulting from Operations	$426,472

</TABLE>

See accompanying Notes to Financial Statements.

Statements of Changes in Net Assets

<TABLE>
<CAPTION>

	Year Ended December 31, 1993	1992
<S>	<C>	<C>
Operations		
Net investment income	$ 426,020	$ 566,929
Net realized gain on investments	452	--
Net increase in net assets resulting from operations	426,472	566,929
Dividends and Distributions to Shareholders	(426,020)	(567,167)
Beneficial Interest Transactions		
Net increase (decrease) in net assets resulting from beneficial interest transactions--Note 2	(835,869)	908,869
Net Assets		
Total increase (decrease)	(835,417)	908,631
Beginning of year	24,732,324	23,823,693
End of year	$23,896,907	$24,732,324

</TABLE>

See accompanying Notes to Financial Statements.

Financial Highlights

<TABLE>
<CAPTION>

Year Ended December 31,

<S>	1993 <C>	1992 <C>	1991 <C>	1990 <C>	1989(1) <C>
Per Share Operating Data:					
Net asset value, beginning of period	$1.00	$1.00	$1.00	$1.00	$1.00
Income from investment operations-- net investment income and net realized gain on investments	.02	.02	.04	.05	.06
Dividends and distributions to shareholders	(.02)	(.02)	(.04)	(.05)	(.06)
Net asset value, end of period	$1.00	$1.00	$1.00	$1.00	$1.00
Ratios/Supplemental Data:					
Net assets, end of period (in thousands)	$23,897	$24,732	$23,824	$22,628	$9,383
Average net assets (in thousands)	$23,781	$24,810	$25,347	$15,968	$5,207
Number of shares outstanding at end of period (in thousands)	23,898	24,734	23,825	22,628	9,383
Ratios to average net assets:					
Net investment income	1.79%	2.28%	4.00%	5.21%	5.72%(2)
Expenses, before voluntary assumption by the Manager	1.41%	1.32%	1.22%	1.44%	1.50%(2)
Expenses, net of voluntary assumption by the Manager	1.10%	1.00%	1.00%	1.00%	1.00%(2)

<FN>
1. For the period from January 3, 1989 (commencement of operations) to December 31, 1989.
2. Annualized.
</TABLE>

See accompanying Notes to Financial Statements.

Notes to Financial Statements

1. Significant Accounting Policies
Oppenheimer Tax-Exempt Cash Reserves (the Fund) is registered under the Investment Company Act of 1940, as amended, as a diversified, open-end management investment company. The Fund's investment advisor is Oppenheimer Management Corporation (the Manager). The following is a summary of significant accounting policies consistently followed by the Fund.

Investment Valuation. Portfolio securities are valued on the basis of amortized cost, which approximates market value.

Federal Income Taxes. The Fund intends to continue to comply with provisions of the Internal Revenue Code applicable to regulated investment companies and to distribute all of its taxable income to shareholders. Therefore, no federal income tax provision is required.

Distributions to Shareholders. The Fund intends to declare dividends from net investment income each regular business day and pay such dividends monthly. To effect its policy of maintaining a net asset value of $1.00 per share, the Fund may withhold dividends or make distributions of net realized gains.

Other. Investment transactions are accounted for on the date the investments are purchased or sold (trade date). Realized gains and losses on investments are determined on an identified cost basis, which is the same basis used for federal income tax purposes.

2. Shares of Beneficial Interest
The Fund has authorized an unlimited number of no par value shares of beneficial interest. Transactions in shares of beneficial interest were as follows:

<TABLE>
<CAPTION>
Year Ended December 31, 1993 Year Ended December 31, 1992

<S>	Shares <C>	Amount <C>	Shares <C>	Amount <C>
Sold	38,650,212	$ 38,650,212	40,632,217	$ 40,632,217
Dividends and distributions reinvested	356,917	356,917	547,727	547,727
Redeemed	(39,842,998)	(39,842,998)	(40,271,075)	(40,271,075)
Net increase (decrease)	(835,869)	$ (835,869)	908,869	$ 908,869

</TABLE>

3. Management Fees And Other Transactions With Affiliates
Management fees paid to the Manager were in accordance with the investment advisory agreement with the Fund which provides for an annual fee of .50% on the first $250 million of net assets with a reduction of .025% on each $250 million thereafter, to .40% on net assets in excess of $1 billion. The Manager has agreed to assume Fund expenses (with specified exceptions) in excess of the most stringent applicable regulatory limit on Fund expenses. In addition, the Manager has voluntarily undertaken to assume Fund expenses in excess of 1.10% of average annual net assets. This voluntary undertaking was terminated, effective January 22, 1994.

Oppenheimer Shareholder Services (OSS), a division of the Manager, is the transfer and shareholder servicing agent for the Fund, and for other registered investment companies. OSS's total costs of providing such services are allocated ratably to these companies.

Under an approved plan of distribution, the Fund may expend up to .20% of its net assets annually to reimburse Oppenheimer Funds Distributor, Inc. (OFDI), a subsidiary of the Manager, for amounts paid to brokers, dealers, banks and other institutions for costs incurred in distributing shares of the Fund. During the year ended December 31, 1993, OFDI paid $7,202 to an affiliated broker/dealer as reimbursement for distribution-related expenses.

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Oppenheimer Management Corporation
Two World Trade Center
New York, New York 10048-0203

Distributor
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Transfer and Shareholder Servicing Agent
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