

SECURITIES AND EXCHANGE COMMISSION

FORM N-30D

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FILER

MONEY MARKET MANAGEMENT

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Business Address
*FEDERATED INVESTORS
TWR
PITTSBURGH PA 15222
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PROSPECTUS

Money Market Management, Inc. (the "Fund") is a no-load, open-end, diversified management investment company (a mutual fund) investing in money market instruments to achieve current income consistent with stability of principal.

AN INVESTMENT IN THE FUND IS NEITHER INSURED NOR GUARANTEED BY THE U.S. GOVERNMENT. THE FUND ATTEMPTS TO MAINTAIN A STABLE NET ASSET VALUE OF \$1.00 PER SHARE; THERE CAN BE NO ASSURANCE THAT THE FUND WILL BE ABLE TO DO SO.

THE SHARES OFFERED BY THIS PROSPECTUS ARE NOT DEPOSITS OR OBLIGATIONS OF ANY BANK, ARE NOT ENDORSED OR GUARANTEED BY ANY BANK, AND ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION, THE FEDERAL RESERVE BOARD, OR ANY OTHER GOVERNMENT AGENCY.

This prospectus contains the information you should read and know before you invest in the Fund. Keep this prospectus for future reference.

The Fund has also filed a Statement of Additional Information dated February 28, 1994, with the Securities and Exchange Commission. The information contained in the Statement of Additional Information is incorporated by reference into this prospectus. You may request a copy of the Statement of Additional Information free of charge by calling 1-800-235-4669. To obtain other information or to make inquiries about the Fund, contact your financial institution.

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

Prospectus dated February 28, 1994

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SUMMARY OF FUND EXPENSES

SHAREHOLDER TRANSACTION EXPENSES		<C>
Maximum Sales Load Imposed on Purchases (as a percentage of offering price).....		None
Maximum Sales Load Imposed on Reinvested Dividends (as a percentage of offering price).....		None
Contingent Deferred Sales Charge* (as a percentage of original purchase price or redemption proceeds as applicable).....		None
Redemption Fees.....		None
Exchange Fee.....		None
ANNUAL FUND OPERATING EXPENSES (As a percentage of average net assets)		
Management Fee (after waiver) (1).....		0.43%
12b-1 Fee.....		None
Other Expenses.....		0.74%
Total Fund Operating Expenses (2).....		1.17%

(1) The management fee has been reduced to reflect the voluntary waiver of a portion of the management fee. The adviser can terminate this voluntary waiver at any time at its sole discretion. The maximum management fee is 0.50%.

(2) The Total Fund Operating Expenses would have been 1.24% absent the voluntary waiver of a portion of the management fee.

THE PURPOSE OF THIS TABLE IS TO ASSIST AN INVESTOR IN UNDERSTANDING THE VARIOUS COSTS AND EXPENSES THAT A SHAREHOLDER OF THE FUND WILL BEAR, EITHER DIRECTLY OR INDIRECTLY. FOR MORE COMPLETE DESCRIPTIONS OF THE VARIOUS COSTS AND EXPENSES, SEE "REDEEMING SHARES" AND "FUND INFORMATION." Wire-transferred redemptions of less than \$5,000 may be subject to additional fees.

EXAMPLE	1 year	3 years	5 years	10 years
	<C>	<C>	<C>	<C>
You would pay the following expenses on a \$1,000 investment assuming (1) 5% annual return and (2) redemption at the end of each time period. As noted in the table above, the Fund charges no contingent deferred sales charge*.....				
	\$12	\$37	\$64	\$142

* A contingent deferred sales charge of 1% will be imposed only under certain limited circumstances in which Fund shares being redeemed were acquired in exchange for shares of another fund in the Fortress Investment Program.

THE ABOVE EXAMPLE SHOULD NOT BE CONSIDERED A REPRESENTATION OF PAST OR FUTURE EXPENSES. ACTUAL EXPENSES MAY BE GREATER OR LESS THAN THOSE SHOWN.

MONEY MARKET MANAGEMENT, INC.
FINANCIAL HIGHLIGHTS

(FOR A SHARE OUTSTANDING THROUGHOUT EACH PERIOD)

Reference is made to the Independent Auditors' Report on page 29.

YEAR ENDED DECEMBER 31,										
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984
NET ASSET VALUE, BEGINNING OF PERIOD	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00

INCOME FROM INVESTMENT OPERATIONS										
Net investment income	0.02	0.03	0.05	0.07	0.08	0.07	0.06	0.06	0.07	0.10
LESS DISTRIBUTIONS										
Dividends to shareholders from net investment income	(0.02)	(0.03)	(0.05)	(0.07)	(0.08)	(0.07)	(0.06)	(0.06)	(0.07)	(0.10)
NET ASSET VALUE, END OF PERIOD	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
TOTAL RETURN*	2.19%	2.86%	5.43%	7.65%	8.73%	7.03%	6.08%	6.28%	7.68%	10.08%
RATIOS TO AVERAGE NET ASSETS										
Expenses	1.17%	1.11%	0.96%	0.89%	0.89%	0.91%	0.89%	0.84%	0.89%	0.92%
Net investment income	2.15%	2.85%	5.32%	7.38%	8.39%	6.81%	5.88%	6.12%	7.41%	9.63%
Expense waiver/reimbursement (a)	0.07%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
SUPPLEMENTAL DATA										
Net assets, end of period (000 omitted)	\$108,309	\$127,711	\$168,889	\$194,836	\$204,393	\$188,239	\$178,813	\$205,723	\$238,454	\$274,965

* Based on net asset value, which does not reflect the sales load or contingent deferred sales charge, if applicable.

(a) This voluntary expense decrease is reflected in both the expense and net investment income ratios shown above (Note 4).

(See Notes which are an integral part of the Financial Statements)

GENERAL INFORMATION

The Fund was organized as a Maryland corporation on October 30, 1973, and was one of the first money market funds. The Fund was reorganized as a Massachusetts business trust on June 29, 1982. On February 11, 1993, shareholders voted to reorganize the Fund as a Maryland corporation. The Fund is designed as a convenient investment vehicle for investors with temporary cash balances and investors with cash reserves seeking to obtain the yields available on money market instruments while maintaining liquidity and diversification. A minimum initial investment of \$500 is required, except for retirement plans.

The Fund attempts to stabilize the value of a share at \$1.00. Fund shares are currently sold and redeemed at that price. However, a contingent deferred sales charge may be imposed on shares acquired through an exchange of shares of other funds in the Fortress Investment Program.

FAMILIES OF FUNDS

The Fund is a member of two families of mutual funds, the Investment Family of Funds and the Fortress Investment Program. Both the Investment Family of Funds and the Fortress Investment Program provide flexibility and diversification for an investor's long-term investment planning. Each family enables an investor to meet the challenges of changing market conditions by offering convenient exchange privileges which give access to a number of investment vehicles and by providing the investment services of a proven, professional investment adviser.

INVESTMENT FAMILY OF FUNDS

The other funds in the Investment Family are Tax-Free Instruments Trust, a tax-free money market fund, and Investment Series Trust, a mutual fund consisting of the following three separate investment portfolios:

High Quality Stock Fund--a portfolio seeking growth of capital and income by investing in securities of high quality companies;

U.S. Government Bond Fund--a portfolio seeking current income by investing in U.S. government securities; and

Municipal Securities Income Fund--a portfolio seeking a high level of current income exempt from federal regular income tax by investing in municipal bonds.

FORTRESS INVESTMENT PROGRAM

The Fund is a member of a family of funds, collectively known as the Fortress Investment Program. The other funds in the Program are:

California Municipal Income Fund (Fortress Shares only), providing current income exempt from federal regular income tax, California personal property tax and income taxes;

Fortress Adjustable Rate U.S. Government Fund, Inc., providing current income consistent with lower volatility of principal through a diversified portfolio of adjustable and floating rate mortgage securities which are issued or guaranteed by the U.S. government, its agencies or instrumentalities;

Fortress Bond Fund, providing current income primarily through high quality corporate debt instruments;

Fortress Municipal Income Fund, Inc., providing a high level of current income generally exempt from the federal regular income tax by investing primarily in a diversified portfolio of municipal bonds;

Fortress Utility Fund, Inc., providing high current income and moderate capital appreciation primarily through equity and debt securities of utility companies;

Government Income Securities, Inc., providing current income through long-term U.S. government securities;

Limited Term Fund (Fortress Shares only), providing a high level of current income consistent with minimum fluctuation in principal value;

Limited Term Municipal Fund (Fortress Shares only), providing a high level of current income which is exempt from federal regular income tax consistent with the preservation of capital;

New York Municipal Income Fund (Fortress Shares only), providing current income exempt from federal regular income tax, New York personal property tax and income taxes; and

Ohio Municipal Income Fund (Fortress Shares only), providing current income exempt from federal regular income tax, Ohio personal property and income taxes.

Each of the funds may also invest in certain other types of securities as described in each fund's prospectus. PROSPECTUSES FOR THESE FUNDS ARE AVAILABLE BY WRITING TO FEDERATED SECURITIES CORP.

INVESTMENT INFORMATION

INVESTMENT OBJECTIVE

The investment objective of the Fund is current income consistent with stability of principal. The Fund pursues its investment objective by investing in a portfolio of money market instruments maturing in 397 days or less. The investment objective cannot be changed without shareholder approval. While there is no assurance that the Fund will achieve its investment objective, it endeavors to do so by following the investment policies described in this prospectus.

INVESTMENT POLICIES

ACCEPTABLE INVESTMENTS. The Fund invests in high quality money market instruments that are either rated in one of the two highest short-term rating categories by one or more nationally recognized statistical rating organizations ("NRSRO's") or of comparable quality to securities having such ratings. Examples

of these instruments include, but are not limited to:

domestic issues of corporate debt obligations, including variable rate demand notes;

commercial paper (including Canadian Commercial Paper and Europaper);

certificates of deposit, demand and time deposits, bankers' acceptances, and other instruments of domestic and foreign banks and other deposit institutions ("Bank Instruments");

short-term credit facilities, such as demand notes;

asset-backed securities;

obligations issued or guaranteed as to payment of principal and interest by the U.S. government or one of its agencies or instrumentalities ("Government Securities"); and

other money market instruments.

The Fund invests only in instruments denominated and payable in U.S. dollars.

VARIABLE RATE DEMAND NOTES. Variable rate demand notes are long-term corporate debt instruments that have variable or floating interest rates and provide the Fund with the right to tender the security for repurchase at its stated principal amount, plus accrued interest. Such securities typically bear interest at a rate that is intended to cause the securities to trade at par. The interest rate may float or be adjusted at regular intervals (ranging from daily to annually), and is normally based on a published interest rate or interest rate index. Most variable rate demand notes allow the Fund to demand the repurchase of the security on not more than seven days' prior notice. Other notes only permit the Fund to tender the security at the time of each interest rate adjustment or at other fixed intervals. (See "Demand Features.") The Fund treats variable rate demand notes as maturing on the later of the date of the next interest adjustment or the date on which the Fund may next tender the security for repurchase.

BANK INSTRUMENTS. The Fund only invests in Bank Instruments either issued by an institution having capital, surplus, and undivided profits over \$100 million or insured by the Bank Insurance Fund ("BIF") or the Savings Association Insurance Fund ("SAIF"). Bank Instruments may include Eurodollar Certificates of Deposit ("ECD's"), Yankee Certificates of Deposit ("Yankee CD's") and Eurodollar Time Deposits ("ETD's"). The Fund will treat securities credit-enhanced with a bank's letter of credit as Bank Instruments.

SHORT-TERM CREDIT FACILITIES. Demand notes are short-term borrowing arrangements between a corporation and an institutional lender (such as the Fund) payable upon demand by either party. The notice period for demand typically ranges from one to seven days, and the party may demand full or partial payment. The Fund may also enter into, or acquire participations in, short-term revolving credit facilities with corporate borrowers. Demand notes and other short-term credit arrangements usually provide for floating or variable rates of interest.

ASSET-BACKED SECURITIES. Asset-backed securities are securities issued by special purpose entities whose primary assets consist of a pool of loans or accounts receivable. The securities may take the form of beneficial interest in a special purpose trust, limited partnership interests, or commercial paper or other debt securities issued by a special purpose corporation. Although the securities often have some form of credit or liquidity enhancement, payments on the securities depend predominately upon collections of the loans and receivables held by the issuer.

AVERAGE MATURITY. The average maturity of money market instruments in the Fund's portfolio, computed on a dollar-weighted basis, will be 90 days or less.

BANKS AND SAVINGS AND LOANS. The Fund invests only in instruments of banks and savings and loans if they have capital, surplus, and undivided profits of over \$100,000,000 or if the principal amount of the instrument is insured by the Federal Deposit Insurance Corporation.

RATINGS. An NRSRO's two highest rating categories are determined without regard for sub-categories and gradations. For example, securities rated A-1+, A-1, or A-2 by Standard & Poor's Corporation ("S&P"), Prime-1 or Prime-2 by Moody's Investors Service, Inc. ("Moody's"), or F-1 (+ or -) or F-2 (+ OR -) BY FITCH INVESTORS SERVICE, INC. ("FITCH") ARE ALL CONSIDERED RATED IN ONE OF THE TWO HIGHEST SHORT-TERM RATING CATEGORIES. THE FUND WILL LIMIT ITS INVESTMENTS IN SECURITIES RATED IN THE SECOND HIGHEST SHORT-TERM RATING CATEGORY (e.g., A-2 by S&P, Prime-2 by Moody's, or F-2 (Kor -) by Fitch) to not more than 5% of its total assets, with not more than 1% invested in the securities of any one

issuer. The Fund will follow applicable regulations in determining whether a security rated by more than one NRSRO can be treated as being in one of the two highest short-term rating categories; currently, such securities must be rated by two NRSRO's in one of their two highest rating categories. (See "Regulatory Compliance.")

REPURCHASE AGREEMENTS. The acceptable investments in which the Fund invests may be purchased pursuant to repurchase agreements. Repurchase agreements are arrangements in which banks, broker/dealers, and other recognized financial institutions sell U.S. government securities or certificates of deposit to the Fund and agree at the time of sale to repurchase them at a mutually agreed upon time and price within one year from the date of acquisition. The Fund or its custodian will take possession of the securities subject to repurchase agreements and these securities will be marked to market daily. To the extent that the original seller does not repurchase the securities from the Fund, the Fund could receive less than the repurchase price on any sale of such securities. In the event that such a defaulting seller filed for bankruptcy or became insolvent, disposition of such securities by the Fund might be delayed pending court action. The Fund believes that under the regular procedures normally in effect for custody of the Fund's portfolio securities subject to repurchase agreements, a court of competent jurisdiction would rule in favor of the Fund and allow retention or disposition of such securities. The Fund will only enter into repurchase agreements with banks and other recognized financial institutions, such as broker/dealers, which are found by the Fund's adviser to be creditworthy pursuant to guidelines established by the Board of Directors ("Directors").

CREDIT ENHANCEMENT. Certain of the Fund's acceptable investments may have been credit-enhanced by a guaranty, letter of credit, or insurance. The Fund typically evaluates the credit quality and ratings of credit-enhanced securities based upon the financial condition and ratings of the party providing the credit enhancement (the "credit enhancer"), rather than the issuer. Generally, the Fund will not treat credit-enhanced securities as having been issued by the credit enhancer for diversification purposes. However, under certain circumstances, applicable regulations may require the Fund to treat the securities as having been issued by both the issuer and the credit enhancer. The bankruptcy, receivership, or default of the credit enhancer will adversely affect the quality and marketability of the underlying security.

DEMAND FEATURES. The Fund may acquire securities that are subject to puts and standby commitments ("demand features") to purchase the securities at their principal amount (usually with accrued interest) within a fixed period (usually seven days) following a demand by the Fund. The demand feature may be issued by the issuer of the underlying securities, a dealer in the securities, or by another third party and may not be transferred separately from the underlying security. The Fund uses these arrangements to provide the Fund with liquidity and not to protect against changes in the market value of the underlying securities. The bankruptcy, receivership, or default by the issuer of the demand feature, or a default on the underlying security or other event that terminates the demand feature before its exercise, will adversely affect the liquidity of the underlying security. Demand features that are exercisable even after a payment default on the underlying security may be treated as a form of credit enhancement.

WHEN-ISSUED AND DELAYED DELIVERY TRANSACTIONS. The Fund may purchase short-term U.S. government securities on a when-issued or delayed delivery basis. These transactions are arrangements in which the Fund purchases securities with payment and delivery scheduled for a future time. The Fund engages in when-issued and delayed delivery transactions only for the purpose of acquiring portfolio securities consistent with the Fund's investment objective and policies, not for investment leverage. In when-issued and delayed delivery transactions, the Fund relies on the seller to complete the transaction. The seller's failure to complete the transaction may cause the Fund to miss a price or yield considered to be advantageous.

RESTRICTED AND ILLIQUID SECURITIES. The Fund intends to invest in restricted securities. Restricted securities are any securities in which the Fund may invest pursuant to its investment objective and policies but which are subject to restrictions on resale under federal securities law. However, the Fund will limit investments in illiquid securities, including restricted securities determined by the Directors not to be liquid, non-negotiable time deposits and repurchase agreements providing for settlement in more than seven days after notice, to 10% of its net assets.

The Fund may invest in commercial paper issued in reliance on the exemption from registration afforded by Section 4(2) of the Securities Act of 1933. Section 4(2) commercial paper is restricted as to disposition under federal securities law, and is generally sold to institutional investors, such as the Fund, who agree that they are purchasing the paper for investment purposes and not with a view to public distribution. Any resale by the purchaser must be in an exempt transaction. Section 4(2) commercial paper is normally resold to other institutional investors like the Fund through or with the assistance of the issuer or investment dealers who make a market in Section 4(2) commercial paper,

thus providing liquidity. The Fund believes that Section 4(2) commercial paper and possibly certain other restricted securities which meet the criteria for liquidity established by the Directors are quite liquid. The Fund intends, therefore, to treat the restricted securities which meet the criteria for liquidity established by the Directors, including Section 4(2) commercial paper, as determined by the Fund's investment adviser, as liquid and not subject to the investment limitations applicable to illiquid securities. In addition, because Section 4(2) commercial paper is liquid, the Fund intends not to subject such paper to the limitation applicable to restricted securities.

INVESTMENT RISKS

The instruments of domestic and foreign banks and savings and loans in which the Fund may invest include ECD's, Yankee CD's, and ETD's. The commercial paper in which the Fund may invest includes Euro-commercial paper.

ECD's, ETD's, Yankee CD's, and Euro-commercial paper are subject to somewhat different risks than domestic obligations of domestic banks. Examples of these risks include international economic and political developments, foreign governmental restrictions that may adversely affect the payment of principal or interest, foreign withholding or other taxes on interest income, difficulties in obtaining or enforcing a judgment against the issuing bank, and the possible impact of interruptions in the flow of international currency transactions. Different risks may also exist for ECD's, ETD's, and Yankee CD's because the banks issuing these instruments, or their domestic or foreign branches, are not necessarily subject to the same regulatory requirements that apply to domestic banks, such as reserve requirements, loan limitations, examinations, accounting, auditing, and recordkeeping and the public availability of information. These factors will be carefully considered by the Fund's adviser in selecting investments for the Fund.

INVESTMENT LIMITATIONS

The following investment limitations cannot be changed without shareholder approval.

The Fund will not:

borrow money directly or through reverse repurchase agreements (arrangements in which the Fund sells a money market instrument for a percentage of its cash value with an agreement to buy it back on a set date) or pledge securities except, under certain circumstances, the Fund may borrow up to one-third of the value of its total assets and pledge up to 10% of the value of those assets to secure such borrowings;

invest more than 5% of its total assets in securities of one issuer (except cash and cash items and U. S. government obligations);

with respect to 75% of its assets, purchase securities (other than repurchase agreements) issued by any one banking institution having a value of more than 5% of the value of its total assets;

invest more than 10% of its net assets in securities subject to restrictions on resale under federal securities law (except for commercial paper issued under Section 4(2) of the Securities Act of 1933); or

act as underwriter of securities issued by others, except as it may be deemed to be an underwriter under the Securities Act of 1933 in connection with the sale of restricted securities which the Fund may purchase pursuant to its investment objective, policies, and limitations.

REGULATORY COMPLIANCE

The Fund may follow non-fundamental operational policies that are more restrictive than its fundamental investment limitations, as set forth in this prospectus and its Statement of Additional Information, in order to comply with applicable laws and regulations, including the provisions of and regulations under the Investment Company Act of 1940, as amended. In particular, the Fund will comply with the various requirements of Rule 2a-7, which regulates money market mutual funds. For example, with limited exceptions, Rule 2a-7 prohibits the investment of more than 5% of the Fund's total assets in the securities of any one issuer, although the Fund's investment limitation only requires such 5% diversification with respect to 75% of its assets. The Fund will invest more than 5% of its assets in any one issuer only under the circumstances permitted by Rule 2a-7. The Fund will also determine the effective maturity of its investments, as well as its ability to consider a security as having received the requisite short-term ratings by NRSRO's, according to Rule 2a-7. The Fund may change these operational policies to reflect changes in the laws and regulations without the approval of its shareholders.

NET ASSET VALUE

The Fund attempts to stabilize the net asset value of its shares at \$1.00 by valuing the portfolio securities using the amortized cost method. The net asset value per share is determined by subtracting total liabilities from total assets and dividing the remainder by the number of shares outstanding. The Fund, of course, cannot guarantee that its net asset value will always remain at \$1.00 per share.

INVESTING IN THE FUND

SHARE PURCHASES

Fund shares are sold on days on which the New York Stock Exchange is open. Shares of the Fund may be purchased through an investment dealer who has a sales agreement with the distributor or from the distributor, Federated Securities Corp., by mail, wire, invest-by-phone, direct deposit, or by a systematic investment program. In connection with the sale of Fund shares, Federated Securities Corp. may from time to time offer certain items of nominal value to any shareholder or investor. The Fund reserves the right to reject any purchase request.

THROUGH A FINANCIAL INSTITUTION. An investor may call his financial institution (such as a bank or an investment dealer) to place an order to purchase shares of the Fund. Orders through a financial institution are considered received when the Fund receives payment by wire or converts payment by check from the financial institution into federal funds. It is the financial institution's responsibility to transmit orders promptly.

BY MAIL. To purchase shares of the Fund by mail:

complete and sign an application available from the Fund;

enclose a check made payable to Money Market Management, Inc.; and

send both to the Fund's transfer agent, Federated Services Company, c/o State Street Bank and Trust Company, P.O. Box 8606, Boston, MA 02266-8606.

Orders by mail are considered received after payment by check is converted by State Street Bank and Trust Company ("State Street Bank") into federal funds. This is generally the next business day after State Street Bank receives the check.

BY WIRE. To purchase shares of the Fund by wire, call the Fund. All information needed will be taken over the telephone, and the order is considered received when State Street Bank receives payment by wire. Shares cannot be purchased by wire on days on which the New York Stock Exchange is closed and federal holidays restricting wire transfers.

BY INVEST-BY-PHONE. Once an account has been opened, a shareholder may use invest-by-phone for investments if an authorization form has been filed with Federated Services Company, the transfer agent for shares of the Fund. Approximately two weeks after sending the form to the transfer agent, the shareholder may call the transfer agent to purchase shares. The transfer agent will send a request for monies to the shareholder's commercial bank, savings bank, or credit union ("bank") via the Automated Clearing House ("ACH"). The shareholder's bank, which must be an ACH member, will then forward the monies to the transfer agent. The purchase is normally entered the next business day after the initial phone request. For further information and an application, call the Fund. Invest-by-phone may also be used to redeem shares. (See "Redeeming Shares.")

BY DIRECT DEPOSIT. Shareholders of the Fund may have their Social Security, Railroad Retirement, VA Compensation or Pension, Civil Service Retirement, and certain other retirement payments invested directly into their Fund account. Shareholders must complete an application and file it with the transfer agent prior to use of this program. Investment of such payments into the Fund occurs 60 to 90 days after an application is submitted.

BY A SYSTEMATIC INVESTMENT PROGRAM. Once a Fund account has been established, shareholders may apply for this service. Investments are regularly transferred to the Fund from any commercial bank, savings bank, or credit union that is an ACH member. For further information and an application, call the Fund.

MINIMUM INVESTMENT REQUIRED

The minimum initial investment in the Fund is \$500, except for retirement plans, in which case the initial minimum investment is \$50. Subsequent investments must be in amounts of at least \$100, except for retirement plans, which must be in amounts of at least \$50.

WHAT SHARES COST

Fund shares are sold at their net asset value next determined after an order is received. There is no sales charge imposed by the Fund.

The net asset value is determined at 12:00 noon (Eastern time) and 4:00 p.m. (Eastern time), Monday through Friday, except on: (i) days on which there are not sufficient changes in the value of the Fund's portfolio securities that its net asset value might be materially affected; (ii) days during which no shares are tendered for redemption and no orders to purchase shares are received; and (iii) the following holidays: New Year's Day, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.

CERTIFICATES AND CONFIRMATIONS

As transfer agent for the Fund, Federated Services Company maintains a share account for each shareholder. Share certificates are not issued unless requested in writing.

Monthly confirmations are sent to report transactions such as purchases and redemptions, as well as dividends paid, during the month.

DIVIDENDS

Dividends are declared daily and paid monthly. Dividends are automatically reinvested on payment dates in additional shares of the Fund unless cash payments are requested by writing to the Fund. Shares purchased by wire before 12:00 noon (Eastern time) begin earning dividends that day. Shares purchased by check generally begin earning dividends on the day after the check is converted, upon instruction of the transfer agent, into federal funds.

CAPITAL GAINS

Capital gains, if any, could result in an increase in dividends. Capital losses, if any, could result in a decrease in dividends. If, for some extraordinary reason, the Fund realizes net long-term capital gains, it will distribute them at least once every 12 months.

RETIREMENT PLANS

Shares of the Fund can be purchased as an investment for their retirement plans or for their IRA accounts. For further details, including prototype retirement plans, contact the Fund and consult a tax adviser.

EXCHANGE PRIVILEGE

An exercise of the exchange privilege is treated as a sale for federal income tax purposes. Depending on the circumstances, a short-term or long-term capital gain or loss may be realized. A shareholder may obtain further information on the exchange privilege by calling Federated Securities Corp. This privilege is available to shareholders resident in any state in which the Fund shares being acquired may be sold.

EXCHANGES IN THE FORTRESS INVESTMENT PROGRAM

Shares in other funds in the Fortress Investment Program may be exchanged for Fund shares at net asset value. Fund shares may also be exchanged for shares in other funds in the Fortress Investment Program at net asset value plus a 1% sales charge, if applicable and not previously paid.

Shareholders using this privilege must exchange shares having a net asset value of at least \$1,500.

EXCHANGES IN THE INVESTMENT FAMILY OF FUNDS

Shares in other funds in the Investment Family of Funds may be exchanged for Fund shares at net asset value plus a sales charge of up to 5.75%, if applicable and not previously paid. Fund shares may also be exchanged at net asset value for shares in other funds in the Investment Family of Funds, except that this exchange privilege does not apply to Fund shares that would be subject to a contingent deferred sales charge in the event the shares were redeemed. (See "Contingent Deferred Sales Charge.")

Shareholders using this privilege must exchange shares having a net asset value of at least \$500.

EXCHANGE-BY-TELEPHONE

Exchange instructions by telephone may be given by the shareholder or investment dealer if a telephone authorization form is on file with Federated Services Company. Shares may be exchanged by telephone only between fund accounts having identical shareholder registrations. Exchange instructions given by telephone may be electronically recorded. If reasonable procedures are not followed by the Fund, it may be liable for losses due to unauthorized or fraudulent telephone instructions.

Any shares held in certificate form cannot be exchanged by telephone but must be forwarded to Federated Services Company and deposited to the shareholder's account before being exchanged. Telephone exchange instructions will be processed as of 4:00 p.m. (Eastern time) and must be received by Federated Services Company before that time for shares to be exchanged the same day. Shareholders who exchange into the Fund will not receive a dividend from the Fund on the date of the exchange. This privilege may be modified or terminated at any time.

REDEEMING SHARES

The Fund redeems shares at their net asset value next determined after State Street Bank receives the redemption request. Redemptions will be made on days on which the Fund computes its net asset value. Redemption requests must be received in proper form and can be made:

- through a financial institution;
- by telephone;
- by a systematic withdrawal program;
- by writing a check; or
- by written request.

A contingent deferred sales charge may apply if the Fund shares being redeemed were acquired in exchange for shares of another fund in the Fortress Investment Program. (See "Contingent Deferred Sales Charge").

Shareholders investing through a retirement plan should be aware that a redemption of shares may constitute a distribution under the retirement plan subjecting the shareholder to federal income tax consequences. Such shareholders should consult their tax adviser.

THROUGH A FINANCIAL INSTITUTION

A shareholder may redeem shares of the Fund by calling his financial institution (such as a bank or an investment dealer) to request the redemption. Shares will be redeemed at the net asset value next determined after the Fund receives the redemption request from the financial institution. The financial institution is responsible for promptly submitting redemption requests and providing proper written instructions to the Fund. The financial institution may charge customary fees and commissions for this service.

Shareholders investing through a financial institution may not be able to utilize other methods of redemption.

BY TELEPHONE

Shareholders who have not purchased through a financial institution may redeem their shares by telephoning the Fund. The proceeds will be mailed to the shareholder's address of record or wire-transferred to the shareholder's account at a domestic commercial bank that is a member of the Federal Reserve System, normally within one business day, but in no event longer than seven days, after the request. The minimum amount for a wire-transfer is \$1,000. If at any time the Fund shall determine it necessary to terminate or modify this method of redemption, shareholders would be promptly notified.

An authorization form permitting State Street Bank to accept telephone requests must first be completed. Authorization forms and information on this service are available from Federated Securities Corp. Telephone redemption instructions may be recorded. If reasonable procedures are not followed by the Fund, it may be liable for losses due to unauthorized or fraudulent telephone instructions.

In addition, a shareholder who has chosen the invest-by-phone service may redeem shares with a net asset value of at least \$1,000 and have the proceeds

transmitted electronically to a commercial bank that is an ACH member generally by the second business day after the redemption request. (See "Investing in the Fund.")

In the event of drastic economic or market changes, a shareholder may experience difficulty in redeeming by telephone. If such a case should occur, another method of redemption, such as "By Mail," should be considered.

BY A SYSTEMATIC WITHDRAWAL PROGRAM

If a shareholder's account has a value of at least \$10,000, a systematic withdrawal program may be established whereby automatic redemptions are made from the account and transferred electronically to any commercial bank, savings bank, or credit union that is an ACH member. Depending upon the amount of the withdrawal payments, the redemption fee if applicable, and the amount of dividends paid and capital gains distributions with respect to Fund shares, redemptions may reduce, and eventually use up, the shareholder's investment in the Fund. For this reason, payments under this program should not be considered as yield or income on the shareholder's investment in the Fund. Application forms and further information on this program are available from the Fund.

BY CHECK

At the shareholder's request, State Street Bank will establish a checking account for redeeming Fund shares. For further information, contact a representative of Federated Securities Corp.

USING THE CHECKING ACCOUNT. With a Fund checking account, shares may be redeemed simply by writing a check for \$100 or more. The redemption will be made at the net asset value on the date that State Street Bank presents the check to the Fund. A sufficient number of shares will be redeemed to cover the contingent deferred sales charge, if applicable. A check may not be written to close an account. In addition, if a shareholder wishes to redeem shares and have the proceeds available, a check may be written and negotiated through the shareholder's local bank. Checks should never be sent to State Street Bank to redeem shares. Cancelled checks are sent to the shareholder each month.

BY MAIL

Fund shares may also be redeemed by sending a written request to State Street Bank. The written request should include the shareholder's name, the Fund name, the account number, and the share or dollar amount requested. If share certificates have been issued, they must be properly endorsed and should be sent by registered or certified mail with the written request. Shareholders should call the Fund for assistance in redeeming by mail.

SIGNATURES. Shareholders requesting a redemption of \$50,000 or more, a redemption of any amount to be sent to an address other than that on record with the Fund, or a redemption payable other than to the shareholder of record must have signatures on written redemption requests guaranteed by:

a trust company or commercial bank whose deposits are insured by the BIF, which is administered by the Federal Deposit Insurance Corporation ("FDIC");

a member of the New York, American, Boston, Midwest, or Pacific Stock Exchange;

a savings bank or savings and loan association whose deposits are insured by the SAIF, which is administered by the FDIC; or

any other "eligible guarantor institution," as defined in the Securities Exchange Act of 1934.

The Fund does not accept signatures guaranteed by a notary public.

The Fund and its transfer agent have adopted standards for accepting signature guarantees from the above institutions. The Fund may elect in the future to limit eligible signature guarantors to institutions that are members of a signature guarantee program. The Fund and its transfer agent reserve the right to amend these standards at any time without notice.

RECEIVING PAYMENT. Normally, a check for the proceeds is mailed within one business day, but in no event more than seven days, after receipt of a proper written redemption request.

CONTINGENT DEFERRED SALES CHARGE

A contingent deferred sales charge will be imposed only in certain instances in which the Fund shares being redeemed were acquired in exchange for shares of another fund in the Fortress Investment Program. If Fund shares were acquired in exchange for shares of another fund in the Fortress Investment Program, a redemption of those Fund shares within four years of the initial Fortress Investment Program fund purchase will be subject to a contingent deferred sales charge of 1% of the lesser of the purchase price of the shares acquired in the initial Fortress Investment Program purchase or the net asset value of the Fund shares acquired through the exchange. The contingent deferred sales charge will not be imposed on Fund shares obtained in exchange for shares of another Fortress Investment Program fund if such shares were acquired through: (i) the reinvestment of dividends or distributions of long-term capital gains; or (ii) the exchange of shares of Government Income Securities, Inc., that were purchased during that fund's Charter Offering Period. In imposing the contingent deferred sales charge, if any, redemptions of Fund shares are deemed to relate first to shares of other Fortress Investment Program funds acquired through the reinvestment of dividends and long-term capital gains, second to purchases of shares occurring more than four years before the date of redemption, and finally to purchases of such shares within the previous four years.

Also, the contingent deferred sales charge will not be imposed in connection with redemptions by the Fund of accounts with low balances or when a redemption results from a return under the following circumstances: (i) a total or partial distribution from a qualified plan, other than an IRA, Keogh Plan, or a custodial account, following retirement; (ii) a total or partial distribution from an IRA, Keogh Plan, or a custodial account after the beneficial owner attains age 59-1/2; or (iii) from the death or disability of the beneficial owner. The exemption from the contingent deferred sales charge for qualified plans, an IRA, Keogh Plan or a custodial account does not extend to account transfers, rollovers, and other redemptions made for purposes of reinvestment.

ACCOUNTS WITH LOW BALANCES

Due to the high cost of maintaining accounts with low balances, the Fund may redeem shares in any account and pay the proceeds to the shareholder if the account balance falls below a required minimum value of \$500 due to shareholders redemptions. Before shares are redeemed to close an account, the shareholder is notified in writing and allowed 30 days to purchase additional shares to meet the minimum requirement.

FUND INFORMATION

MANAGEMENT OF THE FUND

BOARD OF DIRECTORS. The Fund is managed by a Board of Directors. The Directors are responsible for managing the Fund's business affairs and for exercising all the Fund's powers except those reserved for the shareholders. An Executive Committee of the Board of Directors handles the Board's responsibilities between meetings of the Board.

INVESTMENT ADVISER. Investment decisions for the Fund are made by Federated Advisers, the Fund's investment adviser (the "Adviser"), subject to direction by the Directors. The Adviser continually conducts investment research and supervision for the Fund and is responsible for the purchase or sale of portfolio instruments, for which it receives an annual fee from the Fund.

ADVISORY FEES. The annual investment advisory fee is based on the Fund's average daily net assets as shown on the chart below:

<TABLE>
<CAPTION>

AVERAGE DAILY NET ASSETS	ADVISORY FEE AS % OF AVERAGE DAILY NET ASSETS
<S>	<C>
First \$500 million	.50 of 1%
Second \$500 million	.475 of 1%
Third \$500 million	.45 of 1%
Fourth \$500 million	.425 of 1%
Over \$2 billion	.40 of 1%

</TABLE>

The Adviser has also undertaken to reimburse the Fund for operating expenses in excess of limitations established by certain states.

ADVISER'S BACKGROUND. Federated Advisers, a Delaware business trust organized on April 11, 1989, is a registered investment adviser under the Investment Advisers Act of 1940. It is a subsidiary of Federated Investors. All of the Class A (voting) shares of Federated Investors are owned by a trust, the trustees of which are John F. Donahue, Chairman and Trustee of Federated Investors, Mr. Donahue's wife, and Mr. Donahue's son, J.

Christopher Donahue, who is President and Trustee of Federated Investors. Federated Management and other subsidiaries of Federated Investors serve as investment advisers to a number of investment companies and private accounts. Certain other subsidiaries also provide administrative services to a number of investment companies. Total assets under management or administration by these and other subsidiaries of Federated Investors are approximately \$70 billion. Federated Investors, which was founded in 1956 as Federated Investors, Inc., develops and manages mutual funds primarily for the financial industry. Federated Investors' track record of competitive performance and its disciplined, risk-averse investment philosophy serve approximately 3,500 client institutions nationwide. Through these same client institutions, individual shareholders also have access to this same level of investment expertise.

DISTRIBUTION OF FUND SHARES

Federated Securities Corp. is the principal distributor for shares of the Fund. It is a Pennsylvania corporation organized on November 14, 1969, and is the principal distributor for a number of investment companies. Federated Securities Corp. is a subsidiary of Federated Investors.

ADMINISTRATIVE ARRANGEMENTS. The distributor may select brokers and dealers to provide distribution and administrative services. The distributor may also select administrators (including depository institutions such as commercial banks and savings and loan associations) to provide administrative services. These administrative services include, but are not limited to, distributing prospectuses and other information, providing accounting assistance, and communicating or facilitating purchases and redemptions of Fund shares.

Brokers, dealers, and administrators will receive fees of up to .25 of 1% from the distributor based upon shares owned by their clients or customers. The fees are calculated as a percentage of the average aggregate net asset value of shareholder accounts during the period for which the brokers, dealers, and administrators provide services. Any fees paid for these services by the distributor will be reimbursed by the Adviser.

The Glass-Steagall Act limits the ability of a depository institution (such as a commercial bank or a savings and loan association) to become an underwriter or distributor of securities. In the event the Glass-Steagall Act is deemed to prohibit depository institutions from acting in the capacities described above or should Congress relax current restrictions on depository institutions, the Directors will consider appropriate changes in the administrative services.

State securities laws governing the ability of depository institutions acting as underwriters or distributors of securities may differ from interpretations given to the Glass-Steagall Act and, therefore, banks and financial institutions may be required to register as dealers pursuant to state law.

ADMINISTRATION OF THE FUND

ADMINISTRATIVE SERVICES. Federated Administrative Services, Inc., which is a subsidiary of Federated Investors, provides the Fund with the administrative personnel and services necessary to operate the Fund. Such services include shareholder servicing and certain legal and accounting services. Federated Administrative Services, Inc., provides these at approximate cost.

CUSTODIAN. State Street Bank and Trust Company, Boston, Massachusetts, is custodian for the securities and cash of the Fund. State Street London Limited is custodian for all foreign instruments purchased by the Fund.

TRANSFER AGENT AND DIVIDEND DISBURSING AGENT. Federated Services Company, Pittsburgh, Pennsylvania, is transfer agent for the shares of the Fund and dividend disbursing agent for the Fund.

LEGAL COUNSEL. Legal counsel is provided by Houston, Houston & Donnelly, Pittsburgh, Pennsylvania, and Dickstein, Shapiro & Morin, Washington, D.C.

INDEPENDENT AUDITORS. The independent auditors for the Fund are Deloitte & Touche, Boston, Massachusetts.

SHAREHOLDER INFORMATION

VOTING RIGHTS

Each share of the Fund gives the shareholder one vote in Director elections and other matters submitted to shareholders for vote. As a Maryland corporation, Money Market Management, Inc. is not required to hold annual shareholder meetings. Shareholder approval will be sought only for certain changes in Money Market Management, Inc.'s operation and for the election of Directors under certain circumstances.

Directors may be removed by the Directors or by shareholders at a special meeting. A special meeting of the shareholders shall be called by the Directors upon the written request of shareholders owning at least 10% of the outstanding shares of Money Market Management, Inc.

TAX INFORMATION

FEDERAL INCOME TAX

The Fund will pay no federal income tax because it expects to meet requirements of the Internal Revenue Code applicable to regulated investment companies and to receive the special tax treatment afforded to such companies.

Unless otherwise exempt, shareholders are required to pay federal income tax on any dividends and other distributions received. This applies whether dividends and distributions are received in cash or as additional shares.

PENNSYLVANIA CORPORATE AND PERSONAL PROPERTY TAXES

In the opinion of Houston, Houston & Donnelly, counsel to the Fund:

the Fund is subject to Pennsylvania corporate franchise tax; and

Fund shares are exempt from personal property taxes imposed by counties, municipalities, and school districts in Pennsylvania.

Shareholders are urged to consult their own tax advisers regarding the status of their accounts under state and local tax laws.

PERFORMANCE INFORMATION

From time to time the Fund advertises its yield and effective yield.

The yield of the Fund represents the annualized rate of income earned on an investment in the Fund over a seven-day period. It is the annualized dividends earned during the period on the investment shown as a percentage of the investment. The effective yield is calculated similarly to the yield, but, when annualized, the income earned by an investment in the Fund is assumed to be reinvested daily. The effective yield will be slightly higher than the yield because of the compounding effect of this assumed reinvestment.

Advertisements and other sales literature may also refer to total return. Total return represents the change, over a specified period of time, in the value of an investment in the Fund after reinvesting all income distributions. It is calculated by dividing that change by the initial investment and is expressed as a percentage.

From time to time, the Fund may advertise its performance using certain financial publications and/or compare its performance to certain indices.

MONEY MARKET MANAGEMENT, INC.
 PORTFOLIO OF INVESTMENTS
 DECEMBER 31, 1993

<TABLE> <CAPTION> PRINCIPAL AMOUNT		VALUE
<C>	<S>	<C>

CERTIFICATE OF DEPOSIT--4.6%		

BANKING--4.6%		
\$ 5,000,000	American Express Centurion Bank, 3.37%, 1/27/94	\$ 5,000,000

COMMERCIAL PAPER*--33.6%		

BANKING--8.7%		
3,000,000	Commerzbank U.S. Finance, Inc., 3.48%, 8/19/94	2,933,300
4,500,000	PEMEX Capital, Inc. (Swiss Bank Corp. LOC), 3.35%-3.38%, 1/4/94-1/12/94	4,498,021
1,000,000	Queensland Alumina Ltd. (Credit Suisse LOC), 3.32%, 1/28/94	997,525

1,000,000	TNT Limited (Barclays Bank PLC LOC), 3.42%, 1/28/94	997,473
	Total	9,426,319
	ELECTRICAL EQUIPMENT--1.9%	
2,000,000	Whirlpool Financial Corp., 3.27%, 1/10/94	1,998,375
	FINANCE--AUTOMOTIVE--4.6%	
5,000,000	New Center Asset Trust (Series A1+/P1), 3.27%-3.38%, 1/10/94-2/28/94	4,986,672
	FINANCE--COMMERCIAL--2.8%	
2,000,000	General Electric Capital Corp., 3.23%, 3/15/94	1,987,103
1,000,000	General Electric Capital Corp., 4.33%, 8/2/94	1,029,339
	Total	3,016,442
	FINANCE--RETAIL--1.8%	
2,000,000	Sears Credit Corp. B, 3.42%, 2/22/94	1,990,178
	FUNDING CORPORATION--9.2%	
5,000,000	Beta Finance, Inc., 3.27%-3.40%, 1/5/94-2/7/94	4,985,785
2,000,000	McKenna Triangle National Corp., 3.41%, 1/24/94	1,995,707
\$ 3,000,000	PREFCO, 3.37%, 2/1/94	\$ 2,991,346
	Total	9,972,838
	INSURANCE--4.6%	
4,967,000	Prospect St. Sr. Loan Port. L.P. (Guaranteed by FSA), 3.28%-3.43%, 1/25/94-2/22/94	4,949,329
	TOTAL COMMERCIAL PAPER	36,340,153
	CORPORATE BONDS--NON-CONVERTIBLE--0.9%	
	FINANCE--COMMERCIAL--0.9%	
1,000,000	IBM Credit Corp., 3.45%, 2/19/94	1,004,873
	VARIABLE NOTES**--28.6%	
	BANKING--25.8%	
1,875,000	Canton Township Equity Partners L.P. (Huntington National Bank LOC), 3.37%, 1/6/94	1,875,000
5,000,000	Mercy Health Systems, Series 1990A (Morgan Guaranty Trust Co. LOC), 3.35%, 1/5/94	5,000,000
1,420,000	North Center Properties (Huntington National Bank LOC), 3.37%, 1/6/94	1,420,000
5,000,000	PHH/CFC Leasing (Societe Generale LOC), 3.35%, 1/5/94	5,000,000
5,100,000	Poly Foam International Inc. (National City Bank LOC), 3.45%, 1/6/94	5,100,000
4,550,000	Ramsey Real Estate Enterprises Ltd. (National City Bank, Kentucky LOC), 3.45%, 1/6/94	4,550,000
5,000,000	SMM Trust 1993-A (Guaranteed by Morgan Guaranty Trust Co.), 3.23%, 3/18/94 (A)	5,000,000
	Total	27,945,000
\$ 3,000,000	Carco Auto Loan Master Trust Certificates, Series 1993-2, Class A-1, 3.43%, 1/15/94	\$ 3,000,000
	TOTAL VARIABLE NOTES	30,945,000
	SHORT-TERM NOTES--29.6%	
	AUTOMOTIVE--4.6%	
5,000,000	Ford Motor Credit Co., 4.13%-4.89%, 1/14/94-1/20/94	5,011,368
	BANKING--4.2%	

2,500,000	ABC II (Bankers Trust Co. Put), 4.34%, 8/8/94 (A)	2,500,000
2,000,000	AP Investment Co. (Bankers Trust Co. Put), 3.85%, 9/7/94 (A)	2,000,000
	Total	4,500,000
	FINANCE--AUTOMOTIVE--5.4%	
882,270	Capital Auto Receivables Asset Trust, 1993-2 Class A-1, 3.37%, 6/15/94	882,178
5,000,000	GMAC Mortgage of PA (Guaranteed by GMAC), 3.37%, 1/3/94	5,000,000
	Total	5,882,178
	FINANCE--RETAIL--10.4%	
1,000,000	American Express Credit Corp., 1.62%, 8/1/94	1,028,338
1,500,000	Associates Corporation of North America, 3.55%, 4/15/94	1,527,068
1,000,000	Beneficial Corp., 5.49%, 3/15/94	1,013,007
2,530,000	Household Finance Corp., 3.60%-3.62%, 2/1/94-3/15/94	2,547,096
5,000,000	Security Pacific Corp., 8.90%-9.07%, 4/25/94-5/9/94	5,091,750
	Total	11,207,259
	GOVERNMENT AGENCY--MORTGAGE-BACKED SECURITIES--1.0%	
1,000,000	Tennessee Valley Authority, 8.75% Deb., (Series E), 3.82%, 10/1/94	1,079,111
	TOBACCO--4.0%	
3,300,000	Philip Morris Cos., Inc., 3.59%-4.79%, 2/15/94	3,318,679
\$ 1,000,000	Philip Morris Cos., Inc., Sr. Note, 9.10%, 2/16/94	\$ 1,006,867
	Total	4,325,546
	TOTAL SHORT-TERM NOTES	32,005,462
	REPURCHASE AGREEMENT***--2.8%	
3,050,000	S.G. Warburg & Co., Inc., 3.20%, 1/3/94 (Note 1B)	3,050,000
	TOTAL INVESTMENTS, AT AMORTIZED COST	\$ 108,345,488\

</TABLE>

\Also represents cost for federal tax purposes.

(a) Restricted securities--Investment in securities not registered under the Securities Act of 1933. At the end of the period, the value of these securities amounted to \$9,500,000 or 8.8% of net assets (Note 1F).

* Each issue shows the rate of discount at the time of purchase for discount issues, or the coupon for interest bearing issues.

** Current rate and next demand date shown.

*** The repurchase agreement is fully collateralized by U.S. government and/or agency obligations based on market prices at the date of the portfolio. The investment in the repurchase agreement is through participation in joint accounts with other Federated funds.

The following abbreviations are used in this portfolio:

FSA--Financial Security Assurance
LOC--Letter of Credit

Note: The categories of investments are shown as a percentage of net assets (\$108,309,400) at December 31, 1993.

(See Notes which are an integral part of the Financial Statements)

MONEY MARKET MANAGEMENT, INC.
STATEMENT OF ASSETS AND LIABILITIES
DECEMBER 31, 1993

<TABLE>	
<S>	
<C>	
ASSETS:	
Investments in securities, at amortized cost and value (Note 1A)	\$ 108,345,488
Cash	143,738
Interest receivable	617,003
Receivable for Fund shares sold	181,767
Total assets	109,287,996
LIABILITIES:	
Payable for Fund shares redeemed	876,367
Dividends payable	13,196
Accrued expenses	89,033
Total liabilities	978,596
NET ASSETS for 108,309,400 shares of capital stock outstanding	\$ 108,309,400
NET ASSET VALUE, Offering Price, and Redemption Price Per Share (\$108,309,400 / 108,309,400 shares of capital stock outstanding)	\$1.00

</TABLE>

(See Notes which are an integral part of the Financial Statements)

MONEY MARKET MANAGEMENT, INC.
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 1993

<TABLE>	
<S>	
<C>	
<C>	
INVESTMENT INCOME:	
Interest income (Note 1C)	\$ 3,761,914
EXPENSES:	
Investment advisory fee (Note 4)	\$ 566,814
Directors' fees	12,456
Administrative personnel and services (Note 4)	324,918
Custodian, transfer and dividend disbursing agent fees and expenses	351,047
Fund share registration costs	39,992
Auditing fees	16,147
Legal fees	12,007
Printing and postage	25,572
Taxes	38,669
Insurance premiums	7,052
Miscellaneous	8,639
Total expenses	1,403,313
Deduct--Waiver of investment advisory fee (Note 4)	79,605
Net expenses	1,323,708
Net investment income	\$ 2,438,206

</TABLE>

(See Notes which are an integral part of the Financial Statements)

MONEY MARKET MANAGEMENT, INC.
STATEMENT OF CHANGES IN NET ASSETS

	YEAR ENDED DECEMBER 31,	
	<C>	<C>
	1993	1992
	<C>	<C>
INCREASE (DECREASE) IN NET ASSETS:		
OPERATIONS--		
Net investment income	\$ 2,438,206	\$ 4,307,725
DISTRIBUTIONS TO SHAREHOLDERS (NOTE 2)--		
Dividends to shareholders from net investment income	(2,438,206)	(4,307,725)
FUND SHARE (PRINCIPAL) TRANSACTIONS (NOTE 3)--		
Proceeds from sales of shares	175,602,925	210,533,230
Net asset value of shares issued to shareholders in payment of dividends declared	2,287,236	4,003,559
Cost of shares redeemed	(197,291,489)	(255,715,087)
Change in net assets from Fund share transactions	(19,401,328)	(41,178,298)
Change in net assets	(19,401,328)	(41,178,298)
NET ASSETS:		
Beginning of period	127,710,728	168,889,026
End of period	\$ 108,309,400	\$ 127,710,728

(See Notes which are an integral part of the Financial Statements)

MONEY MARKET MANAGEMENT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1993

(1) SIGNIFICANT ACCOUNTING POLICIES

The Fund is registered under the Investment Company Act of 1940, as amended, as a diversified, open-end management investment company. The following is a summary of significant accounting policies consistently followed by the Fund in the preparation of its financial statements. The policies are in conformity with generally accepted accounting principles.

- A. VALUATION OF INVESTMENTS--The Board of Directors ("Directors") has determined that the best method currently available for valuing portfolio securities is amortized cost. The Fund's use of the amortized cost method to value its portfolio securities is conditioned on its compliance with Rule 2a-7 under the Investment Company Act of 1940.
- B. REPURCHASE AGREEMENTS--It is the policy of the Fund to require the custodian bank to take possession, to have legally segregated in the Federal Reserve Book Entry System, or to have segregated within the custodian bank's vault, all securities held as collateral in support of repurchase agreement investments. Additionally, procedures have been established by the Fund to monitor, on a daily basis, the market value of the repurchase agreement's underlying securities to ensure the existence of a proper level of collateral.

The Fund will only enter into repurchase agreements with banks and other recognized financial institutions such as broker/dealers which are deemed

by the Fund's adviser to be creditworthy pursuant to guidelines established by the Directors. Risks may arise from the potential inability of counterparties to honor the terms of the repurchase agreement. Accordingly, the Fund could receive less than the repurchase price on the sale of collateral securities.

- C. INCOME--Interest income is recorded on the accrual basis. Interest income includes interest and discount earned (net of premium), including original issue discount as required by the Internal Revenue Code, plus realized net gains if any, on portfolio securities.
- D. FEDERAL TAXES--It is the Fund's policy to comply with the provisions of the Internal Revenue Code, as amended, applicable to investment companies and to distribute to shareholders each year all of its taxable income. Accordingly, no provision for federal taxes is necessary.
- E. WHEN-ISSUED AND DELAYED DELIVERY TRANSACTIONS--The Fund may engage in when-issued or delayed delivery transactions. To the extent the Fund engages in such transactions, it will do so for the purpose of acquiring portfolio securities consistent with its investment objective and policies and not for the purpose of investment leverage. The Fund will record a when-issued security and the related liability on the trade date. Until the securities are received and paid for, the Fund will maintain security positions such that sufficient liquid assets will be available to make payment for the securities purchased. Securities purchased on a when-issued or delayed delivery basis are marked to market daily and begin earning interest on the settlement date.
- F. The Fund is permitted to invest in privately placed restricted securities. These securities may be resold in transactions exempt from registration or to the public if the securities are registered. Disposal of these securities may involve time-consuming negotiations and expense, and prompt sale at an acceptable price may be difficult. The Fund's policy, however, is to only purchase restricted securities, if such securities mature within a period such that they are acceptable investments under Rule 2A-7 of the Investment Company Act of 1940. Additional information on each restricted security held at December 31, 1993 is as follows:

<TABLE>
<CAPTION>

SECURITY	ACQUISITION DATE	ACQUISITION COST
SMM Trust 1993-A	3/19/93	\$ 5,000,000

ABC II	8/10/93	2,500,000

AP Investment Co.	9/14/93	2,000,000

</TABLE>

- G. OTHER--Investment transactions are accounted for on the date of the transaction.

(2) DIVIDENDS

The Fund computes its net income daily and, immediately prior to the calculation of its net asset value at the close of business, declares and records dividends to shareholders of record at the time of the previous computation of the Fund's net asset value. Payment of dividends is made monthly in cash or in additional shares at the net asset value on the payable date.

(3) CAPITAL STOCK

At December 31, 1993, there were 50,000,000,000 shares of (\$.001) par value capital stock authorized. Transactions in capital stock were as follows:

<TABLE>
<CAPTION>

	YEAR ENDED DECEMBER 31,	
	1993	1992
Shares outstanding, beginning of period	127,710,728	168,889,026

Shares sold	175,602,925	210,533,230

Shares issued to shareholders in payment of dividends declared	2,287,236	4,003,559

Shares redeemed	(197,291,489)	(255,715,087)
Shares outstanding, end of period	108,309,400	127,710,728

</TABLE>

(4) INVESTMENT ADVISORY FEE AND OTHER TRANSACTIONS WITH AFFILIATES

Federated Advisers ("Adviser") receives for its services an annual investment advisory fee based on the average daily net assets of the Fund as follows: 0.5% on the first \$500 million, 0.475% on the next \$500 million, 0.45% on the next \$500 million, 0.425% on the next \$500 million, and 0.4% thereafter. For the year ended December 31, 1993, the Fund's Adviser earned a fee of \$566,814 of which \$79,605 was voluntarily waived.

During the year ended December 31, 1993, pursuant to Rule 17A-7 of the Investment Company Act of 1940, the Fund engaged in purchase and sale transactions with the other funds advised by the Adviser amounting to \$28,692,047 and \$4,000,000, respectively. These purchases and sales were transacted for cash consideration only, at independent current market prices and without brokerage commission, fee or other remuneration.

Administrative personnel and services were provided at approximate cost by Federated Administrative Services, Inc. Certain of the Officers and Directors of the Fund are Officers and Directors of the above corporations.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of Money Market Management, Inc.:

We have audited the accompanying statement of assets and liabilities, including the portfolio of investments, of Money Market Management, Inc. as of December 31, 1993, the related statement of operations for the year then ended, the statement of changes in net assets for the years ended December 31, 1993 and 1992, and the financial highlights (see page 2 of the prospectus) for each of the years in the ten-year period ended 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of the securities owned as of 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 Money Market Management, Inc. as of December 31, 1993, the results of its operations, the changes in its net assets, and its financial highlights for the respective stated periods in conformity with generally accepted accounting principles.

DELOITTE & TOUCHE

Boston, Massachusetts
February 4, 1994

ADDRESSES

<TABLE>		
<S>	<C>	<C>
	Money Market Management, Inc.	Federated Investors Tower Pittsburgh, Pennsylvania 15222-3779

Distributor	Federated Securities Corp.	Federated Investors Tower Pittsburgh, Pennsylvania 15222-3779
-------------	----------------------------	--

Investment Adviser	Federated Advisers	Federated Investors Tower Pittsburgh, Pennsylvania 15222-3779
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Custodian	State Street Bank and Trust Company	P.O. Box 8606 Boston, Massachusetts 02266-8606

Transfer Agent and Dividend Disbursing Agent	Federated Services Company	Federated Investors Tower Pittsburgh, Pennsylvania 15222-3779

Legal Counsel	Houston, Houston & Donnelly	2510 Centre City Tower Pittsburgh, Pennsylvania 15222

Legal Counsel	Dickstein, Shapiro & Morin	2101 L Street, N.W. Washington, D.C. 20037

Independent Auditors	Deloitte & Touche	125 Summer Street Boston, Massachusetts 02110-1617

</TABLE>

MONEY MARKET
MANAGEMENT, INC.

PROSPECTUS

A No-Load, Open-End, Diversified,
Management Investment Company

February 28, 1994

[LOGO] FEDERATED SECURITIES CORP.

Distributor
A subsidiary of FEDERATED INVESTORS

FEDERATED INVESTORS TOWER
PITTSBURGH, PA 15222-3779

8012811A (2/94)

MONEY MARKET MANAGEMENT, INC.
STATEMENT OF ADDITIONAL INFORMATION

This Statement of Additional Information should be read with the prospectus of Money Market Management, Inc. (the "Fund") dated February 28, 1994. This Statement is not a prospectus itself. To receive a copy of the prospectus, write or call the Fund.

FEDERATED INVESTORS TOWER
PITTSBURGH, PENNSYLVANIA 15222-3779

Statement dated February 28, 1994

[LOGO] FEDERATED SECURITIES CORP.

Distributor
A subsidiary of FEDERATED INVESTORS

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GENERAL INFORMATION ABOUT THE FUND

The Fund was organized as a Maryland corporation on October 30, 1973, and was one of the first money market funds. The Fund was reorganized as a Massachusetts business trust on June 29, 1982. On February 11, 1993, shareholders voted to reorganize the Fund as a Maryland corporation.

INVESTMENT OBJECTIVE AND POLICIES

The Fund's investment objective is current income consistent with stability of principal.

TYPES OF INVESTMENTS

The Fund invests in money market instruments which mature in 397 days or less and which include, but are not limited to, instruments of foreign and domestic banks and savings and loans, U.S. government obligations, repurchase agreements,

prime commercial paper (including Euro-commercial paper), and instruments secured by such obligations.

The above investment objective and policies cannot be changed without approval of shareholders.

BANK INSTRUMENTS

In addition to domestic bank obligations such as certificates of deposit, demand and time deposits, savings shares, and bankers' acceptances, the Fund may invest in:

Eurodollar Certificates of Deposit issued by foreign branches of U.S. or foreign banks;

Eurodollar Time Deposits, which are U.S. dollar-denominated deposits in foreign branches of U.S. or foreign banks;

Canadian Time Deposits, which are U.S. dollar-denominated deposits issued by branches of major Canadian banks located in the United States; and

Yankee Certificates of Deposit, which are U.S. dollar-denominated certificates of deposit issued by U.S. branches of foreign banks and held in the United States.

U.S. GOVERNMENT OBLIGATIONS

The types of U.S. government obligations in which the Fund may invest generally include direct obligations of the U.S. Treasury (such as U.S. Treasury bills, notes, and bonds) and obligations issued or guaranteed by U.S. government agencies or instrumentalities. These securities are backed by:

the full faith and credit of the U.S. Treasury;

the issuer's right to borrow from the U.S. Treasury;

the discretionary authority of the U.S. government to purchase certain obligations of agencies or instrumentalities; or

the credit of the agency or instrumentality issuing the obligations.

Examples of agencies and instrumentalities which may not always receive financial support from the U.S. government are:

Federal Farm Credit Banks;

Federal Home Loan Banks;

Federal National Mortgage Association;

Student Loan Marketing Association; and

Federal Home Loan Mortgage Corporation.

WHEN-ISSUED AND DELAYED DELIVERY TRANSACTIONS

These transactions are made to secure what is considered to be an advantageous price and yield for the Fund. Settlement dates may be a month or more after entering into these transactions, and the market values of the securities purchased may vary from the purchase prices.

No fees or other expenses, other than normal transaction costs, are incurred. However, liquid assets of the Fund sufficient to make payment for the securities to be purchased are segregated at the trade date. These assets are marked to market daily and are maintained until the transaction is settled. The Fund may engage in these transactions to an extent that would cause the segregation of an amount up to 20% of the total value of its assets.

REVERSE REPURCHASE AGREEMENTS

The Fund may also enter into reverse repurchase agreements. This transaction is similar to borrowing cash. In a reverse repurchase agreement the Fund transfers possession of a portfolio instrument to another person, such as a financial institution, broker, or dealer, in return for a percentage of the instrument's market value in cash, and agrees that on a stipulated date in the future the Fund will repurchase the portfolio instrument by remitting the original consideration plus interest at an agreed upon rate. The use of reverse repurchase agreements may enable the Fund to avoid selling portfolio instruments at a time when a sale may be deemed to be disadvantageous, but the ability to enter into reverse repurchase agreements does not ensure that the Fund will be able to avoid selling portfolio instruments at a disadvantageous time.

When effecting reverse repurchase agreements, liquid assets of the Fund, in a dollar amount sufficient to make payment for the obligations to be purchased, are segregated at the trade date. These assets are marked to market daily and are maintained until the transaction is settled.

INVESTMENT LIMITATIONS

The Fund will not change any of the investment limitations described below without approval of shareholders.

SELLING SHORT AND BUYING ON MARGIN

The Fund will not sell any securities short or purchase any securities on margin.

BORROWING MONEY

The Fund will not borrow money except as a temporary measure for extraordinary or emergency purposes and then only in amounts not in excess of 5% of the value of its total assets. In addition, the Fund may enter into reverse repurchase agreements and otherwise borrow up to one-third of the value of its total assets, including the amount borrowed, in order to meet redemption requests without immediately selling portfolio instruments.

This latter practice is not for investment leverage but solely to facilitate management of the portfolio by enabling the Fund to meet redemption requests when the liquidation of portfolio instruments would be inconvenient or disadvantageous.

Interest paid on borrowed funds will not be available for investment. The Fund may not purchase any portfolio instruments while any borrowings (exclusive of reverse repurchase agreements) are outstanding.

PLEDGING SECURITIES

The Fund will not mortgage, pledge or hypothecate any assets except to secure permitted borrowings. In those cases, it may mortgage, pledge or hypothecate assets having a market value not exceeding the lesser of the dollar amounts borrowed or 10% of the value of total assets at the time of the borrowing.

INVESTING IN COMMODITIES, COMMODITY CONTRACTS, OR REAL ESTATE

The Fund will not invest in commodities, commodity contracts, or real estate, except that it may purchase money market instruments issued by companies that invest in real estate or interests in real estate.

RESTRICTED SECURITIES

The Fund will not invest more than 10% of its net assets in securities subject to restrictions on resale under federal securities law (except for commercial paper issued under Section 4(2) of the Securities Act of 1933).

UNDERWRITING

The Fund will not act as underwriter of securities issued by others, except as it may be deemed to be an underwriter under the Securities Act of 1933 in connection with the sale of restricted securities which the Fund may purchase pursuant to its investment objective, policies and limitations.

LENDING CASH OR SECURITIES

The Fund will not lend any of its assets, except that it may purchase or hold money market instruments permitted by its investment objective and policies.

INVESTING IN SECURITIES OF OTHER INVESTMENT COMPANIES

The Fund will not invest in securities issued by any other investment company.

ACQUIRING SECURITIES

The Fund will not invest in securities of a company for the purpose of exercising control or management.

DIVERSIFICATION OF INVESTMENTS

The Fund will not invest more than 5% of the value of its assets in securities of any one issuer, except cash or cash items and U.S. government obligations.

With respect to 75% of the Fund's assets, the Fund will not purchase securities, other than repurchase agreements, issued by any one banking institution having a value of more than 5% of the value of the Fund's total assets.

CONCENTRATION OF INVESTMENTS

The Fund will not purchase money market instruments if, as a result of such purchase, more than 25% of the value of its total assets would be invested in any one industry.

However, investing in bank instruments (such as time and demand deposits and certificates of deposit), U.S. government obligations, or instruments secured by these money market instruments, such as repurchase agreements, shall not be considered investments in any one industry.

Except with respect to borrowing money, if a percentage limitation is adhered to at the time of investment, a later increase or decrease in percentage resulting from any change in value or net assets will not result in a violation of such restriction.

The Fund did not borrow money or invest in reverse repurchase agreements in excess of 5% of the value of its net assets during the last fiscal year and has no present intent to do so in the coming fiscal year.

FUND MANAGEMENT

OFFICERS AND DIRECTORS

Officers and Directors are listed with their addresses, principal occupations, and present positions, including any affiliation with Federated Advisers, Federated Investors, Federated Services Company, Federated Securities Corp., Federated Administrative Services, Inc., and the Funds (as defined below).

<TABLE> <CAPTION> NAME AND ADDRESS <S>	POSITIONS WITH THE FUND <C>	PRINCIPAL OCCUPATIONS DURING PAST FIVE YEARS <C>
John F. Donahue*\nFederated Investors Tower\nPittsburgh, PA	Chairman and\nDirector	Chairman and Trustee, Federated Investors; Chairman and Trustee, Federated Advisers, Federated Management, and Federated Research; Director, AETna Life and Casualty Company; Chief Executive Officer and Director, Trustee, or Managing General Partner of the Funds; formerly, Director, The Standard Fire Insurance Company. Mr. Donahue is the father of J. Christopher Donahue, President and Director of the Fund.
John T. Conroy, Jr.\nWood/IPC Commercial\nDepartment\nJohn R. Wood and\nAssociates, Inc., Realtors\n3255 Tamiami Trail North\nNaples, FL	Director	President, Investment Properties Corporation; Senior Vice President, John R. Wood and Associates, Inc., Realtors; President, Northgate Village Development Corporation; General Partner or Trustee in private real estate ventures in Southwest Florida; Director, Trustee, or Managing General Partner of the Funds; formerly, President, Naples Property Management, Inc.
William J. Copeland\nOne PNC Plaza--\n23rd Floor\nPittsburgh, PA	Director	Director and Member of the Executive Committee, Michael Baker, Inc.; Director, Trustee, or Managing General Partner of the Funds; formerly, Vice Chairman and Director, PNC Bank, N.A., and PNC Bank Corp. and Director, Ryan Homes, Inc.
J. Christopher Donahue*\nFederated Investors Tower\nPittsburgh, PA	President and\nDirector	President and Trustee, Federated Investors; Trustee, Federated Advisers, Federated Management, and Federated Research; President and Director, Federated Administrative Services, Inc.; Trustee, Federated Services Company; President or Vice President of the Funds; Director, Trustee, or Managing General Partner of some of the Funds. Mr. Donahue is the son of John F. Donahue, Chairman and Director of the Fund.
James E. Dowd\n571 Hayward Mill Road\nConcord, MA	Director	Attorney-at-law; Director, The Emerging Germany Fund, Inc.; Director, Trustee, or Managing General Partner of the Funds; formerly, Director, Blue Cross of Massachusetts, Inc.
Lawrence D. Ellis, M.D. 3471\nFifth Avenue\nSuite 1111\nPittsburgh, PA	Director	Hematologist, Oncologist, and Internist, Presbyterian and Montefiore Hospitals; Clinical Professor of Medicine and Trustee, University of Pittsburgh; Director, Trustee, or Managing General Partner of the Funds.
Edward L. Flaherty, Jr.\n5916 Penn Mall\nPittsburgh, PA	Director	Attorney-at-law; Partner, Meyer and Flaherty; Director, Eat'N Park Restaurants, Inc., and Statewide Settlement Agency, Inc.; Director, Trustee, or Managing General Partner of the Funds; formerly, Counsel, Horizon Financial, F.A., Western Region.

Peter E. Madden 225 Franklin Street Boston, MA	Director	Consultant; State Representative, Commonwealth of Massachusetts; Director, Trustee, or Managing General Partner of the Funds; formerly, President, State Street Bank and Trust Company and State Street Boston Corporation and Trustee, Lahey Clinic Foundation, Inc.
Gregor F. Meyer 5916 Penn Mall Pittsburgh, PA	Director	Attorney-at-law; Partner, Meyer and Flaherty; Chairman, Meritcare, Inc.; Director, Eat'N Park Restaurants, Inc. Director, Trustee, or Managing General Partner of the Funds; formerly, Vice Chairman, Horizon Financial, F.A.
Wesley W. Posvar 1202 Cathedral of Learning University of Pittsburgh Pittsburgh, PA	Director	Professor, Foreign Policy and Management Consultant; Trustee, Carnegie Endowment for International Peace, RAND Corporation, Online Computer Library Center, Inc.; and U.S. Space Foundation; Chairman, Czecho Slovak Management Center; Director, Trustee, or Managing General Partner of the Funds; President Emeritus, University of Pittsburgh; formerly, Chairman, National Advisory Council for Environmental Policy and Technology.
Marjorie P. Smuts 4905 Bayard Street Pittsburgh, PA	Director	Public relations/marketing consultant; Director, Trustee, or Managing General Partner of the Funds.
Richard B. Fisher Federated Investors Tower Pittsburgh, PA	Vice President	Executive Vice President and Trustee, Federated Investors; Chairman and Director, Federated Securities Corp.; President or Vice President of the Funds; Director or Trustee of some of the Funds.
Edward C. Gonzales Federated Investors Tower Pittsburgh, PA	Vice President and Treasurer	Vice President, Treasurer, and Trustee, Federated Investors; Vice President and Treasurer, Federated Advisers, Federated Management, and Federated Research; Executive Vice President, Treasurer, and Director, Federated Securities Corp.; Trustee, Federated Services Company; Chairman, Treasurer, and Director, Federated Administrative Services, Inc.; Trustee of some of the Funds; Vice President and Treasurer of the Funds.
John W. McGonigle Federated Investors Tower Pittsburgh, PA	Vice President and Secretary	Vice President, Secretary, General Counsel, and Trustee, Federated Investors; Vice President, Secretary, and Trustee, Federated Advisers, Federated Management, and Federated Research; Trustee, Federated Services Company; Executive Vice President, Secretary, and Director, Federated Administrative Services, Inc.; Director and Executive Vice President, Federated Securities Corp.; Vice President and Secretary of the Funds.
John A. Staley, IV Federated Investors Tower Pittsburgh, PA	Vice President	Vice President and Trustee, Federated Investors; Executive Vice President, Federated Securities Corp.; President and Trustee, Federated Advisers, Federated Management, and Federated Research; Vice President of the Funds; Director, Trustee, or Managing General Partner of some of the Funds; formerly, Vice President, The Standard Fire Insurance Company and President of its Federated Research Division.

</TABLE>

*This Director is deemed to be an "interested person" of the Fund as defined in the Investment Company Act of 1940, as amended.

\Members of the Fund's Executive Committee. The Executive Committee of the Board of Directors handles the responsibilities of the Board of Directors between meetings of the Board.

THE FUNDS

"The Funds" and "Funds" mean the following investment companies: A.T. Ohio Tax-Free Money Fund; American Leaders Fund, Inc.; Annuity Management Series; Automated Cash Management Trust; Automated Government Money Trust; BankSouth Select Funds; The Boulevard Funds; California Municipal Cash Trust; Cash Trust Series Inc.; Cash Trust Series II; DG Investor Series; Edward D. Jones & Co. Daily Passport Cash Trust; FT Series, Inc.; Federated ARMS Fund; Federated Exchange Fund, Ltd.; Federated GNMA Trust; Federated Government Trust; Federated Growth Trust; Federated High Yield Trust; Federated Income Securities Trust; Federated Income Trust; Federated Index Trust; Federated Intermediate Government Trust; Federated Master Trust; Federated Municipal Trust; Federated Short-Intermediate Government Trust; Federated Short-Term U.S. Government Trust; Federated Stock Trust; Federated Tax-Free Trust; Federated U.S. Government Bond Fund; First Priority Funds; Fixed Income Securities, Inc.; Fortress Adjustable Rate U.S. Government Fund, Inc.; Fortress Municipal Income Fund, Inc.; Fortress Utility Fund, Inc.; Fund for U.S. Government Securities, Inc.; Government Income Securities, Inc.; High Yield Cash Trust; Insight Institutional Series, Inc.; Insurance Management Series; Intermediate Municipal Trust; Investment Series Trust; Investment Series Funds, Inc.; Liberty Equity Income Fund, Inc.; Liberty High Income Bond Fund, Inc.; Liberty Municipal Securities Fund, Inc.; Liberty U.S. Government Money Market Trust; Liberty Term Trust Inc.-- 1999; Liberty

Utility Fund, Inc.; Liquid Cash Trust; Mark Twain Funds; Money Market Management, Inc.; Money Market Obligations Trust; Money Market Trust; Municipal Securities Income Trust; New York Municipal Cash Trust; 111 Corcoran Funds; The Planters Fund; Portage Funds; RIMCO Monument Funds; Signet Select Funds; The Shawmut Funds; Star Funds; The Starburst Funds; The Starburst Funds II; Stock and Bond Fund, Inc.; Sunburst Funds; Targeted Duration Trust; Tax-Free Instruments Trust; Trademark Funds; Trust for Financial Institutions; Trust for Government Cash Reserves; Trust for Short-Term U.S. Government Securities; and Trust for U.S. Treasury Obligations.

FUND OWNERSHIP

Officers and Directors own less than 1% of the Fund's outstanding shares.

As of February 4, 1994, no shareholders of record owned 5% or more of the outstanding shares of the Fund.

INVESTMENT ADVISORY SERVICES

ADVISER TO THE FUND

The Fund's investment adviser is Federated Advisers. It is a subsidiary of Federated Investors. All of the Class A (voting) shares of Federated Investors are owned by a trust, the trustees of which are John F. Donahue, his wife, and his son, J. Christopher Donahue. John F. Donahue, Chairman and Director of Federated Advisers, is Chairman and Trustee of Federated Investors and Chairman and Director of the Fund. John A. Staley, IV, President and Trustee of Federated Advisers, is Vice President and Trustee of Federated Investors, Executive Vice President of Federated Securities Corp., and Vice President of the Fund. J. Christopher Donahue, Trustee of Federated Advisers, is President and Trustee of Federated Investors, President and Director of Federated Administrative Services, Inc., and President and Director of the Fund. John W. McGonigle, Vice President, Secretary, and Trustee of Federated Advisers, is Trustee, Vice President, Secretary, and General Counsel of Federated Investors Trustee, Federated Services Company, Director, Executive Vice President, and Secretary of Federated Administrative Services, Inc., Director and Executive Vice President of Federated Securities Corp., and Vice President and Secretary of the Fund.

The adviser shall not be liable to the Fund or any shareholder for any losses that may be sustained in the purchase, holding, or sale of any security, or for anything done or omitted by it, except acts or omissions involving willful misfeasance, bad faith, gross negligence, or reckless disregard of the duties imposed upon it by its contract with the Fund.

ADVISORY FEES

For its advisory services, Federated Advisers receives an annual investment advisory fee as described in the prospectus. During the fiscal years ended December 31, 1993, 1992, and 1991, the Fund's adviser earned \$566,814, \$755,133, and \$923,412, respectively, of which \$79,605, \$0, and \$0, respectively, were voluntarily waived. All advisory fees were computed on the same basis as in the new investment advisory contract described in the prospectus.

STATE EXPENSE LIMITATIONS

The adviser has undertaken to comply with the expense limitations established by certain states for investment companies whose shares are registered for sale in those states. If the Fund's normal operating expenses (including the investment advisory fee, but not including brokerage commissions, interest, taxes, and extraordinary expenses) exceed 2.5% per year of the first \$30 million of average net assets, 2% per year of the next \$70 million of average net assets, and 1.5% per year of the remaining average net assets, the adviser will reimburse the Fund for its expenses over the limitation.

If the Fund's monthly projected operating expenses exceed these expense limitations, the investment advisory fee paid will be reduced by the amount of the excess, subject to an annual adjustment. If the expense limitation is exceeded, the amount to be reimbursed by the adviser will be limited, in any single fiscal year, by the amount of the investment advisory fee.

This arrangement is not part of the advisory contract and may be amended or rescinded in the future.

ADMINISTRATIVE SERVICES

Federated Administrative Services, Inc., a subsidiary of Federated Investors, provides administrative personnel and services to the Fund at approximate cost. For the fiscal years ended December 31, 1993, 1992, and 1991, the Fund incurred administrative service fees of \$324,918, \$307,106, and \$293,539, respectively. John A. Staley, IV, an officer of the Fund, and Dr. Henry J. Gailliot, an officer of Federated Advisers, the adviser to the Fund, each hold approximately 15% and 20%, respectively, of the outstanding common stock and serve as Directors of Commercial Data Services, Inc., a company which provides computer processing services to Federated Administrative Services, Inc. For the fiscal years ended December 31, 1993, 1992, and 1991, Federated Administrative Services, Inc., paid \$162,309, \$184,862, and \$196,783, respectively, for services provided by Commercial Data Services, Inc.

BROKERAGE TRANSACTIONS

When selecting brokers and dealers to handle the purchase and sale of portfolio instruments, the adviser looks for prompt execution of the order at a favorable price. In working with dealers, the adviser will generally utilize those who are recognized dealers in specific portfolio instruments, except when a better price and execution of the order can be obtained elsewhere. The adviser makes decisions on portfolio transactions and selects brokers and dealers subject to review by the Board of Directors.

The adviser may select brokers and dealers who offer brokerage and research services. These services may be furnished directly to the Fund or to the adviser and may include:

advice as to the advisability of investing in securities;

security analysis and reports;

economic studies;

industry studies;

receipt of quotations for portfolio evaluations; and

similar services.

The adviser and its affiliates exercise reasonable business judgment in selecting brokers who offer brokerage and research services to execute securities transactions. They determine in good faith that commissions charged by such persons are reasonable in relation to the value of the brokerage and research services provided.

Research services provided by brokers may be used by the adviser or by affiliates of Federated Investors in advising Federated funds and other accounts. To the extent that receipt of these services may supplant services for which the adviser or its affiliates might otherwise have paid, it would tend to reduce their expenses.

PURCHASING SHARES

Shares are sold at their net asset value without a sales charge on days the New York Stock Exchange is open for business. The procedure for purchasing shares of the Fund is explained in the prospectus under "Investing in the Fund."

CONVERSION TO FEDERAL FUNDS

It is the Fund's policy to be as fully invested as possible so that maximum interest may be earned. To this end, all payments from shareholders must be in federal funds or be converted into federal funds. This conversion must be made before shares are purchased. State Street Bank and Trust Company acts as the shareholder's agent in depositing checks and converting them to federal funds.

DETERMINING NET ASSET VALUE

The Fund attempts to stabilize the value of a share at \$1.00. The days on which net asset value is calculated by the Fund are described in the prospectus. Net asset value will not be calculated on the following holidays: New Year's Day, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.

USE OF THE AMORTIZED COST METHOD

The Board of Directors ("Directors") have decided that the best method for determining the value of portfolio instruments is amortized cost. Under this method, portfolio instruments are valued at the acquisition cost as adjusted for amortization of premium or accumulation of discount rather than at current

market value.

The Fund's use of the amortized cost method of valuing portfolio instruments depends on its compliance with conditions in Rule 2a-7 (the "Rule") promulgated by the Securities and Exchange Commission under the Investment Company Act of 1940. Under the Rule, the Directors must establish procedures reasonably designed to stabilize the net asset value per share, as computed for purposes of distribution and redemption, at \$1.00 per share, taking into account current market conditions and the Fund's investment objective.

Under the Rule, the Fund is permitted to purchase instruments which are subject to demand features or standby commitments. As defined by the Rule, a demand feature entitles the Fund to receive the principal amount of the instrument from the issuer or a third party on (1) no more than 30 days' notice or (2) at specified intervals not exceeding one year on no more than 30 days' notice. A standby commitment entitles the Fund to achieve same day settlement and to receive an exercise price equal to the amortized cost of the underlying instrument plus accrued interest at the time of exercise.

MONITORING PROCEDURES

The Directors' procedures include monitoring the relationship between the amortized cost value per share and the net asset value per share based upon available indications of market value. The Directors will decide what, if any, steps should be taken if there is a difference of more than 0.5 of 1% between the two values. The Directors will take any steps they consider appropriate (such as redemption in kind or shortening the average portfolio maturity) to minimize any material dilution or other unfair results arising from differences between the two methods of determining net asset value.

INVESTMENT RESTRICTIONS

The Rule requires that the Fund limit its investments to instruments that, in the opinion of the Directors, present minimal credit risks and have received the requisite rating from one or more nationally recognized statistical rating organizations. If the instruments are not rated, the Directors must determine that they are of comparable quality. The Rule also requires the Fund to maintain a dollar-weighted average portfolio maturity (not more than 90 days) appropriate to the objective of maintaining a stable net asset value of \$1.00 per share. In addition, no instrument with a remaining maturity of more than 397 days can be purchased by the Fund; however, the Fund's investment policy is more restrictive in that no instrument will be held for longer than one year.

Should the disposition of a portfolio security result in a dollar-weighted average portfolio maturity of more than 90 days, the Fund will invest its available cash to reduce the average maturity to 90 days or less as soon as possible.

The Fund may attempt to increase yield by trading portfolio securities to take advantage of short-term market variations. This policy may, from time to time, result in high portfolio turnover. Under the amortized cost method of valuation, neither the amount of daily income nor the net asset value is affected by any unrealized appreciation or depreciation of the portfolio.

In periods of declining interest rates, the indicated daily yield on shares of the Fund computed by dividing the annualized daily income on the Fund's portfolio by the net asset value computed as above may tend to be higher than a similar computation made by using a method of valuation based upon market prices and estimates.

In periods of rising interest rates, the indicated daily yield on shares of the Fund computed the same way may tend to be lower than a similar computation made by using a method of calculation based upon market prices and estimates.

EXCHANGE PRIVILEGE

REQUIREMENTS FOR EXCHANGE

Shareholders using the exchange privilege must exchange shares having a net asset value of at least \$500 (\$1,500 if the exchange involves a fund in the Fortress Investment Program). Before the exchange, the shareholder must receive a prospectus of the portfolio or fund for which the exchange is being made.

This privilege is available to shareholders resident in any state in which the portfolio or fund shares being acquired may be sold. Upon receipt of proper instructions and required supporting documents, shares submitted for exchange are redeemed and the proceeds invested in shares of the other portfolio or fund.

Further information on the exchange privilege and prospectuses may be obtained by calling the Fund.

MAKING AN EXCHANGE

Instructions for exchanges may be given in writing. Written instructions may require a signature guarantee. Any exchanges may be subject to the fee described in the prospectus.

TELEPHONE INSTRUCTIONS

Telephone instructions made by the investor may be carried out only if a telephone authorization form completed by the investor is on file with Federated Services Company. If the instructions are given by a broker, a telephone authorization form completed by the broker must be on file with Federated Services Company. Shares may be exchanged between two funds by telephone only if the two funds have identical shareholder registrations.

Telephone exchange instructions may be recorded and will be binding upon the shareholder. They will be processed as of 4:00 p.m. (Eastern time) and must be received by Federated Services Company before that time for shares to be exchanged that day.

REDEEMING SHARES

The Fund redeems shares at the next computed net asset value after the Fund receives the redemption request. Redemption procedures are explained in the prospectus under "Redeeming Shares." Although State Street Bank does not charge for telephone redemptions, it reserves the right to charge a fee for the cost of wire-transferred redemptions of less than \$5,000.

REDEMPTION IN KIND

The Fund has elected to be governed by Rule 18f-1 of the Investment Company Act of 1940 under which the Fund is obligated to redeem shares solely in cash up to \$250,000 or 1% of the Fund's net asset value, whichever is less, for any one shareholder within a 90-day period.

Any redemption beyond this amount will also be in cash unless the Directors determine that further cash payments will have a material adverse effect on remaining shareholders or unless the Directors grant a shareholder request for redemption in kind. In such case, the Fund will pay all or a portion of the remainder of the redemption in portfolio instruments, valued in the same way as the Fund determines net asset value. The portfolio instruments will be selected in a manner that the Directors deem fair and equitable.

Redemption in kind is not as liquid as a cash redemption. If redemption is made in kind, shareholders receiving their securities and selling them before their maturity could receive less than the redemption value of their securities and could incur certain transaction costs.

Although the Fund intends to redeem shares in cash, it reserves the right under certain circumstances to pay the redemption price in whole or in part by a distribution of securities from the Fund's portfolio.

Redemption in kind will be made in conformity with applicable Securities and Exchange Commission rules, taking such securities at the same value employed in determining net asset value and selecting the securities in a manner the Directors determine to be fair and equitable.

TAX STATUS

THE FUND'S TAX STATUS

The Fund will pay no federal income tax because it expects to meet the requirements of Subchapter M of the Internal Revenue Code applicable to regulated investment companies and to receive the special tax treatment afforded to such companies. To qualify for this treatment, the Fund must, among other requirements:

derive at least 90% of its gross income from dividends, interest, and gains from the sale of securities;

derive less than 30% of its gross income from the sale of securities held less than three months;

invest in securities within certain statutory limits; and

distribute to its shareholders at least 90% of its net income earned during the

year.

SHAREHOLDERS' TAX STATUS

Shareholders are subject to federal income tax on dividends received as cash or additional shares. No portion of any income dividend paid by the Fund is eligible for the dividends received deduction or exclusion available to corporations and individuals. These dividends and any short-term capital gains are taxable as ordinary income.

YIELD

The Fund's yield for the seven-day period ended December 31, 1993, was 2.25%.

The Fund calculates its yield daily, based upon the seven days ending on the day of the calculation, called the "base period." This yield is computed by:

determining the net change in the value of a hypothetical account with a balance of one share at the beginning of the base period, with the net change excluding capital changes but including the value of any additional shares purchased with dividends earned from the original one share and all dividends declared on the original and any purchased shares;

dividing the net change in the account's value by the value of the account at the beginning of the base period to determine the base period return; and

multiplying the base period return by $(365/7)$.

To the extent that financial institutions and broker/dealers charge fees in connection with services provided in conjunction with an investment in the Fund, the performance will be reduced for those shareholders paying those fees.

EFFECTIVE YIELD

The Fund's effective yield for the seven-day period ended December 31, 1993, was 2.28%.

The Fund's effective yield is computed by compounding the unannualized base period return by:

adding 1 to the base period return;

raising the sum to the 365/7th power; and

subtracting 1 from the result.

PERFORMANCE COMPARISONS

The Fund's performance depends upon such variables as:

portfolio quality;

average portfolio maturity;

type of instruments in which the portfolio is invested;

changes in interest rates on money market instruments;

changes in Fund expenses; and

the relative amount of Fund cash flow.

Investors may use financial publications and/or indices to obtain a more complete view of the Fund's performance. When comparing performance, investors should consider all relevant factors such as the composition of any index used, prevailing market conditions, portfolio compositions of other funds, and methods used to value portfolio securities and compute offering price. The financial publications and/or indices which the Fund uses in advertising may include:

LIPPER ANALYTICAL SERVICES, INC., ranks funds in various fund categories by making comparative calculations using total return. Total return assumes the reinvestment of all income dividends and capital gains distributions, if any. From time to time, the Fund will quote its Lipper ranking in the "money market instruments funds" category in advertising and sales literature.

BANK RATE MONITOR National Index, Miami Beach, Florida, is a financial reporting

service which publishes weekly average rates of 50 leading bank and thrift institution money market deposit accounts. The rates published in the index are averages of the personal account rates offered on the Wednesday prior to the date of publication by ten of the largest banks and thrifts in each of the five largest Standard Metropolitan Statistical Areas. Account minimums range upward from \$2,500 in each institution, and compounding methods vary. If more than one rate is offered, the lowest rate is used. Rates are subject to change at any time specified by the institution.

Advertisements and other sales literature for the Fund may refer to total return. Total return is the historic change in the value of an investment in the Fund based on the monthly reinvestment of dividends over a specified period of time.

APPENDIX

STANDARD AND POOR'S CORPORATION CORPORATE BOND RATING DEFINITIONS

AAA--Debt rated AAA has the highest rating assigned by Standard & Poor's Corporation. Capacity to pay interest and repay principal is extremely strong.

AA--Debt rated AA has a very strong capacity to pay interest and repay principal and differs from the higher rated issues only in small degree.

A--Debt rated A has a strong capacity to pay interest and repay principal although it is somewhat more susceptible to the adverse effect of changes in circumstances and economic conditions than debt in higher rated categories.

MOODY'S INVESTORS SERVICE, INC., CORPORATE BOND RATING DEFINITIONS

Aaa--Bonds which are rated AAA are judged to be of the best quality. They carry the smallest degree of investment risk and are generally referred to as "gilt edged." 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 position of such issues.

Aa--Bonds which are rated AA are 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 fluctuation 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.

A--Bonds which are rated A possess many favorable investment attributes and are to be considered as upper medium-grade obligations. Factors giving security to principal and interest are considered adequate but elements may be present which suggest a susceptibility to impairment sometime in the future.

STANDARD AND POOR'S CORPORATION COMMERCIAL PAPER RATING DEFINITIONS

A-1--This highest category indicates that the degree of safety regarding timely payment is strong. Those issues determined to possess extremely strong safety characteristics are denoted with a plus (+) sign designation.

A-2--Capacity for timely payment on issues with this designation is satisfactory. However, the relative degree of safety is not as high as for issues designated A-1.

MOODY'S INVESTORS SERVICE, INC., COMMERCIAL PAPER RATING DEFINITIONS

P-1--Issuers rated PRIME-1 (or related supporting institutions) have a superior capacity for repayment of short-term promissory obligations. PRIME-1 repayment capacity will normally be evidenced by the following characteristics:

- Leading market positions in well established industries.
- High rates of return on funds employed.
- Conservative capitalization structure with moderate reliance on debt and ample asset protection.
- Broad margins in earning coverage of fixed financial charges and high internal cash generation.
- Well-established access to a range of financial markets and assured sources of alternate liquidity.

P-2--Issuers rated PRIME-2 (or related supporting institutions) have a strong capacity for repayment of short-term promissory obligations. 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.

FITCH INVESTORS SERVICE, INC., SHORT-TERM DEBT RATING DEFINITIONS

F-1+--Exceptionally Strong Credit Quality. Issues assigned this rating are regarded as having the strongest degree of assurance for timely payment.

F-1--Very Strong Credit Quality. Issues assigned this rating reflect an assurance for timely payment only slightly less in degree than issues rated F-1+.

F-2--Good Credit Quality. Issues carrying this rating have a satisfactory degree of assurance for timely payment, but the margin of safety is not as great as the F-1+ and F-1 ratings.

FITCH INVESTORS SERVICE, INC., INVESTMENT GRADE BOND RATING DEFINITIONS

AAA--Bonds 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--Bonds 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." 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+."

A--Bonds considered to be investment grade and of high credit quality. The obligor's ability to pay interest and repay principal is considered strong, but may be more vulnerable to adverse changes in economic conditions and circumstances than bonds with higher ratings.

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